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ANNUAL REPORT 2019

Financial Key Figures

Financial key figures of 11 88 0 Solutions Group at a glance

in EUR million	12M 2019	12M 2018	Variance absolute	Variance in percent
Revenues and earnings 11 88 0 Solutions Group				
Revenues	47.7	42.9	4.8	11.2 %
EBITDA[1,7]	2.8	1.0	1.8	>100.0 %
Net loss[7]	-3.2	-3.1	-0.1	-3.2 %
Details Segments				
Revenues Digital	34.6	30.3	4.3	14.2 %
EBITDA[1] Digital	2.4	1.1	1.3	>100.0 %
Revenues Directory Assistance	13.1	12.6	0.5	4.0 %
EBITDA[1] Directory Assistance	0.4	-0.1	0.5	>100.0 %
Statement of financial position[2]				
Total assets[7]	27.3	19.6	7.7	39.3 %
Cash and cash equivalents[3]	4.7	2.6	2.1	80.8 %
Equity[7]	7.4	7.6	-0.2	-2.6 %
Equity ratio (in percent)[7]	27.1 %	38.8 %	-11.7	30.2 %
Cash Flow				
Cash Flow from operating activities[7]	4.4	1.3	3.1	>100.0 %
Cash Flow from investment activities[7]	-3.2	-1.1	-2.1	>-100.0 %
Cash Flow from financing activities[7]	2.1	0.1	2.0	>100.0 %
Net Cash Flow[4]	2.1	-3.4	5.5	>100.0 %
Key figures for the 11 88 0 share				
Earnings per share (in EUR)[7]	-0.2	-0.2	0.0	0.0 %
Share price at year-end (in EUR)[5]	1.56	1.00	0.56	56.0 %
Market capitalisation at year-end	32.8	19.1	13.7	71.7 %
Other KPIs				
Churn Rate, Digital (in percent)	26.00	25.00	1.00	4.0 %
Revenues per call, Directory Assistance (in EUR)	3.71	3.62	0.09	2.5 %
Number of employees[6] group	**554**	575	-21	-3.7 %

1 Earnings before interest, tax, depreciation and amortisation
2 Comparison value as of 31 December 2018
3 Portfolio of cash and cash equivalents as well as financial assets at fair value through profit or loss
4 Operating cash flow plus cash flow from investing activities minus interest expenses, adjusted for the changes in financial assets at fair value through profit or loss
5 Xetra-closing prices as of last trading day
6 Headcounts as of 31, December 2019 closing date (excluding the Management Board, trainees, „mini-jobs“ and dormant employment contracts)
7 Due to the introduction of IFRS 16, the figures presented here can only be compared with the prior-year figures to a limited extent. For detailed information, please refer to the corresponding disclosures in the notes to the consolidated financial statements.

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Group Management Report

Consolidated Financial Statements

Letter of the Management Board

Dear Shareholders, Customers and Friends of 11 88 0 Solutions AG,

Three key events defined the 2019 financial year for our company – a new major shareholder, double-digit customer growth in the digital business and a turnaround in the Directory Assistance business. Yet even beyond these three trends, we can look back on a highly productive 12 months in which we took more important steps towards a successful future for 11 88 0 Solutions AG.

In operating terms, the 2019 financial year was dominated by consolidation. Having redeveloped our entire portfolio over the past three years while at the same time undertaking a significant restructuring aimed at reducing costs, our principal task now is to optimise our new products in detail and enhance their added value. Although this might sound a little more relaxed and comfortable, I can assure you that the opposite was true.

In fact, we were able to record the highest customer growth in the digital business in our company's history in 2019 and also managed to generate a noticeable increase in revenue in the Directory Assistance business after a decline in revenue in this segment lasting many years. This positive performance attracted the attention of united vertical media GmbH, a subsidiary of the Nuremberg-based Müller Medien Group, and prompted it to acquire a majority stake in our company. United vertical media GmbH has a share in various digital businesses in Germany, which means that this new major shareholder not only provides us with strategic support but also offers collaboration opportunities for our future growth.

In the digital segment, we launched the first version of our new job portal wirfindendeinenJOB.de at the start of the 2019 financial year. This product has enabled us to revolutionize the job search process in the trade, hospitality, catering and other sectors in which our customer base of small and medium-sized companies operate. At wirfindendeinenJOB.de, jobseekers can easily create a job application that 11880.com then passes on to suitable employers. All year long we have incorporated initial user feedback and experience into the further development of the portal in order to go live with the fifth and final version in December. This version now provides both jobseekers and our corporate customers with a secure and convenient way to find each other. As the product has been very well received since the first version was launched, we are confident of winning many more customers in the next year.

Once again in 2019 werkenntdenBESTEN.de, our search engine for online reviews, performed excellently. As early as 2018, werkenntdenBESTEN.de was among the top ten in the Sistrix visibility index, a result that shows how relevant our search engine has become for consumers. In addition, our corporate customers increasingly recognise that online reviews are a highly efficient and cheap marketing tool and are choosing werkenntdenBesten as their entry into the 11880.com product range with ever-increasing frequency. In 2019 we have further optimized the portal and focused it more strongly on our corporate customers.

Small and medium-sized companies appreciate the added value that our products bring to their all-round online marketing. This is illustrated by our declining churn rate and robust new customer growth. In 2019 we acquired 7,368 new customers and reported a customer base of 38,666 as of 31 December. By comparison, in 2015 our total number of customers was just under 20,000 and shrank every month.

We want to build on our dynamic growth in 2020. To do this, we will continue to pursue our consolidation strategy, as well as reviewing each individual product and optimising it to suit our customers. We can see that our products are being tremendously well received and know where we can do even better in order to offer our customers an even better service in future.

In our second division, the Directory Assistance segment, we were able to report an increase in revenue in 2019 for the first time in almost a decade. Although call volumes to the 11 88 0* Directory

Assistance service continue their market-driven decline, we have begun to establish a new line of business over the past three years with the call centre third-party business. Today, seven companies operating nationwide entrust us with their customer service. Our experienced staff answers calls, helps to solve problems and advises customers on their next steps. Using innovative software solutions to support successful customer phone calls gives us unique opportunities for dialogue and makes us the partner of choice. We are currently conducting negotiations with other major companies about collaboration opportunities and are optimistic that we will be able to welcome more new customers in 2020.

United vertical media GmbH began to acquire shares in 11880 Solutions AG in March 2019. The company initially acquired the equity stake held by former major shareholder Golden Tree Asset Management before buying additional shares on the open market. In June 2019, the digital subsidiary of the Müller Medien Group announced its intention to make a voluntary public takeover offer for all 11880 Solutions AG shares. In the offer document, the company provided assurances that it does not wish to make changes to locations, headcount or the stock exchange listing.

The offer was then presented to all shareholders in July 2019. Since the expiry of the offer period and the completion of a 10 percent capital increase from authorised capital to which only united vertical media subscribed, it has officially held 74.8 percent of shares in our company since September 2019. Michael Amtmann, Managing Director of united vertical media GmbH, was elected as a member of our company's Supervisory Board at the 2019 annual general meeting. He succeeded Ralf Grüßhaber, who left at the end of September 2018.

I would like to express my sincere thanks to you for placing your trust in us and supporting us on our path to a successful future. At the same time, I would also like to thank all of our company's employees, as the turnaround of 11880 Solutions AG would not have been possible without your daily commitment and creativity. We can now look ahead to the 2020 financial year with total confidence as we resolutely continue on our journey.

Sincerely,

Christian Maar
Management Board

Essen, 19 March 2020

* €1.99/min. from a German landline. Mobile prices may vary where applicable. Text message inquiries are €1.99 (Vodafone D2 portion: €0.12) in Germany.

Report of the Supervisory Board

for the financial year from
1 January 2019 to 31 December 2019

In operating terms, 11 88 0 Solutions AG's 2019 financial year continued to be dominated by the consolidation and optimisation of the product portfolio redeveloped in recent years. On a strategic level, the key issues were the investment by major shareholder united vertical media GmbH, Nuremberg, and the ramifications of this investment. Throughout 2019, the Supervisory Board monitored the Management Board's business activities in compliance with its legal advisory and supervisory function and was consistently on hand to offer advice.

Supervisory Board activities in the 2019 financial year
In the 2019 financial year, the Supervisory Board of 11 88 0 Solutions AG carried out its duties, as provided by law and the Company's Articles of Association. Four regular meetings were held during the reporting period in addition to two extraordinary Supervisory Board meetings held because of the strategic investment by united vertical media GmbH. The Supervisory Board monitored the management of the Company by the Management Board and executive management. It regularly received the most important key financial figures and was kept seamlessly and extensively informed about general business developments and potential risks. The Supervisory Board was on hand to advise CEO Mr. Maar at all times. Important events and financial developments were presented and explained in detail to the Supervisory Board on a regular basis before being discussed and coordinated with the Management Board.

During the 2019 financial year, the Company focused primarily on optimising their products to add further value for customers. The aim is to offer small and medium-sized enterprises the most efficient online marketing possible. In the Directory Assistance business, the parameters of the call centre third-party business were enhanced further to increasingly establish the Company in the market as a high-quality provider.

In March, united vertical media GmbH, a subsidiary of Nuremberg-based Müller Medien Group, acquired the block of shares held by former major shareholder Golden Tree Asset Management and bought shares on the open market at the same time. On 23th July 2019, united vertical media GmbH submitted a voluntary takeover offer to all shareholders of 11 88 0 Solutions AG at a price of EUR 1.87 per share.

On 11th September 2019, the Management Board of 11 88 0 Solutions AG adopted a resolution, approved by the Supervisory Board, to implement a capital increase from authorised capital in return for cash contributions by issuing 1,911,109 new shares at an issue price of EUR 1.83. This corporate action raised the Company's share capital from EUR 19,111,091.00 to EUR 21,022,200.00. The pre-emption rights of shareholders were disapplied for this capital increase, allowing united vertical media GmbH to subscribe for and acquire all of the new shares. After the deadline for accepting the voluntary takeover offer made to all shareholders of 11 88 0 Solutions AG had passed and the corporate action was implemented, united vertical media GmbH has held a 74.8 percent stake in the Company as of 27 September 2019.

The Supervisory Board approved the budget for the upcoming 2020 financial year at its final meeting of the financial year on 17 December 2019 and noted the medium-term plans for 2021 and 2022.

The Company's Supervisory Board continually monitored the accounting and financial reporting process and the efficiency of the internal control and risk management system during the 2019 financial year. It also continuously addressed the effectiveness of compliance processes within the Company, pending legal disputes and potential legal risks. After carefully reviewing the auditor's independence and qualifications, the services provided to date and the audit fee, the Supervisory Board commissioned PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Essen, to audit the 2019 consolidated financial statements.

Organisation of the Supervisory Board's work

A reliable and seamless flow of information helps the Supervisory Board to perform its duties efficiently. To do this, it obtains regular reports from the Audit Committee and the Nomination Committee. The Audit Committee monitors the accounting, internal control system and audit of the financial statements. It also prepares Supervisory Board resolutions and identifies current issues for discussion. Within the context of monitoring the auditor's independence, the Supervisory Board of 11880 Solutions AG initiated an approval process in 2016 that ensures the release of permissible non-audit services by the auditor in accordance with EU Regulation 537/2014, which took effect on 17 June 2016.

At its meeting on 17 December 2019, the Supervisory Board formed a committee to deal with changes and additions to Management Board contracts as well as remuneration issues in future.

Composition and personal details of the Supervisory Board.

The formation of the Supervisory Board of 11880 Solutions AG is based on the provisions of Sections 96 (1), 101 (1) AktG in conjunction with Sections 1 (1.4), 4 of the German One-Third Employee Participation Act (Drittelbeteiligungsgesetz) and, pursuant to Item 4.1 (1) of the Articles of Association of 11880 Solutions AG, the Supervisory Board comprises four members elected by the annual general meeting and two elected by employees. The self-described goal of the Supervisory Board is focusing on effectively supporting the Company with the transformation it began in 2015, which took into account in-depth knowledge of the digital industry, a broad experience gained in business enterprises and the diversity of the members' professional expertise.

In the 2019 financial year, the Supervisory Board of 11880 Solutions AG comprised the following members: Dr. Michael Wiesbrock (Chairman), Ilona Rosenberg (until 12 June 2019), Jens Sturm (until 12 June 2019), Michael Amtmann (since 12 June 2019), Helmar Hipp, Ralf Ruhrmann, Sandy Jurkschat (since June 2019) and Leonard Kiedrowski (since June 2019). At the annual general meeting on 12 June 2019, Michael Amtmann was elected as shareholder representative, replacing Ralf Grüßhaber, who left the Supervisory Board at the end of September 2018. The election of the employee representatives for the Supervisory Board in 2019 led to a change in members on the employee side: Ilona Rosenberg and Jens Sturm stepped down, while Sandy Jurkschat and Leonard Kiedrowski were appointed to the Board.

The other members of the Audit Committee chaired by Dr. Michael Wiesbrock were Ralf Ruhrmann and Jens Sturm (until 12 June 2019); the latter was replaced by Sandy Jurkschat as a member of the Committee on 12 June 2019. The Nomination Committee members were Dr. Michael Wiesbrock and Helmar Hipp.

Meetings and attendance

The Supervisory Board held four regular meetings in the 2019 financial year – one in each quarter. Dr. Michael Wiesbrock, Helmar Hipp and Ralf Ruhrmann took part in all of the meetings. Resigning members Ilona Rosenberg and Jens Sturm participated in one meeting, while Michael Amtmann, Sandy Jurkschat and Leonard Kiedrowski were present at three meetings.

The Supervisory Board also passed two extraordinary resolutions during the 2019 financial year. All Supervisory Board members except Michael Amtmann, Managing Director of united vertical media GmbH, took part in the passing of the first extraordinary resolution in August 2019, which took place by telephone. In a letter to the Chairman of the Supervisory Board dated 23 July 2019, Michael Amtmann highlighted a potential conflict of interest associated with united vertical media GmbH's voluntary public takeover offer to acquire all of the shares in 11880 Solutions AG that it did not already directly hold. As a result, Mr. Amtmann did not participate in the passing of the resolution.

All members of the Supervisory Board took part in the passing of the second extraordinary Supervisory Board resolution in September 2019, which took place by telephone. Michael Amtmann abstained from voting on the decision to approve the implementation of the capital increase with the exclusion of subscription rights as well as the associated amendment to the Articles of Association due to a potential conflict of interest.

The Audit Committee met four times during the 2019 financial year. While making appointments to the Supervisory Board, the

Nomination Committee conducted numerous interviews with potential candidates and worked closely and continuously with each other. On the basis of these discussions, the Nomination Committee submitted proposals to the Supervisory Board at the annual general meeting for the election of Supervisory Board members on the shareholder side.

Corporate governance and remuneration of the Management Board

In the 2019 financial year, the Supervisory Board again discussed in detail the proposals and recommendations of the German Corporate Governance Code and their implementation within 11 88 0 Solutions AG. The implementation of the German Corporate Governance Code was an item on the agenda of the Supervisory Board meeting held on 18 December 2018, during which the Management Board and the Supervisory Board issued a Declaration of Compliance in accordance with Section 161 German Stock Corporation Act. This declaration of compliance was amended twice during the 2019 financial year. Firstly, the consolidated financial statements and group management report should be made publicly available within 90 days of the end of the financial year in accordance with Art. 7.1.2 sentence 3, half-sentence 1 of the German Corporate Governance Code (GCGC). 11 88 0 Solutions AG was unable to publish the consolidated financial statements and group management report for the 2018 financial year within the 90-day period stipulated by the GCGC. This was due to increased time spent as a result of a sample audit of the consolidated financial statements and group management report as well as the annual financial statements and management report as of 31 December 2016 conducted by the German Financial Reporting Enforcement Panel (FREP). In addition, the full transfer of the Company's registered office from Munich to Essen in 2018 and the change in auditing firm thus carried out at the same time resulted in a need for additional extensive coordination with the auditors. The Company complied with Art. 7.1.2 sentence 3, half-sentence 1 GCGC once again for the 2019 financial year.

The second amendment relates to setting targets for the percentage of female members of the Management Board and Supervisory Board. Due to the low number of members of the Management Board, the Company does not currently intend to set targets for the percentage of female members on this Board in accordance with Art. 5.1.2. (1) sentence 1 GCGC. The Supervisory Board will review the establishment of such a target should the size of the Company increase.

Possible deviations from the recommendations of the German Corporate Governance Code were resolved after careful consultation and with particular regard to the Company's circumstances and requirements. The joint Declaration of Compliance by the Management Board and Supervisory Board can be inspected at any time on the Company's website at www.11880.com. Further information on the implementation of the recommendations and proposals of the German Corporate Governance Code and a detailed report on the remuneration system for members of the Management Board can be found in the notes to the consolidated financial statements (see page 56 ff.).

Audit of the 2019 annual and consolidated financial statements

Based on a resolution adopted by the annual general meeting on 12 June 2019, the Supervisory Board commissioned PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Essen, to audit the financial statements. 11 88 0 Solutions AG's annual financial statements in accordance with German commercial law, the management report, the IFRS consolidated financial statements and the Group management report for the 2019 financial year were audited by PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Essen. The consolidated financial statements for the period from 1 January to 31 December 2019 and the Group management report were prepared in accordance with section 315a German Commercial Code (HGB) based on the International Financial Reporting Standards (IFRS) applicable in the European Union (EU).

An unqualified auditor's report was issued for the annual financial statements, the management report, the consolidated financial statements and the Group management report as of 31 December 2019. The annual financial statements and the management report according to German commercial law, the consolidated financial statements and the management report according to IFRSs, and the auditor's reports were discussed in detail with the auditor in the Audit Committee and forwarded to all members of the Supervisory Board in due time. The auditor also participated in the concluding discussion of the Company's annual financial statements at the Supervisory Board meeting on 23 March 2020, explaining the process of the audit and being available to provide additional information during the discussion.

The Supervisory Board examined the annual financial statements and the management report of 11 88 0 Solutions AG in detail. The

Supervisory Board agreed with the auditor's findings. It approves the management report presented by the Management Board and the 2019 annual financial statements of 11 88 0 Solutions AG, which are hereby adopted.

Risk early warning system

In accordance with Section 91 (2) German Stock Corporation Act, the Management Board of 11 88 0 Solutions AG established a monitoring system to identify potential risks to the Company and its subsidiaries at an early stage. The result of the auditor's audit showed that the Management Board fulfilled its duties as required under Section 91 (2) German Stock Corporation Act. The Supervisory Board agrees with the auditor's report.

Corporate social responsibilty

The Supervisory Board dealt extensively with the sustainability report (see p. 16 ff.) of 11 88 0 Solutions AG, examined it in detail and approved it unanimously.

Closing declaration

We approve the auditor's findings and raise no objection after our own examinations of the annual financial statements, management report, consolidated financial statements and Group management report of 11 88 0 Solutions AG. We accept the 2019 annual financial statements prepared by the Management Board, which are hereby adopted. We also accept the 2019 IFRS consolidated financial statements prepared by the Management Board.

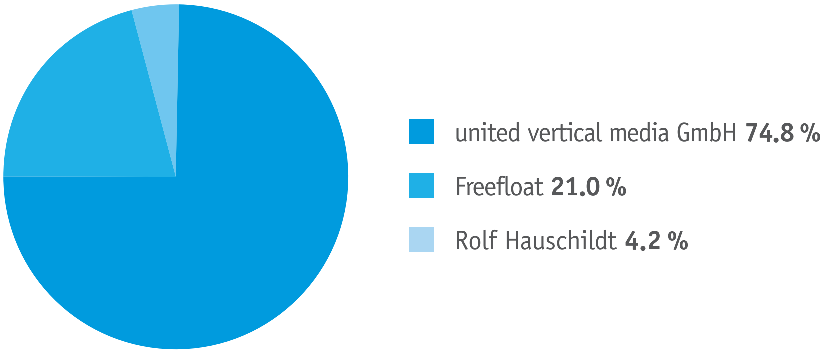
On behalf of the entire Supervisory Board, I would like to thank Management Board chairman Mr. Maar for his efforts on behalf of the Company. Finally, we would also like to extend our thanks to all employees for their great dedication and their performance in financial year 2019.

Essen, March 2020

Dr. Michael Wiesbrock
Chairman of the Supervisory Board

11 88 0 Solutions AG on the capital market

Shareholder structure on 31 December 2019



2019 was a fantastic year for shareholders. The DAX climbed by around 25 percent to record its biggest annual gain since 2013. Although 2019 was dominated by fears of recession, uncertainty about the US-China trade war and the insecurity surrounding Brexit, these imponderables did not have an impact on the stock market. On the contrary, these were perhaps the most important catalysts for the prevailing euphoria among investors when combined with the overall low interest rate environment. In light of the uncertainty over economic policy, the risk-reward profile for equities appears to be particularly attractive compared to other investment models.

The 11 88 0 Solutions share also performed very well in 2019. After beginning the year at EUR 1.00, the price then fell to an annual low of EUR 0.96 on 11 February 2019 before picking up again. At the end of March, Nuremberg-based united vertical media GmbH, a subsidiary of the Müller Medien Group, acquired the shares of former major shareholder Golden Tree Asset Management LP and bought shares on the open market at the same time. The share price was EUR 1.32 when united vertical media GmbH reported that it held a 14.8 percent stake in the Company on 26 March 2019. The announcement of the arrival of the new major shareholder gave the share price's performance a boost, causing it to soar to between EUR 1.85 and EUR 1.87. united vertical media GmbH acquired additional shares between May and July before making a voluntary takeover offer to all shareholders of 11 88 0 Solutions AG at a price of EUR 1.87 per share on 23 July 2019.

On 11 September 2019, the Management Board of 11 88 0 Solutions AG adopted a resolution, approved by the Supervisory Board, to implement a capital increase from authorised capital in return for cash contributions by issuing 1,911,109 new shares at an issue price of EUR 1.83. The pre-emption rights of shareholders were disapplied for this capital increase, allowing united vertical media to subscribe for and acquire all of the new shares. The corporate action and the acceptance rate of the takeover offer resulted in united vertical media GmbH holding a 74.8 percent stake in the Company as of the end of September 2019.

The 11 88 0 Solutions share reached a high of EUR 1.895 on 6 September 2019 and ended 2019 with a share price of EUR 1.56.

Investor relations activities

The Management Board of 11 88 0 Solutions AG held a conference call with analysts and investors on the publication of the annual financial statements for 2018 and another for the publication of each of the quarterly results in 2019. During these calls, the Management Board outlined the Company's performance, financial figures and future strategy before answering all questions in an open Q&A session and discussing selected issues in detail. At the annual general meeting on 12 June 2019 in Essen, the Management Board presented a detailed overview of the Company's performance and was available to answer all questions asked by the shareholders present.

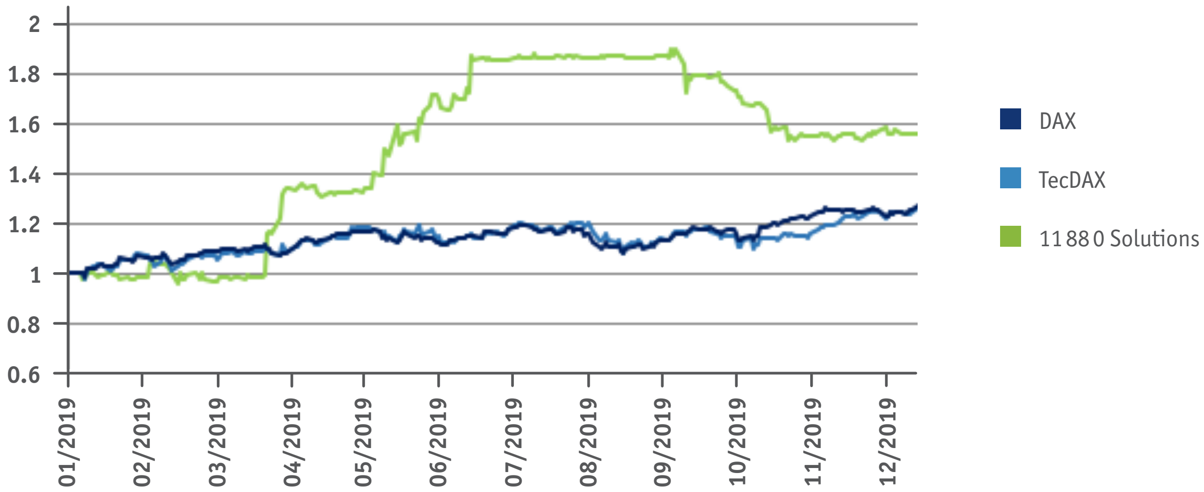
The Management Board and the Investor Relations team also held numerous one-on-one discussions and conference calls where they outlined the Company's development to investors and potential investors and answered their questions in detail. CEO Mr. Maar represented 11 88 0 Solutions AG at the Deutsche Börse Equity Forum in late November 2019 and the Munich Capital Markets Conference in mid-December and conducted several one-on-one discussions with interested investors around the presentations.

In light of the Company's positive operating performance and the arrival of new major shareholder united vertical media, analysts at Mainz-based Solventis AG revised the model from their 2017 baseline study in November 2019 and revalued the share. The analysts now consider the fair value of the share to be EUR 1.95.

The 2017 study and all subsequent updates can be found on the www.11880.com website.

11 88 0 Solutions share in comparison with the TecDAX and DAX

01.01.2019 – 31.12.2019



Key figures for the 11 88 0 share		2014	2015	2016	2017	2018	2019
Number of shares	pcs.	19,111,091	19,111,091	19.111,091	19,111,091	19,111,091	21,022,200
Share in capital	EUR	19,111,091	19,111,091	19,111,091	19,111,091	19,111,091	21,022,200
Share price at year-end	EUR	3.31	1.15	0.68	0.874	1.00	1.56
Highest share price[1]	EUR	6.40	3.35	1.17	1.283	1.285	1.895
Lowest share price[1]	EUR	2.75	1.13	0.68	0.422	0.946	0.962
Market capitalisation at year-end	M EUR	63.2	22.0	13.0	16.7	19.0	32.8
Earnings per share	EUR	-0.33	-0.49	-0.77	-0.50	-0.16	-0.16
Dividend or proposed dividend per share	EUR	0.00	0.00	0.00	0.00	0.00	0.00
Dividend yield[2]	%	0.0	0.0	0.0	0.0	0.0	0.0

[1] Xetra closing prices

[2] based on the respective Xetra closing price

Corporate Social Responsibility

Corporate Social Responsibility (CSR)

1. Description of the business model

For more than two decades, the Company's offline and online brands 11 88 0* and 11880.com have been synonymous with fast and reliable results when searching for private individuals and local and nationwide providers across all sectors.

With Germany's second-largest Directory Assistance service under number 11 88 0*, 11 88 0 Solutions AG offers personalised support in finding an individual, company or information. Our experienced staff also makes their telephone expertise available to other companies, taking calls and introducing customer service initiatives in the first and second-level segment on behalf of major corporate clients operating across Germany.

The 11880.com online business directory and the app of the same name provide targeted information and put customers in direct contact with suitable providers in their preferred region. 11880.com brings consumers and suppliers together quickly and efficiently via specialist portals for the 20 most searched-for sectors. As small and medium-sized companies can reach their customers without wastage via 11880.com, they use the platform and its specialist portals to market their offering. The 11880.com portfolio offers a variety of products, from a listing service on the largest search engines to professional homepages and Google campaigns, in order to optimise marketing for small and medium-sized enterprises in Germany. This offering is supplemented by a secretarial service that is particularly popular among small companies without a back office function. With the werkenntdenBESTEN.de meta search engine, 11 88 0 Solutions AG offers companies a unique opportunity to effectively manage their reviews, while corporate clients can use the wirfindenDeinenJOB.de job portal to find suitable employees and fill vacancies easily.

2. Environmental matters

Protecting our planet is an important part of our company's sustainability efforts. We contribute to the conservation of our environment by focusing on and continually optimising our energy and resource efficiency both within the Company and in partnership with our customers and suppliers.

11 88 0 Solutions AG has been pursuing a green IT strategy since the end of 2017. Newly defined processes and mechanisms have enabled the Company to continuously and transparently monitor its energy consumption since then. First, the Company introduced a printer concept across all of its sites based on the energy-efficient use of only a few multifunction printers. New management software and FollowMe printing help to avoid any unnecessary or duplicate printouts. This innovative concept has significantly reduced not only energy consumption but also paper and toner use.

At the Rostock and Neubrandenburg sites, power consumption is continuously monitored and optimised both in technical areas and on office levels using special power distribution units for individual devices, with employees being able to see how much electricity is being consumed. In Rostock, air conditioning systems containing environmentally harmful coolants are also being dismantled.

11 88 0 Solutions AG consolidated two locations into one at the end of 2018. As part of the move to a new office building, the long-serving data centre was consolidated and upgraded for the future, with applications and data migrated into the cloud. In doing so, our company deliberately selected technology partners that not only deliver impressive performance but also embrace sustainability and ethical values. As a result, our data centre infrastructure is now more efficient, requires less space and has significantly leaner administration. Energy and cooling costs have fallen by EUR 100,000.00 per year. 11 88 0 Solutions AG is helping to protect our environment with its new IT infrastructure, low energy use and significantly lower electrical waste production.

When selecting company cars, 11 88 0 Solutions AG stringently ensures that only environmentally friendly vehicles with the lowest fuel consumption from well-known manufacturers are selected. The first plans for installing a total of 50 rapid electric vehicle charging stations at our sites in Essen, Rostock and Neubrandenburg were discussed at the end of 2019 and should be implemented as soon as possible.

Employees without company cars are primarily booked on train journeys for business trips. A total of eight locations were closed to minimise the number of business trips as far as possible as part of the Company's restructuring that began in mid-2015. Employees at our three existing sites hold conferences and meetings via telephone, video conferencing and Skype as often as possible.

3. Employee matters

11880 Solutions AG is committed to the fundamental rights of its employees. The prohibition of discrimination and right to equal treatment are particularly important to the Company, as are the right to collective bargaining and freedom of association.

In October 2019, 11880 Solutions AG signed the Diversity Charter to signal its commitment to diversity in the workplace. By implementing the Diversity Charter within our organisation, we are aiming to create a workplace that is free from prejudice. We can only succeed by recognising and harnessing the diversity that exists within our company. The diversity of our employees and their various skills and talents opens up opportunities for innovative and creative solutions. All employees should feel valued regardless of their gender or gender identity, nationality, ethnic background, religion or belief, disability, age, sexual orientation and identity. We are creating a climate of acceptance and mutual trust. The Diversity Charter is having a positive impact on our reputation among business partners and consumers both in Germany and in other countries across the world.

Working hours and working-time models play a key role at our call centres, where our employees process Directory Assistance calls and handle customer service calls for small and medium-sized companies. In order to achieve the best possible work-life balance when carrying out call centre activities, we offer employees an optimal duty roster that is particularly helpful for single parents and employees who care for underage children or family members. The responsible planners are required to take employees' preferred duties into account and implement these wherever these preferences fit with the needs of customers and the interests of the Company.

We have created all necessary technical and data security-related conditions to ensure that our employees can also work from home at any time. By doing this, they can save time and money normally spent commuting while simultaneously helping the environment.

Our employees receive regular training to enhance their product knowledge and telephone skills. During the 2019 financial year, we introduced innovative software that uses a caller's tone of voice to signal what mood they are in and how the employee can offer them the best possible service. This investment has created an even more pleasant working atmosphere for our staff.

Management regularly organise health days, joint sports events and celebrations at all of our locations.

Many years ago, 11880 Solutions AG engaged instant counselling firm Talingo EAP, which merged with INSITE-Interventions GmbH in 2019, to offer the opportunity of telephone counselling to all employees and their relatives. This can be used at any time free of charge in the event of money, family or addiction problems as well as symptoms of exhaustion.

Our company has not signed a collective wage agreement. We cultivate a cooperative working style with employee representatives and involve all elected bodies according to the provisions of the Works Council Constitution Act governing codetermination.

We have always paid our employees in accordance with minimum wage guidelines and beyond. When the statutory minimum wage was introduced, 11880 Solutions AG had already decided not to take high-risk variable salary components into account when calculating the minimum wage even though the ruling subsequently handed down by the German Federal Labour Court would allow such an approach.

4. Social matters

As a socially responsible company, we support various cultural and social activities. Our aim is to protect values, promote creativity, improve cross-cultural understanding and stimulate progress. For example, employees at our sites in Essen and Rostock packed and donated presents for the Essen parents' initiative supporting children with cancer and children of the Rostock food bank for Christmas 2019. Employees in Rostock also made a donation of EUR 500.00.

5. Respect for human rights

Our business activities have a direct and indirect impact on many people. We are therefore aware of our responsibility to respect and promote human rights. As a result, we are unconditionally committed to the promotion of human rights and sustainable development.

6. Anti-corruption matters

11 88 0 Solutions AG pursues a zero-tolerance approach to corruption, competition law breaches and other violations of applicable law. As soon as there are even indications of potential cases of this kind, the Company reacts strictly and emphatically. One important element of integrity is the observance of laws and internal company regulations.

Specific measures include a comprehensive Code of Conduct issued by the Management Board that can be accessed by all employees on the Company's intranet, where the issue is handled in detail under its own section entitled "Corruption and bribery".

All department heads are members of a special Compliance Committee that meets regularly, monitors the Company's compliance management system, develops optimisations and advises the Management Board on all compliance issues. 11 88 0 Solutions AG's compliance management system includes wide-ranging measures and processes and provides regular online and offline training for employees on compliance, the GDPR and the German General Non-Discrimination Act. Other guidelines such as operating procedures and signature and purchasing guidelines are key elements of this compliance management system, which has already been the subject of an external audit. The findings of the audit certified the high level of effectiveness of the system and required only a few marginal improvements that were implemented immediately.

In the event of suspected corruption, the suspicion is extensively and consistently investigated followed up and the internal investigation documented in detail in the system. Appropriate sanctions are imposed immediately if required.

Our company's compliance management system has always been supplemented by an effective and tight risk and opportunity management system. For 11 88 0 Solutions AG, „risk" means both the danger of potential losses and of lost profits. Both can be triggered by internal or external factors. Our company's risk management system contains the entirety of all organisational regulations and measures for identifying and dealing with risks associated with the Company's business activities.

Group Management Report

Group Management Report of 11 88 0 Solutions AG for the 2019 financial year

1. Fundamental information about the group

For the purpose of internal reporting and management control, the 11 88 0 Solutions Group divides its activities into two operating segments: Digital und Directory Assistance.

In the Digital segment the 11 88 0 Solutions Group offers online packages to give small and medium-sized enterprises (SMEs) an extensive and efficient online presence. In addition to an entry in the 11880.com classified directory and an appropriate 11 88 0 specialist portal, these packages include listing services in additional directory portals, Google AdWords and Bing, the production of websites or a telephone secretarial service. We are also offering packages for active review management via our search engine for online reviews werkenntdenBESTEN.de. The first version of the novel wirfindendeinenJOB.de job portal was launched in early 2019. For larger companies, the 11 88 0 Solutions Group also offers stand-alone or network solutions for access to the latest digital telephone book and yellow pages database.

In its second division, the Directory Assistance segment, the 11 88 0 Solutions Group primarily offers services relating to its 11 88 0 telephone directory. Consumers can call a service number to receive telephone numbers and addresses in Germany and worldwide via telephone, email or text in addition to other information on timetables and flight schedules, share prices, movie schedules, hotel reservations and much more. Callers can also be connected directly to the desired subscribers upon request. In this division 11 88 0 Solutions Group employees also provide customer services as part of the call centre third-party business.

Basis of presentation

In its Digital and Directory Assistance operating segments, the 11 88 0 Solutions Group uses a system of key figures that are relevant to decision-making. In order to respond quickly to new developments and changes in its operating business, the Group makes use of daily reporting instruments in all business units. In the financial area these include mainly the key performance indicators revenues, profitability (EBITDA) and cash holdings. All of the key figures mentioned are determined and managed at Group level.

Different key figures are used for non-financial performance: In the Digital segment, the new and existing customer development as well as the churn rate are used as non-financial key figures. These key figures make it possible to assess the level of customer loyalty and customer satisfaction. In the Directory Assistance segment the non-financial key figures call volume and revenue per call are playing a decisive role.

Financial key figures

Revenue

Group sales is one of the main key performance indicators. Group sales consists of revenue from the Digital and Directory Assistance segments.

Within the Digital segment, revenues for the media business are generated through business with new customers and existing customers. The basis for sustainable revenue growth is an efficient sales team in new customer business and a focus in customer retention management on customer loyalty especially by offering products optimised for customers. The software solutions business also offers digital telephone books and business directory on CD-ROM and as an intranet solution, as well as database solutions.

In the Directory Assistance segment, the revenue in the traditional business and the new call centre third-party business is essentially calculated as the product of call volume, call duration and price per minute. The call volume is made up of calls from landlines and the networks of the mobile phone service providers, where the rates may vary depending on the network operator and the call centre third-party business customer.

Profitability (EBITDA):
The main key figure used by the Company to control profitability is EBITDA (earnings before interest, taxes, depreciation and amortisation).

Cash funds
Analysing this indicator makes it possible to evaluate the Company's financial health, among others. This information enables the 11 88 0 Solutions Group to assess, manage and optimise its financial position and net assets.

Cash holdings is the sum total of cash and cash equivalents and financial assets available for sale short-term.

Non-financial key figures

The development of new and existing customers as well as the churn rate as key figures measuring customer loyalty and satisfaction in the Digital segment
A high level of customer loyalty and satisfaction is of particular importance for the development of the Digital segment. This basically involves making use of a customer support concept to establish a long and sustainable relationship between customers and the Company. This ensures future revenues and increases the profitability of the Digital segment.

The quantifiable parameters relating to customer loyalty and satisfaction include the churn rate (customer chrum rate) and the development in the number of new and existing customers.

The churn rate is a percentage that represents the number of customers in the period who do not extend their contracts in relation to the number of existing customers in the same prior-year period.

Call volume and revenue per call in the Directory Assistance segment
The reason for the continuous decline in the market for Directory Assistance observable for many years now is the change in consumer usage behaviour towards the digital acquisition of information. This makes it even more important for the 11 88 0 Solutions Group to make an accurate prediction of the development of call volume. In the Company's view, the 11 88 0 Solutions Group has an efficient reporting system, proven forecast models and many years of experience. This provides a basis for the efficient planning of required personnel capacity for the call centres. In addition the revenue per call is an important key figure with direct impact to the development of the revenues relating to that segment.

Employee satisfaction
Our employees contribute significantly to the long-term success of the Group. We want to attract and retain talented individuals and help them to continue developing. To do this, we create a working environment that inspires creativity and loyalty. The Management Board believes that this environment is rooted in an open management culture that is based on mutual trust, respect and commitment.

The 11 88 0 Solutions Group can rely on its dedicated staff. We believe that the staff's commitment is evident from their enthusiasm for their work, motivation and overall attachment to our Company. We are striving to keep the employee commitment identified in the 2019 employee survey at a high level and increase it even further where possible. The Happy Employee Index, our measure of employee satisfaction drawn from the Group-wide employee survey in 2019, currently stands at a very strong 1.9 (on a scale from 1.0 = strongly agree to 5.0 = strongly disagree). A high proportion of the workforce – 80 percent – took part in the survey.

In the wake of the reorganisation measures and site concentration carried out since 2016, the employee survey thus is and remains an established feedback tool in enabling employees to help actively shape their working environment. The results of the employee survey are incorporated into the further development of our strategy. The next employee survey will be conducted in 2020.

2. Macroeconomic and sector-specific environment

Macroeconomic environment
Global Gross Domestic Product growth reached 2.6 percent for the 2019 financial year, slightly down on the previous year's level. This means that the outlook for the global economy has stabilised in spite of the primarily preditions, and the one-year slump in estimates from companies in the manufacturing sector has slowed for the time being. Although expectations in advanced economies brightened very slightly in November, estimates in emerging markets improved considerably, particularly in China and Brazil. The decline in incoming orders has stopped in emerging markets and at least slowed considerably in advanced econo-

mies. The mood among consumers worldwide remains optimistic, with the corresponding indicators at a very high level historically. This is primarily due to the very positive labour market situation in many countries and the significant income growth associated with this. Global economic output is expected to grow at average rates. While advanced economies are likely to record slightly below-average growth, production in emerging markets is likely to continue increasing at above-average rates. It remains to be seen what effect this will have on the macroeconomic environment, particularly with regard to further developments in the trade conflict between the USA and China as well as risks relating to China's long-term financial stability. Another risk is the high levels of debt held by non-financial companies in many advanced economies due to factors such as the issuance of poorly rated bonds. An additionally uncertainty is given because of the worldwide dissemination of the novel Coronavirus (Covid-19) and the associated and political follow-ups for the global economy.

The real gross domestic product (GDP) in the euro zone is expected to rise by 1.2 percent this year, indicating a loss of economic momentum compared to the previous year. This applied in particular to the three largest member states, Germany, France and Italy. The reason for this is the persistently declining value creation in manufacturing, which is likely to increasingly impact the labour market in the form of lower employment and wage dynamics. This will also have a dampening effect on the production of consumer goods and consumer-related services. The economic forecast is still exposed to further political and economic risks, particularly those arising from Brexit in the United Kingdom and from political uncertainty in Italy, Spain and Germany.

On average for 2019, the increase in gross domestic product in Germany has slowed to 0.5 percent after 1.5 percent in the previous year. While the domestically-focused services and construction sectors continue to add value, the manufacturing industry is still in recession. Employment in this sector has fallen since spring, and the percentage of industrial companies implementing short-time work has increased considerably. On the one hand, the trade conflict emanating from the USA burdens the adverse impact on global trade and investment. This is hitting German industry particularly hard, as it specialises in producing intermediate and capital goods. On the other hand, the automotive engineering – one of Germany's key industries – is faced with particular challenges. In addition to global consumer restraint primarily reflected by a decline in new registrations, the automotive industry is currently in a technological transition phase as it moves towards producing vehicles with unconventional drive systems. This is causing significant production losses and relocations associated with the reorganisation of existing supply chains. Overall, GDP is expected to grow more strongly of about 1.1 percent in 2020, at which the 0.4 percent calendar effect exaggerates the somewhat restrained underlying economic momentum. German industry is likely to make another negative contribution to GDP growth, although this is likely to be a considerably smaller contribution than in 2019. GDP is expected to return to growth of 1.5 percent on average in the 2021 financial year, thus rising more strongly than production potential.

The aforementioned data is taken from the ifo economic forecast for winter 2019, ifo Schnelldienst 24/2019, volume 72, 19 December 2019.

Sector-specific environment

The market for digital advertising (online and mobile) in Germany grew by approximately 6 percent during the 2019 financial year according to preliminary forecasts of Online Marketers (Online-Vermarkterkreis - OVK). As a result, net for digital advertising volumes totalled EUR 2,189 billion in 2019 compared to EUR 2,065 billion in 2018 and EUR 1,928 billion in the 2017 financial year.

3. Course of business

The shareholder structure of the 11 88 0 Solutions AG changed fundamentally during the 2019 financial year, primarily due to the addition of a new majority shareholder, united vertical media GmbH, Nuremberg. On 13 June 2019, united vertical media GmbH announced its decision to submit a voluntary public offer to the shareholders of 11 88 0 Solutions AG and published the corresponding offer document on 23 July 2019. Following the voluntary takeover offer, united vertical media GmbH mathematically held 72.3 percent of the 11 88 0 Solutions AG shares.

On 16 September 2019, 11 88 0 Solutions AG implemented a capital increase using authorised capital, as a result of which the number of shares increased from 19,111,091 shares to 21,022,200 bearer shares (no-par value shares). The notional par value per share is EUR 1.00. 11 88 0 Solutions AG increased its share capital as defined in its Articles of Association by EUR 1,911,109 from EUR 19,111,091 to EUR 21,022,200 through the issue of 1,911,109 new no-par value bearer shares at an issue price of EUR 1.83 per share in return for cash contributions and by disapplying shareholders' pre-emption rights.

The operational focus of the 2019 financial year was the consolidation and optimisation of the product portfolio redeveloped in recent years. At the same time, we introduced another new portal to the market at the start of the year with wirfindendeinenJOB.de. Customer growth in the digital business was the highest in the Company's history in 2019, with 7,368 new paying customers. In the Directory Assistance segment, the market-driven decline, concerning the classical Directory Assistance, was substantially offset by the expansion of the call centre third-party business and the acquisition of new corporate customers. The Company recorded moderate revenue growth in this segment for the first time in a decade.

The first version of the innovative wirfindendeinenJOB.de job portal was launched at the start of the 2019 financial year. Jobseekers signal their willingness to take on a new role in their desired region by providing some brief information about themselves. Their job requests are compared with all eligible companies among the approximately four million listings in the 11880.com database and passed on as appropriate. Based on website traffic and customer reactions, the portal attracted a high level of interest from both jobseekers and 11880.com corporate customers from the start. During the year, the Company's developers incorporated all suggestions and comments from both target groups relating to improved and more efficient performance into later versions of the portal. As a result, a fifth, optimised version has been online since the end of 2019.

The traffic of the werkenntdenBESTEN.de search engine, which displays more than 100 million online reviews from over 50 portals, continued to perform well in 2019. A growing number of online users gathered information with werkenntdenBESTEN.de when searching for suitable service providers, restaurants or tradespeople. In addition, more and more 11880.com corporate customers apparently recognise the relevance of online reviews and are choosing werkenntdenBESTEN-offers as an effective review management service. The Company acquired more customers in 2019 than in 2018. Although 11 88 0 Solutions AG has not made any significant investments in publicity for the portal, werkenntdenBESTEN.de is now a well-known reference for German online users and was included in the Sistrix Top Ten on Google at the start of 2019.

The entire 11880.com portfolio is designed to ensure that small and medium sized businesses can develop an extensive online presence. From search engine advertising, staffing requests and guaranteed updates of their online presence to a secretarial service, companies receive comprehensive support to market their products and services efficiently. The annual rise in customer figures and the growing traffic on all associated websites show that consumers and companies have both recognised the added value of 11880.com's products.

To ensure that 11 88 0 Solutions AG can continue to attract customers and offer them a highly transparent service even more effectively in the future for a sustainable protection of the further growth, the Company began with material investments in the renewal of its IT and CRM systems during the 2019 financial year.

The second segment, Directory Assistance, also performed well during the 2019 financial year. Although use of the 11 88 0 Directory Assistance service continues to decline in line with the market, revenue in the call centre third-party business rose considerably. In this line of business, experienced 11 88 0 staff handle customer service telephone calls on behalf of major companies. During the past financial year, the Company began using innovative software that aims to improve the atmosphere of a conversation, giving us a significant competitive advantage. As of the end of 2019, the Company has a total of seven customers in this business, all of whom operate across Germany.

Consolidated revenues increased by 11 percent compared to the prior-year period. With an actual revenue volume of EUR 47.7 million, the projected revenue volume in the range of EUR 40.3 million to EUR 47.0 million was slightly exceeded. In September 2019, this forecast was revised by an ad hoc announcement to a range of EUR 46.1 to 48.9 million, which was subsequently achieved.

Revenue generated in the Digital segment totalled EUR 34.6 million (previous year: EUR 30.3 million), which is slightly above the upper end of the expected range of EUR 30.0 million to EUR 34.0 million. The proportion of the digital business in overall revenue was 73 percent, which is yet another increase on the prior-year figure (71 percent).

Revenue in the Directory Assistance segment developed more positively than expected despite the decline mentioned previously. At EUR 13.1 million, actual revenue was clearly at the upper end of the expected range of EUR 10.3 million to EUR 13.0 million (previous year: EUR 12.6 million).

Group EBITDA improved sharply from EUR 1.0 million to EUR 2.8 million, reaching the expected range of EUR 2.0 to EUR 4.0 million. In September 2019, this forecast was revised by an ad hoc announcement to a range of EUR 1.8 to 2.8 million. Again, this forecast was clearly achieved.

The consolidated EBITDA for the financial year of EUR 2.8 million (previous year: EUR 1.0 million) results from the operating result of EUR -2.1 million (previous year: EUR -3.0 million) less depreciation and amortisation reported within the cost of revenues totalling EUR 1.6 million (previous year: EUR 2.0 million), depreciation and amortisation within selling and distribution costs amounting to EUR 2.6 million (previous year: EUR 1.5 million) as well as depreciation and amortisation reported within general administrative expenses of EUR 0.7 million (previous year: EUR 0.5 million).

With a projected EBITDA share of the Digital segment in the range of EUR 2.5 to EUR 3.5 million, this figure improved by EUR 1.3 million from EUR 1.1 million in the previous year to EUR 2.4 million, just missing the guidance. This improvement was mainly driven by the significant EUR 4.3 million year-on-year increase in revenue and the disproportionately low increase in cost items.

EBITDA in the Directory Assistance segment improved from EUR -0.1 by EUR 0.5 million to EUR 0.4 million; EBITDA in this segment was expected to range between EUR -0.5 million and EUR 0.5 million. The guidance was clearly met. This was due to year-on-year revenue growth due to factors such as call centre third-party business as well as positive cost effects resulting from the transition to IFRS 16 and the corresponding recognition of rental items in particular.

Cash and cash equivalents and available for sale financial assets increased by EUR 2.1 million to EUR 4.7 million in the last financial year (previous year: EUR 2.6 million; cash flow previous year: EUR -3.4 million). For the 2019 financial year, the Company forecast cash holdings of between EUR 1.6 million and EUR 2.6 million without the capital increase. In September 2019, this forecast was revised by ad hoc release to a range of EUR 4.6 to 5.4 million, This range was achieved.

In 2019, the average churn rate in the Digital segment was 26 percent. The Company planned to stabilise the figure for the 2018 financial year, which was an average of 25 percent. The customer portfolio was expected to increase again considerably in 2019, and the Company succeeded in adding 7,368 new customers, thus exceeding expectations.

The negative trend in caller volume in the traditional business of Directory Assistance segment continued as expected. The Group expected a decline in call volume in 2019 to match that of the previous year (2018: 22 percent). The call volume actually declined by 22 percent in 2019, as in the previous year. Revenue per call again increased by another 2 percent in 2019, which means that the anticipated slight increase was achieved.

4. Financial situation

Results of operations

Group

Consolidated revenues in the 2019 financial year were amounted to EUR 47.7 million, compared to EUR 42.9 million in the previous year. This represents an increase of 11 percent (previous year: 4 percent).

Cost of revenues at the reporting date totalled EUR 27.3 million (previous year: EUR 24.3 million). This figure represented a rise of around 12 percent compared to the previous year, which was primarily attributable to significantly higher third-party services (EUR 1.3 million higher than in the previous year) as part of the expansion of the call centre third-party business as well as higher media costs (EUR 1.4 million higher than in the previous year) due to significant revenue growth in the digital segment. The EUR 0.8 million increase in legal and consultancy fees was attributable to support services for the introduction of a new CRM system.

Selling and distribution costs grew by 20 percent from EUR 12.1 million in the previous year to EUR 14.5 million (previous year: 19 percent reduction) owing to special effects. Cost items also increased in line with the sharp revenue growth in the Media segment. In particular, personnel costs and depreciation and amortisation rose due to increased recognition of sales commissions. Losses on receivables increased significantly in line with higher incoming orders on the revenue side and a one-off increase in derecognition of old receivables.

The general administrative expenses in the amount of EUR 8.0 million (previous year: EUR 9.5 million) primarily include the costs of corporate services such as finance, legal, human resources, technology, costs of the Management Board and infrastructure costs of these units. These mainly consist of costs for consultancy (EUR 0.2 million lower than in the previous year), personnel (EUR 0.7 million lower than in the previous year), maintenance (EUR 0.1

million higher than in the previous year) and rent (EUR 0.6 million lower than in the previous year due to the first-time application of IFRS 16), other administrative expenses (EUR 0.3 million lower than in the previous year) and depreciation and amortisation (EUR 0.2 million higher than in the previous year).

The other operating expenses amounted to EUR 0.02 million in 2019 (previous year: EUR 0.1 million). Consolidated EBITDA as of the reporting date increased substantially by EUR 1.8 million, from EUR 1.0 million in the previous year to EUR 2.8 million in financial year 2019.

Net financial income in 2019 ended the year with expenses of EUR 0.2 million, compared with income of EUR 0.03 million in the previous year.

In 2019, the Group incurred a net income tax expense of EUR 0.8 million (previous year: EUR 0.1 million).

The after tax for the period amounted to EUR 3.2 million compared to EUR 3.1 million in the previous year.

Segment report

Revenues in the Digital segment rose by EUR 4.3 million from EUR 30.3 million in the previous year to EUR 34.6 million. EBITDA improved from EUR 1.1 million in the previous year to EUR 2.4 million in the financial year ended. This improvement was mainly driven by the significant year-on-year increase in revenues and a further improvement in the cost structure in sales area, which has developed at a lower rate than sales growth.

The decline in call volume in the traditional Directory Assistance business in 2019 remained unchanged from the previous year at 22 percent. In the financial year ended revenues in the Directory Assistance segment amounted to EUR 13.1 million, up 4 percent compared with the previous year (previous year: EUR 12.6 million). This increase in revenue was primarily achieved thanks to additional sales in the call centre third-party business.

EBITDA grew from EUR -0.1 million in the previous year to EUR 0.4 million in the 2019 financial year. This was due to the positive performance in call centre third-party business as well as the transition to IFRS 16, which meant that items such as rental expenses were recognised in such a way that they capitalized and no longer burden EBITDA. However, the Directory Assistance segment continues to account for a significant proportion of overhead costs.

Net assets and financial position

Capital expenditures

The total investments in intangible assets and property and equipment as of the reporting date were EUR 4.4 million (previous year: EUR 4.7 million).

In the Digital segment, the Company mainly invested in internally generated intangible assets in order to make 11 88 0's product portfolio competitive. In addition, the capitalized contract acquisition costs (commissions) in the amount of EUR 3.4 million are a significant item, in line with the positive business development in the Digital segment.

Only insignificant investments were made for the Directory Assistance segment.

As in the previous year, the 11 88 0 Solutions Group as of 31 December 2019 had no noteworthy open obligations from capital expenditures which will be incurred in financial year 2020.

Statement of financial position

As of the reporting date, total assets amounted to EUR 27.3 million, up by EUR 7.7 million compared to the 31 December 2018 figure of EUR 19.6 million.

Assets

On the assets side of the statement of financial position, current assets increased from EUR 12.6 million to EUR 14.2 million. This was primarily due to the payment of EUR 3.5 million received from the capital increase carried out in September 2019, as well as the offsetting effect of a EUR 1.1 million decrease in the Securities item resulting from the sale of fund shares. As of 31 December 2019, the 11 88 0 Solutions Group had investments in short-term money market and bond funds that were reported as financial assets measured at fair value. The fair value of these investments was EUR 0.6 million (previous year: EUR 1.7 million). Other current assets remained virtually unchanged year-on-year at EUR 0.6 million. Trade accounts receivable (EUR 8.7 million; previous year: EUR 9.3 million) decreased by EUR 0.6 million mainly due to the declining Directory Assistance business. Cash and cash equivalents of EUR 4.2 million (previous year: EUR 0.9 million) increased considerable by EUR 3.3 million as a result of the capital increase implemented in September 2019 (previous year: increase of EUR 0.2 million).

The Company had unutilised overdraft facilities of EUR 1.0 million (previous year: EUR 1.0 million) with financial institutions at its disposal as of 31 December 2019.

As of the reporting date, bank balances and securities (money market and bond funds) were exclusively kept with renowned German financial institutions which are classified as investment grade by international rating firms.

As of the reporting date, the Group had non-current assets worth EUR 13.2 million (previous year: EUR 6.9 million). The increase of EUR 6.3 million resulted primarily from the capitalisation of right-of-use assets due to the first-time application of IFRS 16.

Equity and liabilities

On the liabilities side, current liabilities increased by EUR 2.0 million to EUR 12.7 million (previous year: EUR 10.7 million). Accrued current liabilities as of the reporting date amounted to EUR 4.8 million (previous year: EUR 4.5 million) and mainly include amounts for obligations to employees and outstanding invoices. The other current liabilities of EUR 5.1 million (previous year: EUR 5.6 million) decreased by EUR 0.5 million. This reduction is primarily due to the derecognition of liabilities arising from rent-free periods associated with the application of IFRS 16. Current financial liabilities rose by EUR 1.4 million compared to the previous year due to lease liabilities recognised for the first time this year with regard to the first-time adoption of IFRS 16.

Non-current liabilities of EUR 7.3 million increased by EUR 6.0 million compared with the previous year (EUR 1.3 million). The increase is mainly attributable to the recognition of non-current lease liabilities in connection with the first-time application of IFRS 16 and to additions to deferred tax liabilities. The 11 88 0 Solutions Group has no loan liabilities to banks.

Equity declined by EUR 0.2 million year-on-year to EUR 7.4 million (previous year: EUR 7.6 million). This was due primarily to the net loss for the period of EUR 3.2 million (previous year: EUR 3.1 million) whereas the increase in subscribed capital and capital reserves triggered by the capital increase had an offsetting effect. In addition, the actuarial losses now reported in other components of equity rose by EUR 0.1 million year-on-year to EUR 0.3 million. The expenses from the transition to IFRS 16 reported in equity also amounted to EUR 0.3 million. As of 31 December 2019, the equity ratio was 27,1 percent (31 December 2018: 38.8 percent).

Cash flow & financing

The 11 88 0 Solutions Group's financial management ensures that the Group is at all times able to meet its payment obligations and to generate an adequate return from the investment of excess liquidity.

During the year, the Group was still able to cover its cash requirements from its own funds.

When investing liquidity, the 11 88 0 Solutions Group pursues as conservative an investment approach as possible in order to minimise the risk of losses. Funds are invested in short-term money market or bond funds.

Liquidity improved during the financial year as a result of the capital increased implemented in September.

Cash flows from operations in the past financial year shows inflows of EUR 4.4 million compared to EUR 1.3 million in the previous year. This change is primarily due to the renewed positive business development compared to the previous year, which is among other things reflected in the improved net profit for the period. It should be noted that lease payments are now shown under financing activities as a result of the first-time application of IFRS 16. In addition, the lower level of net current assets had a positive effect on operating cash flow.

Cash outflows from investing activities at the 31 December 2019 reporting date amounted to EUR 3.2 million (previous year: cash outflow of EUR 1.1 million). The cash flows from investing activities included the sale of money market funds and bond funds. Adjusted for these items, cash flows from investing activities amounted to EUR -4.4 million in 2019 (previous year: EUR -4.6 million). This was the result mainly from outflows for investments in costs to obtain a contract (commissions) designated in under intangible assets and in other intangible assets.

Cash flows from financing activities amounted to EUR 2.1 million (previous year: EUR 0.1 million). This increase is primarily attributable to the capital increase carried out during the past financial year. The outflow of funds in connection with the repayment of leasing liabilities is the opposite effect.

The cash flows adjusted for payments received from the proportionate sale of money market and bond funds at the reporting date was EUR 2.1 million (previous year: EUR -3.4 million).

The portfolio of cash and cash equivalents as well as financial assets available for sale amounted to EUR 4.7 million (previous year: EUR 2.6 million) as at December 31 2019. Cash and cash equivalents subject to drawing restrictions totalled EUR 0.1 million at the reporting date (previous year: EUR 0.1 million). Financial assets measured at fair value can be sold short-term and are available to the Company with no restrictions.

5. Research and development

As a service provider, the 11 88 0 Solutions Group does not carry out basic research in the original sense, and therefore no research costs were incurred. However, the Company did recognise development costs for internal software generation that serve to generate revenue in the Digital and Directory Assistance segments. The 11 88 0 Solutions Group's in-house development department based in Essen was responsible for this again in 2019. The range of services in this area included mainly the programming of applications, the development and maintenance of the klicktel.de, 11880.com and werkenntdenBesten.de specialist portals and online directories, and the development of user interfaces in voice-based Directory Assistance. The total amount recognised for internally generated intangible assets in relation to the service ranges described above was EUR 0.8 million in the past financial year (previous year: EUR 0.9 million). Amortisation of capitalised development costs in the reporting period amounted to EUR 1.0 million (previous year: EUR 1.5 million).

6. Employees

Following the change in strategy to a digital company initiated in 2015 and the associated focus on the competitive expansion of the product portfolio, the corporate development of 11 88 0 is sustainable and positive.

Our workforce plays a vital role in the transformation of our group, which is why it is therefore important for us to have the right employees in the right roles and to support their continued development in a targeted manner.

Digitalisation will completely reshape our lives and thus our work too. We are already seeing new forms of collaboration, innovative business models and a greater degree of automation of activities. As a result, it is essential for us to equip our senior executives and employees with digital skills. Ultimately, they provide the foundation for our success – both now and in the future. This means we need to ensure that we are an attractive employer for talented individuals and create working environments and use technology that enable us to connect with each other. Management is also set to change. It will become more participatory and virtual. Decisions will need to be made even more quickly in future. Overall, digitalisation offers fantastic opportunities and possibilities for efficient and effective collaboration that we want to best as effectively as possible that we want to use as best we can.

As of 31 December 2019 the 11 88 0 Solutions Group had 554 employees group-wide as defined by section 267 of the HGB (headcount; excluding the Management Board, trainees, „mini-jobs" and dormant employment contracts), 21 less than a year ago (previous year: 575). The headcount reduction is mainly the result of adjusting the Group to the new product and sales structure.

The 11 88 0 Group and its group companies are not bound by collective bargaining agreements, as there is no collective agreement for the call centre industry. The collaboration with those representing the interests of employees in the 11 88 0 Group fully and transparently implements the regulations of section 87 (10) and (11) of the German Works Constitution Act (BetrVG).

As the industry association and interest group for the call centre industry, the Call Center Verband Deutschland e.V. (CCV), of which we are a member, follows the latest political and parliamentary developments and legislative procedures relating to sector-specific issues.

7. Opportunity and risk management

General information

Establishing an effective opportunity and risk management system is a priority for the 11 88 0 Solutions Group. For the 11 88 0 Solutions Group, risk means both the danger of potential losses and of lost profits. Both can be triggered by internal and external factors. The 11 88 0 Solutions Group's risk management system contains the entirety of all organisational regulations and measures for identifying and dealing with risks associated with the company's business activities.

The constant challenge for the 11 88 0 Solutions Group is bringing together the established sub-systems for risk assessment and developing these further into an integrated, company-wide risk management system with dynamic structures. In order for the risk management system to work, the 11 88 0 Solutions Group focuses not only on the Company's objectives but also on its vision, strategy and corporate culture. Due to the growing complexity in the area of risk management (e.g. treasury, compliance, etc.), the 11 88 0 Solutions Group also highlights the dependencies of the sub-systems to ensure the efficiency of the risk management system.

The 11 88 0 Solutions Group's risk management system is used for the early recognition, assessment and control of internal and external risks and opportunities. The aim is to identify material risks for the Group in good time in order to initiate the appropriate countermeasures. On the one hand, risks reflect potential internal and external developments that can have a negative impact on the achievement of the 11 88 0 Solutions Group's strategic and operating goals, while on the other hand they represent existing market potential or the potential for increased profitability in value creation that cannot be improved upon.

The 11 88 0 Solutions Group's opportunity and risk management system is anchored in its strategic development and is integrated in all further planning processes. For example, all business activities are reviewed and assessed for opportunities and risks at annual planning meetings. Objectives are then set on this basis (particularly revenue and earnings targets) and their achievement is monitored within the budget process and rolling forecasts by the persons responsible for planning in the group's controlling department.

The 11 88 0 Solutions Group's opportunity and risk management system is reviewed for its efficiency and fitness for purpose on a quarterly basis in cooperation with those responsible for each corporate division. The Management Board is regularly informed of the risk situation in the 11 88 0 Solutions Group. In addition, the Supervisory Board, particularly the Audit Committee, monitors the risk management system.

In addition to the Group-level assessment, the Digital and Directory Assistance segments are also monitored.

The company has had a Compliance Committee since 2010 to ensure responsible handling of any risks and compliance with all mandatory statutory requirements and internal regulations. This committee advises the Management Board on all matters of compliance and continually reviews and refines the compliance system. These include suggestions on prevention, process improvements and possible sanctions. Compliance work focuses on operational and organisational measures within its sales processes. The independent audit conducted in 2014 remains valid and showed that the quality of the sales processes and the compliance culture in the company is particularly high. In connection with the entry into force of the General Data Protection Regulation (GDPR) in May 2018 and the EU Payment Services Directive (PSD II) in January 2018, the company introduced relevant legal requirements.

Accounting-based internal control system, internal audit and occasion-based audits

Since the parent company 11 88 0 Solutions AG is a publicly traded company as defined by section 264d HGB, the main features of the internal control and risk management system (ICS), both in respect of the financial reporting processes of the consolidated companies and in respect of the group's financial reporting process, must be described pursuant to section 315 (4) HGB.

There is no legal definition of the internal control and risk management system with respect to the accounting process and the consolidated accounting process. 11 88 0 Solutions AG understands the internal control and risk management system to be a comprehensive system and bases it on the definitions provided by the Institut der Wirtschaftsprüfer in Deutschland e. V. (Institute of Public Auditors in Germany, IDA), Düsseldorf, for the internal control system relevant to the financial reporting system (IDW PS 261 new version subsection 19 et seq.) and for the risk management system (IDW PS 340, subsection 4).

Accordingly, an internal control system comprises those principles, procedures and measures that the management employs in a company with the aim of implementing its organisational decisions for the purpose of:

- Ensuring the effectiveness and profitability of the Company's business (which includes protecting its assets, as well as preventing and detecting any impairment of its assets);

- Ensuring that both the internal and the external financial reporting processes are proper and reliable; and
- Ensuring compliance with all statutory requirements applicable to the company.

The risk management system comprises the totality of all organisational regulations and measures serving to detect and handle risks arising from entrepreneurial activity.

With regard to the accounting process, the group has implemented the following structures and processes:

Full responsibility for the 11880 Solutions Group's ICS lies with the Management Board of 11880 Solutions AG. All of the Group's strategic business areas are integrated via a specifically defined management and reporting organisation. Meetings held once every two weeks with the department and division heads are held for this purpose to discuss all relevant key performance indicators of the operating business.

The departments and divisions involved in the accounting process are appropriately equipped, both in terms of quantity and quality. Accounting data that has been received or passed on is regularly reviewed for completeness and correctness. Dedicated software performs programmed plausibility checks using a document management system, for example. Information relevant to the financial reporting process is continuously exchanged between the commercial directors and the Head of Accounting and communicated to the CEO in regularly scheduled meetings.

The dual control principle is also applied for important transactions, such as orders as well as invoice control and the approval of payment runs, for example. Confirmations of review and payment instructions must be signed and dated.

Invoices received are also submitted to the relevant departments in line with the dual control principle by means of a document management system to ensure that these are factually and arithmetically correct. This principle states that no single person alone may be responsible for all process steps. Instead, sufficiently qualified individuals must be involved in the process in order to recognise and prevent possible deviations and control weaknesses. Specifically, this means that the party placing the order must provide a signature to confirm that the goods were received or the service was rendered according to the order specifications. Orders must be checked immediately and passed on to the supervisor or cost centre manager along with a cost centre account number so that payment can be authorised. As a final means to ensure correctness, two authorised signatories with power of attorney release payment.

In addition to the ICS in the individual subsidiaries, these levels of control are also implemented at group level. Group-wide controls are managed by centralised entities such as Finance, Personnel or the Legal Affairs department, and are also documented centrally. A typical example of this is the centralised management and control of outgoing payments.

The ICS is supported by IT systems, for example SAP, that are regularly checked for their efficiency. IT systems used in accounting are standard software to the extent possible. These systems are protected against unauthorised access by appropriate security and authorisation concepts.

The aim of the internal control and risk management system with respect to the accounting process, the main features of which are described above, is to ensure that business facts are consistently recorded, processed and recognised correctly in the accounting and incorporated in the external financial reporting. The right personnel, the use of appropriate software and clear legal and internal company specifications form the basis for a proper, uniform and continuous accounting process. The clear definition of areas of responsibility, as well as various control and review mechanisms, as described in more detail above, make it possible to ensure correct and responsible accounting. Specifically, this ensures that business transactions can be recorded, processed and documented in accordance with legal requirements and internal guidelines, and be recognised immediately and correctly in the accounts. At the same time, it ensures that assets and liabilities are appropriately recognised, reported and measured in the annual and consolidated financial statements, and that reliable and relevant information is provided promptly and completely full.

Group-wide opportunities

In order to determine the potential opportunities of the 11880 Solutions Group, opportunities are assigned a percentage indicating their probability of occurrence and assessed with respect to the impact they would have on the Company's business goals and results. Finally, the opportunities are ranked from bottom to top on the basis of their net impact or weighted impact on the company results.

Market development in the Digital segment
The segment relevant to the Group is expected to see continued market growth in the coming years and the current trends are expected to continue.

With a high number of commercial search queries again in financial year 2019, the 11 88 0 Solutions Group has secured an excellent position for itself in this market with its 11880.com online directory.

This large number of search queries in a commercial environment is a key asset for the 11 88 0 Solutions Group when selling online ad products to SMEs. With its products for website creation, the sale of prominently-placed advertisements and the adoption of search engine optimisation measures, the 11 88 0 Solutions Group has transformed itself into one of the largest providers of all-in-one services for regional online advertising targeting SMEs in Germany in terms of customer figures.

Further operational opportunities arise from boosting productivity of sales in the digital business by employing more efficient tools. Conversely, should sales productivity perform less well than expected, this would constitute a risk. There was no material change in the extent of this opportunity compared to the previous year.

We also significantly increased our purchasing potential in the area of search engine optimisation by expanding our product range and by benefiting from what is now our significant size in the market. This could have a positive impact on purchase prices.

Development of the churn rate in the Digital segment
Due to structural process and organisational changes, customer base management in the Digital segment has shown continued improvement over the last few years. Increased customer satisfaction and its effects on customer loyalty has enabled successive reductions to the churn rate.

Should the Group make greater progress in customer satisfaction – and therefore in customer loyalty – than planned, this would translate into positive effects for its sales trends. Conversely, an unexpected rise in the churn rate would constitute a risk of the same magnitude.

There was no material change in the extent of this opportunity compared to the previous year.

Market development in the Directory Assistance segment
Due to the shift in media usage from traditional media to digital media, the Directory Assistance market has been on the decline for many years. This negative trend in caller volume has been accounted for in the 2020 business plan. There is, nonetheless, a small chance that the market will shrink to a lesser degree than expected. This would have a positive effect on the caller volume trend and hence on revenues.

Due to the steady decline in caller volume, the impact of this opportunity has decreased accordingly compared with the previous year while the corresponding risk has increased accordingly.

We also expanded our call centre third-party business in the 2019 financial year, which also results in additional opportunities in this sector. Corresponding risks are also assessed.

Overall summary of the opportunities
Overall, the 11 88 0 Solutions Group's opportunities have not changed significantly from the previous year from an operational perspective. Generally speaking, it can be assumed that the potential for opportunities in the Digital segment is rising due to the further positive development of its key figures, which have now been stable for several years. In the Directory Assistance segment, the developing call centre third-party business offers further opportunities.

Group-wide risks
As previously indicated, the opportunities presented represent corresponding risks in the event of negative developments.

To determine which risks are most likely to jeopardise the continued existence of the 11 88 0 Solutions Group as a going concern, the risks are weighted by their probability of occurrence and assessed with respect to the impact they would have on the Company's business goals and results. Finally, in order to help the Company focus and prioritise, the risks are ranked from top to bottom on the basis of their net impact or weighted impact on the Company's results.

The risks by category are summarised below:

COMPANY RISKS (BASED ON THE MANAGEMENT BOARD'S ASSESSMENT)	POTENTIAL FINANCIAL IMPACT (Expected value of net risks)	RISK EXPOSURE FOR 2020 COMPARED TO THE PREVIOUS YEAR
Market risks	Significant	Increased
Financial and liquidity risks	Low	Decreased
Personnel risks	Low	Increased
Litigation risks	Low	Increased
Regulatory risks	Very low	Decreased
Legal risks	Very low	Decreased
Technology risks	Very low	Increased

The extent of the potential financial impact on the Group's net profit/loss, EBITDA and liquidity:
Significant (EUR> 1 million), moderate (from EUR 0.5 to 1 million), low (from EUR 0.1 to 0.5 million), very low (EUR< 0.1 million).

Individual risks within the groups of company risks presented, which have a significant, moderate and low financial impact and which can be influenced by countermeasures, are presented below if they can be considered material.

Market risks
In the Digital segment, products are sold in outbound. This sales channel is in line with current legislation. Compared to the previous year, there is a slightly higher risk that lawmakers might act to further restrict telephone contacts to corporate customers. The 11880 Solutions Group's legal department is closely involved with this subject and is working on counteracting this risk by developing comprehensive measures to increase legal certainty.

The 11880 Solutions Group manages its sales activities respectively customer contacts in the Digital segment mainly in outbound. There is a risk of negative media coverage in connection with sales negotiations, among others in social networks, which could lead to damage to the company's reputation.

The Group has taken a number of preventive measures, which are also anchored within the structure of its corporate processes and organisation. These include mandatory training for all employees, standards for correct internal and external communication, in particular in sales and technical security measures related to our company-wide communication channels.

This risk increased significantly compared to the previous year due to the higher share price year-on-year, which provides the basis for calculating this risk.

The loss of an important and significant customer in the call centre third-party business within the Directory Assistance segment could pose a risk to revenues.

Appropriate customer retention measures are being implemented to minimise this risk. Sales activities aimed at acquiring new customers are also being continuously expanded.

The Company currently considers this risk to be significant.

There is a chance of increased cancellations of media products from customers in the Digital segment in the event that the products offered fail to live up to customers' expectations. The subsequent increase in the churn rate would lead to additional customer losses, which would then have an impact on the effect of contract extensions on earnings.

As a countermeasure, the 11880 Solutions Group is introducing comprehensive and professional customer communications to improve the transparency surrounding the performance of its products. The Group is also working consistently and intensively to steadily improve the quality of its products and is introducing comprehensive quality controls. Intensive product training courses for sales employees and analysis of sales negotiations also help to minimise the probability of this risk occurring.

Both the probability of occurrence and the risk remain unchanged compared to the previous year. An additional uncertainty factor is the worldwide spread of the novel coronavirus (Covid-19) and the associated economic and political consequences for the global economy. At the time of preparing the financial statements, the economic effects for the 11 88 0 Group are estimated to be small following an internal review.

Financial and liquidity risks

The Group is constantly optimising its funding base and limits its financial risk with the aim of safeguarding the Group's financial independence. The financial risks are part of the risk management system and are also monitored by way of rolling monthly finance planning and financial analysis within the context of liquidity management.

As of 31 December 2019, the 11 88 0 Solutions Group had cash and cash equivalents and short-term money market and bond funds of EUR 4.7 million (previous year: EUR 2.6 million) at its disposal to finance its further business activities. The 11 88 0 Solutions Group also has an overdraft facility with financial institutions of EUR 1.0 million (previous year: EUR 1.0 million). In addition, the annual general meeting on 12 June 2018 authorised the Management Board to increase the Company's share capital by a total of 50 percent or EUR 9.6 million in two stages. In September 2019, the Company implemented a capital increase equivalent to 10 percent of share capital, which means there is still the option of a further capital increase equivalent to 40 percent of share capital.

The going-concern risk has decreased significantly compared to the previous year due to the increase in cash and cash equivalents.

Excluding risks that are not currently discernible, management rates the risk of insolvency caused by illiquidity and thus the threat to its continued existence as extremely low.

In 2019, the Group continued to initiate suitable countermeasures in the form of structural measures and sustainable cost discipline and implemented a system aimed at continually monitoring outgoing and incoming payments.

Moreover, this risk would only arise if the targets set out in corporate planning could not be achieved to a large extent, even though 11 88 0 Solutions AG's non-financial key figures in the Digital and Directory Assistance segments have now developed consistently and sustainably over a longer period of time. Furthermore, the relatively young call centre third-party business in the Directory Assistance segment is already contributing to the financial stability of the Company.

Furthermore, this risk would only materialise if no bank were prepared to provide a credit line for the proper continuation of the Company as a going concern and if the corporate actions approved by the annual general meeting but not yet planned had no effect because potential investors failed to subscribe to the newly issued shares.

The significant share purchase carried out by united vertical media GmbH during the 2019 financial year could mean that the tax authorities do not allow the utilisation of the tax loss carryforwards of 11 88 0 Internet Services AG in future. The Company is currently reviewing measures to preserve the loss carryforwards in the context of applicable tax legislations.

Litigation risks

Occasional negative press on the subject of selling techniques and false product promises has resulted sales employees being increasingly cautious during sales negotiations, which could lead to lower contract conclusion rates in the new customer business.

Sales staff receive regular training on how to deal with the actual risk-affected sales situation and regularly take part in educational talks on the subject. The churn and cancellation rates are falling as a result. The Group continuously monitors the aforementioned rates in order to react to any negative developments at an early stage.

Compared to the previous year, this risk increased only insignificantly.

Regulatory risks

The business activities of the 11 88 0 Solutions Group depend to an extent on the decisions of legislators and regulatory authorities. These also include the rules on the assignment of telephone numbers. The regulatory requirements specify, for example, what kind of Directory Assistance services the 11 88 0 Solutions Group may provide and how the Directory Assistance phone numbers are assigned. An infringement of the rules of assignment for Directory Assistance numbers, for example, could result in a warning from the regulatory authorities or, ultimately, to revocation of a number.

There is a low risk that numbers assigned to the 11880 Solutions Group could be withdrawn will be revoked.

Legal risks
As indications suggest that the legal risks identified would have very minor financial effects, either severally or together, no detailed presentation of individual risks is provided. The risk exposure is significantly lower than in the previous year.

Personnel risks
There is a risk that insufficiently qualified employees could be hired in the sales department, which could result in bottleneck risks with regard to planned targets.

The Group primarily addresses this risk by working intensively with recruiters as well as by acquiring external call centre capacity and carrying out its recruitment efforts across a broad geographical area.

Compared to the previous year, the assessment of this risk has not changed.

Structurally essential measures could delay the Company's ongoing development if agreement is not reached with relevant corporate bodies such as the Works Council.

The Management Board and all important corporate bodies actively seek and maintain ongoing internal communication within the Company. Business decisions are discussed in a timely and suitably focused manner.

This risk has increased compared to the previous year due to the higher calculation basis.

Overall summary of the risk position
In summary, it should be noted that the volume of weighted net risk (total of the damage amounts of the individual risks, with the probability of occurrence factored in) at EUR 2.2 million is the same as in the previous year (EUR 2.2 million).

Internal and external optimisation measures are also designed to further reduce the probability of occurrence and the effect on results in the event of occurrence.

No risks have been identified that, severally or together, could threaten the continued existence of the Group or the companies included in consolidation as going concerns in the short term.

8. Report on expected developments

The statements made here are based on the 11880 Solutions Group's operations planning for the 2020 financial year, as adopted by the Management Board and Supervisory Board in December 2019. The planning is based on the objectives of the Digital and Directory Assistance segments and of the Group. Planning for the 2020 financial year is based on a corporate structure that doesn't change.

Corporate strategy
During the 2020 financial year, the 11880 Solutions Group will continue to establish and optimise the wide variety of products introduced in previous years.

In the Directory Assistance segment, the 11880 Solutions Group will continue to expand the call centre third-party business in 2020. The aim is to gain additional companies as customers in order to carry out customer services on their behalf. At the same time, the Group plans to make greater use of the synergies between the Directory Assistant and Digital Business divisions as it did in 2019.

This strategy is also supported by the new majority shareholder, united vertical media GmbH.

Digital segment
After the Company in 2019 successfully focused its strategy on a continued customer-led optimisation of the existing product range and the introduction of new products and services, 2020 will see us continue our consolidation course and optimise our products further with a focus on our customers. In 2020, we want to continue the dynamic growth achieved in our Digital segment in recent years.

In the area of new customer business, the Group will again be working on a moderate increase in the 2020 financial year.

The 11880 Solutions Group is committed to building on its success of previous years and achieving a significant increase in its customer base again in 2020. In 2019, the average churn rate was 26 percent, thus remaining at the prior-year level, as planned. The aim for 2020 is to at least stabilise this figure or improve it slightly.

The optimisations already implemented have significantly improved the online presence of portfolio customers. The increase in the customer portfolio should also serve as the basis for upselling and contract renewal revenue. Customer growth should, among other things, be ensured through the sale of low price entry-level products and the sustainable product offerings. The continued product optimisation planned for 2020 should also make deliver them this more attractive to existing customers.

From the 2020 financial year onwards, the 11 88 0 is planning to report revenues and EBITDA at Group level only in accordance with the internal reporting structure and control.

Directory Assistance segment
In the Directory Assistance segment, the 11 88 0 Solutions Group anticipates that the declining trend with respect to call volumes in Germany will also persist in 2020. With regard to the call volume for Directory Assistance, the Group assumes that the decline in 2020 will be the same as in the previous year. The decline rate for the past 2019 financial year was 22 percent.

To partially offset the effects of this downturn in revenue, the Group continued to work on increasing revenue per call. In 2019, these efforts resulted in an increase of just under 2 percent per call. The Group expects to be able to keep this figure at the prior-year level in 2020. In addition to further expanding the call centre third-party business, the Company is reviewing – and in some cases also testing – new business models in order to ward off decreases in business volume and ensure long-term success.

From the 2020 financial year onwards, the 11 88 0 is planning to report revenues and EBITDA at Group level only in accordance with the internal reporting structure and control.

11 88 0 Solutions Group – Overall assessment of the Management Board
As a result of different trends prevailing in the two segments, Digital and Directory Assistance, the Group continues to evolve into a digital company. The Group will continue to push its Digital segment in 2020. However, the Company is also working on long-term strategies and on further expanding its call centre third-party business in the segment for classic Directory Assistance.

At Group level, the 11 88 0 Solutions Group expects to post revenues of EUR 47.8 to EUR 51.0 million in 2020. In comparison, revenues were generated in the amount of EUR 47.7 million in 2019. With respect to profitability, the Group expects EBITDA in 2020 to be in the range of EUR 1.7 milion to EUR 3.2 million. In comparison, the Company generated positive EBITDA in the amount of EUR 2.8 million in 2019.

The Group showed cash holdings and available-for-sale financial assets of EUR 4.7 million in the financial year ended.

The Company expects cash holdings at the end of 2020 to amount to EUR 1.6 to EUR 2.8 million.

Finance strategy
The 11 88 0 Solutions Group's finance strategy aims to secure liquidity in the long term and to provide financial support for developing the digital business.

The decline in volumes in the Directory Assistance segment is increasing pressure to accelerate improvement in profitability in the Digital segment.

Appropriate strategic measures are improving the cost structure and thus the cash flow sufficiently to ensure the availability of adequate liquidity. At the same time, cooperation options are also being reviewed continually and the call centre business is expanded to avoid liquidity risks as much as possible.

9. Disclosures pursuant to section 315a HGB and explanatory report in accordance with section 176 (1) sentence 1 AktG

Composition of subscribed capital
As of 31 December 2019 11 88 0 Solutions AG's subscribed capital was composed of 21,022,200 no-par value ordinary bearer shares (no-par value shares) (previous year: 19,111,091 shares). As of 31 December 2019, 21,022,200 of these shares were outstanding (previous year: 19,111,091 shares).

Restrictions affecting voting rights and the transfer of shares
The Management Board of 11 88 0 Solutions AG is not aware of any restrictions pertaining to the share voting rights.

Holdings in the Company's capital of more than 10 percent of the voting rights

As of the reporting date, there were the following holdings in the Company's capital of more than 10 percent of the voting rights:

- united vertical media GmbH: 74.8 % (*)

(*) The percentage results from the latest WpHG notifications available to 11880 Solutions AG and takes into account the capital increase carried out in September 2019. As these notifications only have to be disclosed if shareholders exceed or fall below certain thresholds, it cannot be ruled out that the ownership ratios within the threshold intervals have changed since the latest notification.

Shares with special rights conferring powers of control

There are no shares with special rights conveying powers of control.

Nature of voting control where employees have an equity interest and do not directly exercise their control rights

Employees who hold shares as part of a stock option plan may exercise control rights, like other shareholders, directly in accordance with legal requirements and the provisions of the Articles of Association.

Appointment and dismissal of members of the Management Board

The Management Board of 11880 Solutions AG is comprised of at least one member. The appointment of deputy members of the Management Board is permitted pursuant to Art. 3.1 (1) of the Articles of Association. The Supervisory Board determines the number, the appointment and the dismissal of the ordinary and the deputy members of the Management Board, and may also appoint a Management Board chairman.

Amendment of the Articles of Association

Pursuant to section 179 SCA, amendments to the Articles of Association shall be passed by resolutions of the annual general meeting. Pursuant to Art. 4.5 of the Articles of Association, the Supervisory Board is authorised to resolve amendments to the Articles of Association that only affect the wording.

Authorisations of the Management Board, in particular pertaining to the possibility to issue or buy back shares

By resolution of the Annual General Meeting on 12 June 2018, the Management Board was authorised, with the approval of the Supervisory Board, to increase the Company's share capital by a nominal amount of up to EUR 1,911,109.00 until 31 December 2021 by single multiple issuing of new no-par value bearer shares for contribution in cash and/or in kind (Authorised Capital I).

On 11 September 2019, the Management Board of 11880 Solutions AG adopted a resolution based on this authorisation, approved by the Supervisory Board, to implement a capital increase from authorised capital in return for cash contributions by issuing 1,911,109 new shares at an issue price of EUR 1.83. The pre-emption rights of shareholders were disapplied for this capital increase. The major shareholder united vertical media GmbH subscribed for and acquired all of the new shares.

The Management Board was authorised based on a resolution adopted by the annual general meeting on 12 June 2018 to increase the share capital of the Company with the approval of the Supervisory Board one or more times until 31 December 2021 by a nominal total of up to EUR 7,644,436.00 by issuing new, no-par value bearer shares in exchange for contributions in cash and/or in kind (Authorised Capital II).

Material agreements of the Company which are subject to the condition of a change of control following a takeover bid

No significant agreements exist as of 31 December 2019.

Compensation agreements for the event of a takeover bid

11880 Solutions AG does not have any compensation agreements with members of the Management Board or employees for the event of a takeover bid (change of control).

10. Statement and report on corporate governance

The statement on corporate governance (sections 289f, 315d HGB) contains the declaration of compliance pursuant to section 161 AktG, disclosures on corporate governance practices, the description of the working practices of the Management Board and Supervisory Board and disclosures on the equal participation of women and men (diversity).

The German Corporate Governance Code outlines the regulations for efficient and responsible management and supervision of listed German stock corporations.

The above information can be found on the 11880 Solutions AG website at: https://ir.11880.com/corporate-governance/erklaerung-zur-unternehmensfuehrung.

11. Remuneration system

The remuneration report summarises the principles and methods used to determine the total remuneration of the member(s) of the Management Board of 11 880 Solutions AG and explains the structure as well as the remuneration received by the Management Board member(s). The principles and the amount of remuneration received by the members of the Supervisory Board are also described.

Principles of Management Board remuneration
The Supervisory Board advises and regularly reviews the structure of the remuneration system for the Management Board and on the recommendation of the Supervisory Board Chairman determines the total remuneration of the individual Management Board member(s). The committee also regularly reviews the remuneration system for the Management Board. In doing so, it makes vertical and horizontal remuneration comparisons.

The remuneration model for the Management Board should be attractive and appropriate to compete for highly qualified management personnel. Criteria for the appropriateness of the remuneration are in particular the responsibilities of the respective Management Board members, their personal performance, the performance of the Management Board, as well as the economic situation, the success and future prospects of the Company in comparison with other companies in its sector.

Remuneration system
The German Corporate Governance Code (GCGC) recommends that the Chairman of the Supervisory Board inform the annual general meeting once about the principles of the remuneration system and subsequently of any changes thereto. Deviating from this, the Chairman of the Supervisory Board of 11 880 Solutions AG informs the annual general meeting about the principles of the remuneration system each year at the regular annual general meeting in order to take into account the information requirements of new shareholders attending their first annual general meeting.

General information on the components of Management Board remuneration
The total remuneration for the members of the Management Board of 11 880 Solutions AG consists basically of monetary remuneration components, which are divided into non-performance-related and performance-related components. The performance-related components consist of fixed remuneration components and fringe benefits, and pension commitments. Performance-related components include variable remuneration components.

Fixed remuneration components
As a basic remuneration that is independent of annual performance, the fixed portion is paid out as a monthly salary and is based on an income plan stipulated by the Supervisory Board. It takes into consideration the Company's situation and medium-term objectives, as well as the criteria relevant pursuant to section 87 (1) AktG and the German Corporate Governance Code.

Variable remuneration components
Variable remuneration components have upper limits and consist of performance-related and qualitative components. The performance-related components have a multi-year orientation in order to take account of the sustainable development of the Company.

Other components of remuneration, fringe benefits, obligations or benefits from third parties
If contractually agreed, other components of the total remuneration of Management Board members are pension awards, other awards, especially in the event of termination of activity, fringe benefits of all kinds and benefits from third parties which were promised or granted in the financial year with regard to Management Board work.

Remuneration in 2019
Fixed and variable remuneration
During the 2019 financial year, 11 880 Solutions AG complied fully with the remuneration structure recommendations set out in art. 4.2.3 (2) of the German Corporate Governance Code. The remuneration structure continues to be focussed on the sustainable growth of the Company. Monetary remuneration components include fixed and variable components, with variable components generally based on performance over several years and primarily designed to be forward-looking. In addition to the LTI agreed with the Management Board over a period of 3.0 years (2019 to 2021), variable remuneration components are in part invested in multi-year deferrals (phantom stocks) as goals are met.

Deferred amounts are converted into phantom stocks of the Company as variable remuneration invested for the long term. The relevant share price of the phantom stocks at the time of the conversion is the arithmetic mean of the closing price in Xetra trading on the Frankfurt Stock Exchange on stock exchange trading days in the three months preceding the adoption of the annual financial statements for the financial year for which the targets were agreed.

Following a vesting period of two years after the conversion into the respective deferrals, the value of the phantom stocks is determined and the deferral is paid out. The share price relevant for the value is the arithmetic mean of the closing prices in Xetra trading on the Frankfurt Stock Exchange on the trading days in the last three months before adoption of the annual financial statements for the respective financial year after next. Any dividends distributed to shareholders during the vesting period are added to the value of the deferral thus determined. This results in the total value of the deferral to be paid out after the vesting period has expired. However, independent of the share price performance and/or any dividends, the total value of the deferral may not exceed 120 percent of the starting value of the virtual shares calculated based on the arithmetic mean upon conversion into the deferral. If the total value of the deferral after the vesting period has expired is less than 50 percent, the deferral is not paid out and the retained performance bonus thus reduced to zero.

Other components of remuneration, fringe benefits, obligations or benefits from third parties

The German Corporate Governance Code recommends in art. 4.2.3 (4) that the severance payment cap should be calculated on the basis of the total remuneration paid for the previous financial year and, if appropriate, should take into account the expected total remuneration for the current financial year. 11880 Solutions AG deviates from this recommendation.

In the director's contract of Mr. Maar, reference is made to the variable remuneration of only the financial year just ended and not also to that of the current financial year in addition to a reference value formed from the average fixed remuneration (i.e. average of the fixed monthly salary paid until the ending date) in order to calculate the severance payment cap.

The Supervisory Board is of the opinion that the recommendation contained in Art. 4.2.3 GCGC to also refer to the current financial year when measuring the severance payment cap has little practicality for the reference value related to the variable remuneration, because it is frequently difficult to determine whether an interim or proportionate goal has been met. In contrast, for fixed remuneration, the measurement is based not only on the average of the last financial year, but also on the entire previous contractual term in order to reflect typically lower fixed remuneration payments in previous years.

The exclusion of the current financial year can in individual cases theoretically result in a higher severance payment amount than the remuneration to be realised until the end of the contractual term, because any reduction in the variable remuneration in the current year will not be factored in. Considering the difficulty of determining the amount of variable remuneration for the current financial year during the course of the year and in light of the lower amount of fixed remuneration that flows into the severance payment, the Company considers this theoretically possible deviation from art. 4.2.3 (4) sentence 1 GCGC to be justified.

For the existing Management Board contracts, the severance payment cap is equal to 18 times the average fixed monthly remuneration for the entire contract period (reference value I) and 18 times one-twelfth of the variable remuneration earned in the last financial year (reference value II).

The severance payment amount is limited to a maximum of 18 times the applicable reference value in each case (severance cap).

If the remaining term of the contract is less than 18 months, the severance payment cap is limited to the number of months of the remaining term.

As in the previous year, members of the Management Board did not receive any defined contribution post-employment benefits in 2019. There were no defined benefit pension obligations in accordance with IFRSs in 2019 (previous year: EUR 0). Details can be found in the notes accompanying the consolidated financial statements in the section entitled "Pension obligations".

The current and former members of the Management Board were granted phantom stocks (deferrals) from both 2016 to 2019. Details can be found in the notes to the consolidated financial statements under "Share-based payment".

No advances or loans were granted to the Management Board member during the reporting year.

The sole member of the Management Board received no payment or promises of payment from third parties in the past financial year in respect of his activities as a member of the Management Board. No remuneration was or is paid for Management Board and Supervisory Board positions at the subsidiary 11880 Internet Services AG.

Remuneration of the Management Board

The following benefits were granted to the members of the Management Board in the 2019 financial year as defined by the German Corporate Governance Code:

Benefits granted	Management Board total	
in EUR thousand	2019	2018
Fixed remuneration	401	413
Fringe benefits	34	34
Total	**435**	**447**
One-year variable remuneration (excluding deferral), bonus	106	91
Multi-year variable remuneration (deferral – 2 years)		
2019	34	29
LTI (annual share, at least over 3 years)	400	0
Total - performance-related	**540**	**120**
Total remuneration	**975**	**567**

Inflow	Management Board total	
in EUR thousand	2019	2018
Fixed remuneration	401	413
Fringe benefits	34	34
Total	**435**	**447**
One-year variable remuneration (excluding deferral), bonus	92	166
Multi-year variable remuneration (deferral – 2 years)	0	10
LTI (annual share, at least over 3 years)	0	0
Total - performance-related	**92**	**176**
Pension expenses (defined contribution pension fund)	**0**	**0**
Total remuneration	**528**	**623**

In accordance with Section 314 no. 6a of the German Commercial Code (HGB), the Management Board received the following total remuneration in the 2019 financial year:

Benefits granted	**Management Board total**	
in EUR thousand	2019	2018
Fixed remuneration	401	413
Fringe benefits	34	34
Total	**435**	**447**
One-year variable remuneration (excluding deferral), bonus	106	91
Multi-year variable remuneration (deferral – 2 years)		
2019	34	29
LTI (annual share, at least over 3 years)	400	0
Total - performance-related	**540**	**120**
Total remuneration	**975**	**567**

In addition to the benefits for Mr. Maar, the prior-year figures (2018) also include the benefits for Michael Geiger and Birgit Hausmann.

The disclosure of salaries paid to members of the Management Board has been a legal requirement since financial year 2006. 11 88 0 Solutions AG discloses the Management Board's salaries as a collective total, since the annual general meeting on 12 June 2018 elected to make use of the opt-out clause (dispensation from the obligation to disclose the remuneration paid to individual members of the Management Board for financial years 2017 to 2021, inclusive).

No benefits were granted to former members of the Management Board in the 2019 financial year as defined by the German Corporate Governance Code.

A two-stage severance provision applies if the Company revokes the appointment of a Management Board member prematurely, entitling both the Company and Management Board member to terminate the employment contract, or in the event of a termination following a resignation for good cause. In the first stage, the Management Board member receives a severance payment based on their previous average monthly fixed salary in accordance with their employment contract. The average monthly fixed salary (to be) paid until the termination date is used as Reference Value I. This reference value is multiplied by the number of months remaining on the employment contract (pro rata in the case of incomplete months) to determine Severance Payment I. If the employment relationship is terminated prematurely, the Management Board member also receives Severance Payment II if they have a claim to variable remuneration for the last financial year completed before the termination of the employment contract in accordance with the aforementioned agreement. Reference Value II for Severance Payment II is equivalent to one-twelfth of the variable remuneration for the previous financial year. This reference value is multiplied by the number of months remaining on the director's contract (pro rata in the case of incomplete months). An LTI bonus is not taken into account when calculating Reference Value II. The severance payment amount is limited to a maximum of 18 times the applicable reference value in each case (severance cap). The above provisions do not apply if the appointment is revoked in accordance with Section 84 (3) of the German Stock Corporation Act (SCA) for good cause attributable to the Management Board member. In this case, the Company is also entitled to terminate the employment contract for good cause. The Management Board member is not entitled to a severance payment in accordance with the above provisions in such cases. If the Management Board member resigns their position without good cause, the Company can extraordinarily terminate the employment contract. Similarly, the Management Board member is not entitled to a severance payment in such cases.

Contract terms

As of the reporting date of 31 December 2018, the original director's contract of Mr. Maar ended. The Supervisory Board of the Company on 29 June 2018 adopted a resolution to reappoint Mr. Maar as a member of the Management Board with effect from 1 January 2019 until 31 March 2022. The employment contract was amended accordingly.

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is regulated in Art. 4.6 of the Articles of Association. It is based on the duties and responsibilities of the Supervisory Board members. The remuneration regulation was modified when the amendment of the Articles of Association adopted at the annual general meeting on 24 June 2015 became effective.

Each member of the Supervisory Board received a fixed annual remuneration of EUR 15 thousand (previous year: EUR 15 thousand), in addition to reimbursement for any expenses. The remuneration is payable in each case after the annual general meeting that resolves upon formally approving of the actions of the Supervisory Board for the financial year ended. The remuneration for the Chairman of the Supervisory Board increased to triple this amount and that of the Deputy Chairman to 1.5 times this amount. Members of the Supervisory Board who had only served on the Supervisory Board for part of the financial year received a pro-rated remuneration, based on length of service on the Supervisory Board. If a Supervisory Board member had not participated in at least 75 percent of the Supervisory Board meetings in a financial year, the member's remuneration was reduced by 50 percent.

In addition to the basic remuneration, members of a Supervisory Board committee were paid an annual lump sum of EUR 1 thousand. The remuneration of committee chairs increased to double this amount. This payment was subject to the requirement that the committee has convened during the financial year and that the respective committee member has actually attended at least one of the committee meetings.

Art. 5.4.6. (3) of the German Corporate Governance Code recommends an individualised breakdown of Supervisory Board remuneration. In the remuneration report, 11 88 0 Solutions AG shows the total remuneration for the Supervisory Board as a whole and for committee activities. An individualised breakdown does not take place because 11 88 0 Solutions AG believes that this has no relevance in the capital markets. The Supervisory Board members received remuneration totalling EUR 125 thousand in the 2019 financial year (previous year: EUR 119 thousand).

No members of the Supervisory Board received any additional remuneration or benefits in the financial year for services personally rendered, in particular for consultancy and agency services.

No advances or loans were granted to any members of the Supervisory Board during the reporting year.

Essen, 19 March 2020

Christian Maar
Management Board

Responsibility statement

"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group."

Essen, 19 March 2020

Christian Maar
Management Board

Consolidated Financial Statements

Consolidated Financial Statements

Consolidated Statement of Financial Position (IFRS)

in EUR thousand	Notes	31 December 2019	31 December 2018
ASSETS			
Current assets			
Cash and cash equivalentes	B1	4,090	807
Restricted cash	B1	67	94
Trade accounts receivable	B2	8,743	9,296
Current tax assets		19	72
Financial assets at fair value through profit or loss	B3	582	1,698
Other financial assets	B4	97	123
Other current assets	B5	556	528
Total current assets		**14,154**	**12,618**
Non-current assets			
Goodwill	B6	416	416
Intangible assets	B7	6,051	5,282
Property and equipment	B8	921	1,044
Capitalized rights of use (IFRS 16) (*)	B9	5,583	0
Other non-current assets	B10	218	188
Deferred tax assets	B11	0	5
Total non-current assets		**13,189**	**6,935**
Total assets		**27,343**	**19,553**

(*) IFRS 16 was applied for the first time as of January 1, 2019, resulting in the recognition of capitalized rights of use in the balance sheet as of December 31, 2019.

in EUR thousand	Notes	31 December 2019	31 December 2018
LIABILITIES AND EQUITY			
Current liabilities			
Trade accounts payable	B12	1,262	478
Accrued liabilities	B13	4,824	4,532
Provisions	B14	35	35
Short-term lease liabilities (*)	B15	1,426	0
Other current liabilities	B16	5,140	5,628
Total current liabilities		**12,687**	**10,673**
Non-current liabilities			
Provisions	B14	651	187
Provisions for retirement benefits	B17	477	168
Other non-current liabilities		0	406
Long-term lease liabilities (IFRS 16) (*)	B15	4,920	0
Deferred tax liabilities	B11	1,245	543
Total non-current liabilities		**7,293**	**1,304**
Total liabilities		**19,980**	**11,977**
Equity			
Share capital	B18.1	21,022	19,111
Additional paid in capital	B18.2	33,598	32,059
Retained earnings	B18.3	-46,927	-43,472
Other components of equity	B18.4	-330	-122
Equity attributable to owners of the parent		**7,363**	**7,576**
Total equity		**7,363**	**7,576**
Total liabilities and equity		**27,343**	**19,553**

(*) IFRS 16 was applied for the first time as of January 1, 2019, resulting in the recognition of non-current leasing liabilities in the balance sheet as of December 31, 2019.

B: See corresponding section in the notes to the consolidated statement of financial statements.

Consolidated Income Statement (IFRS)

in EUR thousand	Notes	1.1. – 31.12.2019	1.1. – 31.12.2018
Revenues	G1	47,668	42,921
Cost of revenues	G2	-27,289	-24,316
Gross profit		**20,379**	**18,605**
Selling and distribution costs	G3	-14,478	-12,086
General administrative expenses	G4	-7,988	-9,475
Other operating income	G8	0	3
Other operating expense	G9	-23	-94
Operating income (loss)		**-2,110**	**-3,047**
Interest income		28	54
Interest expense		-34	-42
Interest expenses from leas liabilities (IFRS 16) (*)		-335	0
Gain (loss) from marketable securities		94	22
Financial income (loss)	G10	**-247**	**34**
Income (loss) before income tax		**-2,357**	**-3,013**
Current income tax		0	-2
Deferred income tax		-821	-94
Income tax	G11	**-821**	**-96**
Net income (loss)		**-3,178**	**-3,109**
Attributable to:			
Owners of the parents		-3,178	-3,109
		-3,178	**-3,109**
Earnings per share for net income (loss) for the reporting period attributable to ordinary equity holders of the parent (in euro)	G12	-0,16	-0,16

(*) IFRS 16 was applied for the first time as of January 1, 2019, resulting in the recognition of leasing liabilities carried as liabilities in the balance sheet as of December 31, 2019. These liabilities are splitted into an interest portion and a repayment portion when monthly rent payments are made.

G: See corresponding section in the notes to the consolidated income statement.
See the notes to the consolidated financial statements for further information.

Consolidated Statement of Comprehensive Income (IFRS)

in EUR thousand	Notes	1.1. - 31.12.2019	1.1. – 31.12.2018
Net income (loss)		**-3,178**	**-3,109**
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss			
Actuarial gains (losses) from pensions and similar obligations, net		-305	12
deferred tax on acturial gain (losses) from pensions and similar obligations, net		96	-2
Items that can be reclassified subsequently to profit or loss			
Foreign currency translation differences		0	-1
Other comprehensive income (loss) after tax	**B18.4**	**-208**	**9**
Total comprehensive income (loss)		**-3,386**	**-3,100**
Attributable to:			
Owners of the parent		-3,386	-3,100
		-3,386	**-3,100**

B: See corresponding section in the notes to the consolidated statement of financial statements.
See the notes to the consolidated financial statements for further information.

Consolidated Statement of Shareholders Equity (IFRS)

in EUR thousand	Share capital	Additional paid in capital	Retained earnings	Other components of equity
	Equity attributable to owners of the parent (*)			
Balance at Janurary 1, 2019	**19,111**	**32,059**	**-43,472**	**-123**
Adjustments due to first-time application of IFRS 16 (**)	**0**	**0**	**-277**	**0**
Balance at January 1, 2019 after first-time adoption of IFRS 16	**19,111**	**32,059**	**-43,749**	**-123**
Net income (loss)	**–**	**–**	**-3,178**	**-**
Actuarial gains (losses) from pensions and similar obligations	–	–	**–**	**-305**
Deferred tax on acturial gains (losses) from pensions and similar obligations				96
Foreign currency translation	–	–	–	
Other comprehensive income (loss)	**0**	**0**	**0**	**-208**
Total comprehensive income (loss)	**0**	**0**	**-3,178**	**-208**
Release other revenue reserves	-	-		-
Dividends	1,911			
Share Premium		1,586		
Tansaction costs		-69		
Deferred tax on transaction costs		22		
Balance at December 31, 2019	**21,022**	**33,598**	**-46,927**	**-330**
Balance at January 1, 2018	**19,111**	**32,059**	**-40,494**	**-5**
Presentational changes of acturial gains (losses)	**0**	**0**	**131**	**-126**
Balance at January 1, 2018	**19,111**	**32,059**	**-40,363**	**-132**
Net income (loss)	–	–	-3,109	
Actuarial gains (losses) from pensions and similar obligations			0	12
Deferred tax on acturial gains (losses) from pensions and similar obligations			0	-2
Foreign currency translation				-1
Other comprehensive income (loss)	**0**	**0**	**0**	**9**
Total comprehensive income (loss)	**0**	**0**	**-3,109**	**0**
Balance at December 31, 2018	**19,111**	**32,059**	**-43,472**	**-123**

(*) For further information regarding presented parts ot equity, compare chapter 18 in the notes to the consolidated financial statements.

(**) IFRS 16 was applied for the first time as of January 1, 2019, resulting in the recognition of right-of-use assets and lease liabilities in the balance sheet as of December 31, 2019. For more information, please refer to chapter 4.6 „IFRS 16 Leases“

Total	Total equity
7,575	**7,575**
-277	**-277**
7,299	**7,299**
-3,178	**-3,178**
-305	-305
96	96
0	0
-208	**-208**
-3,386	**-3,386**
0	**0**
1,911	1,911
1,586	1,586
-69	-69
22	22
7,363	**7,363**
10,670	**10,670**
5	**5**
10,675	**10,675**
-3,109	-3,109
12	12
-2	-2
-1	
9	**9**
-3,100	**-3,100**
7,575	**7,575**

Consolidated Statement of Cash Flows (IFRS)

in EUR thousand	Notes	1.1. – 31.12.2019	1.1. - 31.12.2018
Cash flow from operating activities			
Income (loss) before income tax		-2,357	-3,013
Adjustments for:			
Amortisation and impairment of intangible assets	G6	3,460	3,451
Amortisation and impairment of capitalized rights of use IFRS 16	G6	1,124	0
Depreciation and impairment of property and equipment	G6	283	577
Gain (loss) on disposal of property and equipment		17	-3
Interest income	G10.1	-28	-54
Interest expense	G10.1	369	42
Gain (loss) from marketable securities	G10.2	-94	13
Valuation allowance for trade accounts receivable	B2	55	-674
Gain (loss) from pension provision	B17	-24	0
Impairment of other non-current assets	G2	124	86
Gain (loss) on disposal of subsidiaries		2	0
Changes in non-current provisions	B14	467	37
Changes in deferred taxes	B11	0	86
Changes in non-current other and financial assets		-153	-98
Cash outflows / cash inflows before changes in operating assets and liabilities		**3,245**	**450**
Changes in operating assets and liabilities:			
Trade accounts receivable		498	1,012
Miscellaneous current assets	B5	-1	329
Trade accounts payable	B12	784	351
Current provisions	B14	0	-207
Accrued expenses and other current liabilities	B13	-178	-698
Income taxes received / paid		52	23
Cash outflows / cash inflows from operating activities		4,400	1,260

in EUR thousand	Notes	1.1. – 31.12.2019	1.1. - 31.12.2018
Cash flow from investing activities			
Purchase of intangible assets excl. customer contracts		-861	-1.118
Purchase of customer contracts with contract period > 1 year		-3,360	-3,068
Proceeds from sale of intangible assets		0	1
Purchase of property and equipment		-186	-497
Proceeds from sale of property and equipment		0	6
Disposal of financial assets at fair value through profit or loss	B3	1,210	3,591
Interest received		0	28
Cash outflows / cash inflows from investing activities		**-3,195**	**-1,057**
Cashflow aus Finanzierungstätigkeit			
Proceeds for security deposit		27	91
Interest paid		-4	-10
Interest expenses for leases in accordance with IFRS 16		-335	0
Payments from the repayment of liabilities lease liabilities (IFRS 16)		-1,105	0
Proceeds from issue of new share		3,497	0
Cash outflows / cash inflows in financing activities		**2,080**	**81**
Change in cash		**3,283**	**284**
Cash at the beginning of the reporting period		**807**	**523**
Cash at the end of the reporting period		**4,090**	**807**
Cash and cash equivalents as well as financial assets at fair value through profit or loss at the end of reporting period		4,740	2,599

G: See corresponding section in the notes to the consolidated income statement.

B: See corresponding section in the notes to the consolidated statement of financial statements.

Notes to the consolidated financial statements of 11 88 0 Solutions AG for financial year 2019

General principles

1. Presentation of the consolidated financial statements

The business operations of the 11 88 0 Solutions Group (hereinafter also referred to as the 11 88 0 Solutions Group / the Group), consisting of 11 88 0 Solutions AG, Essen, and its subsidiaries comprise the provision of online marketing services for small and medium-sized enterprises (SMEs). They provide companies with an online presence with products such as corporate websites, Google AdWords (search engine marketing), Google My Business and Facebook company pages and supports them in the planning and implementation of their digital advertising efforts. The Group's companies also provide company entries (product: advertisement entry) on its 11880.com online business directory and on partner portals as well as on the 11880.com app (and partner apps). The Group also offers werkenntdenBESTEN.de, Germany's first and so far only search engine for online reviews.

The software solutions business within the Digital segment includes digital telephone books and yellow pages on CD-ROM and as an intranet solution, and also database solutions.

The Directory Assistance segment comprises telephone Directory Assistance services to private and business customers in Germany and abroad. These services are also provided to other telephone companies in Germany on the basis of outsourcing agreements. Additional services offered include a secretarial service and further call centre third-party business.

11 88 0 Solutions AG (hereinafter also referred to as the Company) is a listed stock corporation under German law and the parent company of the 11 88 0 Solutions Group. The Company is domiciled in Hohenzollernstraße 24, 45128 Essen, Germany, and since 1 August 2018 has been registered in the Commercial Register of the Essen Local Court, Germany, under registration number HRB 29301 (previously Munich Local Court, Germany, under registration number HRB 114518).

The consolidated financial statements of 11 88 0 Solutions AG and its subsidiaries were prepared in accordance with the International Financial Reporting Standards (IFRSs) – as applicable in the European Union – as of 31 December 2019.

All International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) as well as the interpretations of the IFRS Interpretations Committee (IFRIC) and the interpretations of the Standing Interpretations Committee (SIC) whose application was mandatory as of the reporting date were taken into account.

The consolidated annual financial statements were supplemented by specific disclosures in accordance with article 4 of the Directive (EC) no. 1606 / 2002 of the European Parliament and of the Council of 19 July 2002 in conjunction with section 315a HGB (German Commercial Code).

The Group currency is the euro. Unless stated otherwise, all values were rounded to thousands of euros (EUR thousand). For computational reasons, rounding differences of the mathematically exact values may occur in tables and references.

As a rule, the consolidated financial statements were prepared on a historical cost basis unless stated otherwise in section 2 "Summary of significant accounting policies".

The consolidated financial statements and the Group management report prepared as of 31 December 2019 are submitted with the publisher of the Federal Gazette and published electronically in the Federal Gazette.

The consolidated financial statements of 11 88 0 Solutions AG for the 2019 financial were released for publication by the Management Board on 12 March 2020.

1.1 Basis of consolidation

These consolidated financial statements comprise the separate financial statements of 11 88 0 Solutions AG and the separate financial statements of all of its direct and indirect subsidiaries over which 11 88 0 Solutions AG exercises control according to IFRS 10.7.

These financial statements are prepared as of the reporting date of the consolidated financial statements – i.e. 31 December 2019 – using uniform accounting principles in accordance with IFRS.

Below is a statement of the shareholdings of the Group as of 31 December 2019 in accordance with section 313 (2) HGB (German Commercial Code) relating to § 313 Abs. 2 HGB as of 31 December 2019:

Company Name	Domicile	Share in capital
11 88 0 Internet Services AG	Essen, Germany	100 %
WerWieWas GmbH [1]	Essen, Germany	100 %

[1] The shares in this company are held indirectly.

The following companies were deconsolidated in the current financial year:

Company Name	Domicile
11 88 0 telegate GmbH	Vienna, Austria
Technoimp LLC (until 18. January 2019 telegate LLC)[1]	Yerevan, Armenia

[1] The share capital of the Armenian company amounted to AMD 50,000 (Armenian Dram).

Effective 2 February 2019, all equity interests held in Technoimp LLC, Armenia (until 18 January 2019 telegate LLC, Armenia), formerly a wholly-owned subsidiary of 11 88 0 Solutions AG, were sold.

Effective 25 May 2019, 11 88 0 telegate GmbH, Austria, formerly a wholly-owned subsidiary of 11 88 0 Solutions AG which had been in liquidation until then, was deleted from the register.

Since the changes outlined above do not materially affect the Group's net assets, financial position and results of operations, no further disclosures are made.

1.2 Consolidation methods

Capital consolidation was carried out in accordance with IFRS 3 „Business Combinations" using the purchase method. Under this method, the acquired identifiable assets and assumed liabilities were measured at fair value at the acquisition date. The cost of a business combination is measured as the sum of the consideration transferred, measured at fair value at the acquisition date. Costs incurred in connection with a business combination are recognised as an expenses.

Goodwill is measured at the acquisition date at the difference between the consideration transferred and the identifiable assets acquired and the liabilities assumed. If this consideration is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised in the income statement.

Earnings of the subsidiaries acquired or sold are included in the consolidated income statement from the time when control is obtained or until control is effectively lost.

All material receivables and liabilities, expenses and income as well as intercompany profits and losses between the Group companies were eliminated in the consolidated financial statements in accordance with IFRS 10.B86.

2. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are described below. The methods described were applied consistently to the reporting periods presented. Exceptions to this are the changes in International Financial Reporting Standards listed in section 4 „Changes in accounting policies", which are mandatory for the Group since January 1, 2019. Accounting and valuation were carried out under the going concern assumption.

2.1 Revenue from contracts with customers

Disclosures on revenue recognition by the 11880 Group are provided below.

Digital revenues, which account for the majority of revenues, include the Media and Software segments and are generated in a mass market with a large number of small and medium-sized enterprises. Directory Assistance revenues relate cor relate to Directory Assistance services and the third-party call centre business.

The 11880 Group recognises revenues depending on the way in which the promised goods or services are transferred, both over periods of time and at points in time. If contractual consideration includes a variable component (right of return, discount, credit), the company estimates the amount of consideration likely to be received. The variable consideration is estimated as the expected value from the sum of probability-weighted amounts at the start of the contract (see section 3.1.3) until it is sufficiently probable that the company has a claim to this amount. This estimate is updated at the end of each (interim) period. For additional information on accounting for assets from rights of return and refund liabilities, see section 2.16.

2.1.1 Digital

2.1.1.1 Media

Most customer contracts in the Media segment comprise several commitments to transfer goods or provide services to customers. However, only one contractual performance obligation can essentially be identified per contract. A factor here is that it might be impossible to sell products separately and therefore the customer cannot derive any separate benefit from this product individually (IFRS 15.27). Furthermore, the contractual commitments are also not separately identifiable in the context of the contract, since the individual goods and services included in a contract are highly interrelated. This means that only one contractual obligation can be identified (IFRS 15.29).

Revenue is recognised when the performance obligation agreed in the contract is fulfilled. A performance obligation is fulfilled when the customer obtains control over the good or service transferred. The time period or point in time at which the performance obligations are fulfilled is determined when the contract is entered into. In the Media segment, contractual performance obligations are fulfilled in accordance with IFRS 15.35 based on the consistent provision of services over the term of the contract, generally over a period of time.

2.1.1.2 Software

Revenues in the Software business relate to the conventional sale of information databases on data storage media on the one hand and to the provision of online information databases on the other hand. The revenues generated are recognised at the time the service is provided, i.e., recognised in profit or loss as of the shipping date or when acces to the software ist transferred to the customer. Target groups in this segment are primarily corporate customers.

2.1.2 Directory Assistance

The performance obligation in a contract with a customer in the Directory Assistance business comprises provision of the agreed Directory Assistance services and subsequent transfer of control over the information to the customer (IFRS 15.B34, 15.B35). Because this performance obligation is therefore not provided by the telecommunications company responsible for billing, the 11880 Group acts as principal in this case. As a result, revenues are recognised in the amount of the gross consideration to which the Group is entitled for the transfer of the information to the customer. The gross amount is based on the number and duration of calls made by the customer via the telecommunications company and recognised in profit or loss as of the date of rendering the service.

Contracts with customers for call centre third-party business services, such as the performance of after-sales services and the resolution of various types of customer inquiries. In this context, the related revenues are recognised by the Group in an amount based on the number and duration of the call volume handled.

2.1.3 Payment terms and financing components
The 11 88 0 Group offers standard market payment terms generally not exceeding a period of 30 days.

A certain share of customer contracts generally include a financing component due to partial prepayments made on agreed contractual consideration. Due to the fact that the time elapsed between the transfer of a promised good or a promised service to the customer and the payment for this good or service by the customer is no more than year as a rule, the Group does not include these financing components when recognising revenue for practical reasons (IFRS 15.63).

2.2 Recognition of interest income
Interest income is recognised when interest has accrued. Interest income is calculated based on the outstanding investment and the interest rate agreed with the contracting partner. Income interest is accrued.

2.3 Foreign currency translation
Foreign currency transactions in the Group are accounted for in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates".

Foreign currency transactions are recognised initially at the exchange rate applicable at the date of the transaction. At each balance sheet date, monetary assets and liabilities denominated in a foreign currency are translated into euros (IAS 21.23a) using the exchange rate applicable at this day (closing rate). The resulting translation differences are recognised in profit or loss for the period. In accordance with IAS 21.23b, non-monetary assets and liabilities denominated in a foreign currency that are measured in terms of historical cost in a foreign currency are translated into euros using the exchange rate applicable at the date of the transaction. In accordance with IAS 21.23c, non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

Assets and liabilities of foreign subsidiaries are translated during consolidation at the exchange rate on the balance sheet date. Income and expenses are translated at average exchange rates of the respective reporting period, except when exchange rates fluctuate significantly. The resulting foreign currency translation differences are recognised in other comprehensive income. These cumulative translation differences are reclassified to the income statement on the date on which the Group company is disposed of.

2.4 Advertising costs
In accordance with IAS 38.69c, advertising and marketing costs are recognised as an expense in the period in which they are incurred.

2.5 Cash and cash equivalents
In accordance with IAS 7 Statement of Cash Flows, the 11 88 0 Solutions Group considers as cash or cash equivalents (IAS 7.6) all immediately available balances with financial institutions, cash and short-term deposits with a remaining term of three months or less counted from the date of acquisition. Deposits with a term of up to three months are allocated to cash equivalents if the risk of fluctuations in value is insignificant. The carrying amount of cash and cash equivalents corresponds to their fair value.

2.6 Financial instruments
The following section includes disclosures on accounting for financial instruments in accordance with IFRS 9 "Financial Instruments".

2.6.1 Definition
A financial instrument is a contract that simultaneously results in a financial asset at one company and in a financial liability or equity instrument at another company.

Financial assets include in particular cash and cash equivalents, trade accounts receivable as well as other loans and receivables granted, held-to-maturity investments and derivative and non-derivative financial assets held for trading. Financial liabilities normally give rise to a contractual obligation to deliver cash or another financial asset. These include trade accounts payable in particular. The Group had no derivative financial instruments at the reporting date.

2.6.2 Classification and measurement at initial recognition and subsequent measurement
Financial assets and financial liabilities are recognised in the statement of financial position as of that date on which the corresponding Group company becomes a contracting party to the financial instrument (IFRS 9.3.1.1).

All regular way purchases and sales of financial assets are recognised at the trade date, i.e. the date on which the Company commits itself to purchase or sell an asset. Regular way purchases and sales are purchases and sales of financial assets that Regular way purchases and sales are purchases and sales of financial assets that require delivery of the assets within the period generally established by market regulations or conventions.

Financial assets or financial liabilities are initially recognised at their fair value (IFRS 9.5.1.1) – Incidental acquisition costs are only capitalized if a financial instrument is subsequently not measured at fair value through profit or loss.

Trade accounts receivable without significant financing components are measured at their transaction price upon initial recognition in accordance with IFRS 15.46 et seq.

For the purpose of subsequent measurement, financial assets are divided into the following measurement categories upon initial recognition according to IFRS 9.4.1.1:

- at fair value through profit or loss (FVTPL)
- at fair value through other comprehensive income (FVOCI) with/without recycling of accumulated gains and losses
- at amortised cost (AC).

Assignment to the aforementioned measurement categories is based on the cash flow characteristics of the individual instruments and the Company's business model for managing financial assets.

Financial liabilities are subsequently recognised at amortised cost. There were no exceptions to this principle as defined in IFSR 9.4.2.1 as of the reporting date.

For subsequent measurement, the Group's financial assets and liabilities are classified as follows:

2.6.2.1 Financial assets at fair value through profit or loss (FVTPL)

Financial assets measured at fair value through profit or loss generally include financial assets held for trading, financial assets classified as fair value through profit or loss on initial recognition (with gains and losses reported in the profit or loss for the period) or financial assets required to be measured at fair value (derivatives).

11 88 0 Solutions AG invests in funds that invest in short-term, low-risk money market instruments and bonds. The assets of the bond funds are mainly invested in fixed- and variable-interest bonds by European issuers with investment-grade credit ratings as well as in time deposits and liquid money market instruments. The returns are derived from changes in price and annual distributions.

The securities held by 11 88 0 Solutions AG are initially measured at fair value in accordance with IFRS 9.5.1.1 and subsequently assigned to the FVTPL category in accordance with IFRS 9.4.1.4 after examining the cash flow criterion. As a result, the gains and losses resulting from changes in their fair value are recognised immediately in net profit or loss for the period.

Under IFRS 13, fair value is the price that would be obtained on the principal market or, if the principal market is not available, on the most advantageous market for the sale or transfer of an asset or liability. Based on the inputs used in the valuation techniques for measuring fair value, all assets and liabilities for which a fair value is determined or reported in the financial statements are classified in the fair value hierarchy described below:

- Level 1: Input factors are quoted (unadjusted) prices for identical assets and liabilities in active markets that are accessible to the company. The securities allocated to level 1 relate to investment fund units whose fair value corresponds to the nominal value multiplied by the quoted (redemption) price on the balance sheet date. The quoted (redemption) prices are based on the net asset value of the corresponding investment fund published daily and can be realised by the 11 88 0 Group by returning them.

- Level 2: Inputs are quoted market prices other than those in Level 1 that are observable for the asset or liability either directly or indirectly.

- Level 3: Value of the asset or liability is based on unobservable inputs.

If inputs of different levels are used to determine the fair value, the classification is based on the lowest level input significant to the entire measurement.

On subsequent measurement, the inputs are reviewed to determine whether reclassification to a different level is necessary.

Information from third parties such as pricing services and appraisers are analysed to determine whether the evidence used meets the requirements of the IFRSs.

2.6.2.2 At fair value through other comprehensive income (FVOCI)
As of the reporting date, the Group does not hold any financial assets classified within this category.

2.6.2.3 Financial assets measured at amortised cost (AC)
Financial assets whose cash flows consist exclusively of interest and principal payments on the outstanding principal amount and which are held as part of a business model to collect the contractual cash flows are measured at amortised cost using the effective interest method. For financial assets in this category, impairment losses for expected credit losses are recognised. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The financial assets of the Group measured at amortised cost comprise cash and cash equivalents, trade accounts receivable and other current financial assets (other receivables).

As the carrying amount of the financial assets is a reasonable approximation of fair value, no further disclosures on fair value are made.

Trade accounts receivable are assigned to financial assets because they represent a contractual right to receive cash funds at a future date from another company. Receivables without significant financing components are initially recognised at their transaction price (IFRS 15.46 et seq.) in accordance with IFRS 9.5.1.3 and subsequently recognised at amortised cost (by applying the effective interest method), less allowances for credit losses expected over their remaining term. Gains and losses are recognised in net profit or loss for the period, if the receivables are impaired or derecognised, as well as through the amortisation process (IFRS 9.5.7.2).

2.6.2.4 Financial liabilities measured at amortised cost
As a rule, financial liabilities are subsequently measured at amortised cost as long as the exceptions permitted by IFRS 9.4.2.1 are not applicable. At the reporting date, the 11880 Group had no financial liabilities that would not fulfil the conditions for measurement at amortised cost.

The financial liabilities in the Group measured at amortised cost comprise trade accounts payable and other current financial liabilities.

As the carrying amount of the financial liabilities is a reasonable approximation of fair value, no further disclosures on fair value are made.

Trade accounts payable are assigned to financial liabilities because they represent a contractual obligation to pay cash funds at a future date to another company. Trade accounts payable are initially recognised at fair value and subsequently at amortised cost using the effective interest method. Gains and losses from derecognition or amortisation are recognised in profit or loss in accordance with IFRS 9.5.7.2.

2.6.2.5 Impairment of financial assets
As a rule, the Group recognises impairment losses for expected credit losses for all financial assets not subsequently measured at fair value. A credit loss is defined as the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate (i.e. the effective interest rate calculated at initial recognition) or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets.

The amount of the loss and receipt of interest are calculated depending on the allocation of the financial asset to one of the following three stages:

- If there is no significant deterioration in credit quality since initial recognition, the expected losses must be recognised as an expense in the amount of the present value of the expected credit losses that could result from possible default events in the twelve months following the reporting date. Interest revenue is calculated based on the gross carrying amount in accordance with the effective interest method (Stage 1).

- If credit risk has increased significantly, but there is no objective indication of impairment, the loss allowance is increased to the amount of the lifetime expected losses. The method for calculating interest revenue corresponds to that of Stage 1 (Stage 2).

- If the credit risk increases significantly and there is objective indication of impairment at the reporting date, the loss allowance is also measured as the present value of the lifetime expected credit losses. Interest revenue is calculated differently, i.e. based on the net carrying amount (gross carrying amount less the loss allowance) of the instrument (Stage 3).

Objective evidence of impairment include aspects such as major financial difficulties of a debtor; high probability of insolvency proceedings against a debtor; elimination of an active market for the financial asset; a significant change in the technological, economic or legal environment or the market environment of the issuer; a sustained decrease in the fair value of the financial asset below amortised cost. The group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, asset is allocated to a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is recognised are not included in the impairment assessment on a portfolio basis.

On each reporting date, the Group determines whether credit risk has increased significantly since initial recognition of the instrument. The credit risk is then measured as the credit loss expected over its lifetime based on the likelihood of default.

The carrying amounts of the financial assets are restated using a loss allowance account and the effects recognised in profit or loss as either an impairment loss or again.

Loss allowances for trade accounts receivable and contract assets are determined using a simplified impairment model. Accordingly, the assets concerned are allocated to Stage 2 upon initial recognition and transferred to Stage 3 if there is objective evidence of impairment. There is no allocation to Stage 1. Expected credit losses anticipated over their term are recognised for trade accounts receivable and contract assets allocated to Stage 2.

The expected credit losses for these assets at the balance sheet date are determined using a provision matrix. The provision matrix is based on the age structure of overdue trade accounts receivable, observed historical default and loss rates taking into account future-related estimates, general economic conditions and customer-specific factors. The observed, historical default rates and assumptions on which the provision matrix is based are analysed and updated at every reporting date. The provision matrix applied as of the reporting date is presented in the notes on trade accounts receivable.

2.6.2.6 Derecognition of financial assets and financial liabilities

As soon as an asset is identified for derecognition, an estimate is prepared according to IFRS 9.3.2.4 to determine whether the contractual rights to cash flows from the financial asset have expired or whether the asset was transferred and whether the transfer entitles the Group to derecognise the asset.

In the case of trade accounts receivable transferred as part of true factoring, the contractual rights to receive the cash flows are transferred to the factoring service provider and derecognised at the time of transfer of all opportunities and risks (IFRS 9.3.2.6).

In accordance with IFRS 9.3.3.1, a financial liability is derecognised when the obligation underlying this liability is fulfilled, cancelled or expires and is therefore extinguished. No financial liabilities were transferred or replaced by others in the financial year ended.

2.6.2.7 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are not generally reported at the net amount; they are offset only when there is a right of set off regarding the current amounts and there is an intention to settle the amounts on a net basis.

Financial assets and financial liabilities were not offset according to IAS 32.42 as at the reporting date.

2.7 Goodwill

Goodwill results from the acquisition of subsidiaries and, in accordance with IFRS 3.32, represents the difference resulting from the sum total of consideration transferred, the amount of all non-controlling interests in the acquiree, and the fair value of the previously held equity interest in the acquiree less the fair value of the acquired net assets.

Goodwill is not amortised but tested for impairment as specified in IAS 36 at least once every year. For this purpose, goodwill has been assigned to a cash generating unit or a group of cash generating units starting at the transfer date (IAS 36.80). In this context, the carrying amount of a cash-generating unit or group of cash-generating units is compared to its recoverable amount, i.e. the higher of fair value less costs less cost of disposal and value in use. If the carrying amount of the cash-generating unit or group of cash-generating units exceeds its recoverable amount, the difference is recognised as an impairment loss directly in profit or loss.

An impairment loss recognised for goodwill may not be reversed in a subsequent period.

2.8 Internally generated intangible assets

Internally generated intangible assets (specialist and other portals, website) are recognised in accordance with the provisions of IAS 38 "Intangible Assets". Expenditure for an internal project, which are defined as research costs in accordance with IAS 38.56, is recognised as an expense when it is incurred.

Development costs of internal projects are capitalised if the Group can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for internal use or sale;
- the intention and ability to complete, use or sell the intangible asset,
- the manner in which the intangible asset is expected to generate future economic benefits,
- the availability of technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

According to SIC 32.7-8 in conjunction with IAS 38.8, the assets mentioned above are recognised as an internally generated intangible asset if, in addition to the general criteria for recognition of intangible assets pursuant to IAS 38.21, they also satisfy the special criteria for internally generated intangible assets in IAS 38.57. In accordance with SIC 32.9, costs must be capitalised in the development stage. The useful life is determined pursuant to SIC 32.10 in conjunction with IAS 38.88 et seq., IAS 38.95 as the period during which an entity receives an of economic benefits.

From the date of completion, internally generated intangible assets are carried at cost less accumulated amortisation and impairment losses.

There are only internally internally generated intangible assets with a specified useful life, which are amortised using the straight-line method over their useful lives.

2.9 Acquired intangible assets

Acquired intangible assets such as software etc. are initially recognised at cost in accordance with IAS 38.24. Cost according to IAS 38.27 to IAS 38.30 also includes all other costs required for bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management. Third-party grants reduce cost according to IAS 20.24 in conjunction with IAS 20.27.

Intangible assets with finite useful lives (with the exception of goodwill, there are no intangible assets with indefinite useful lives as at the reporting date) are amortised over their useful life using the straight-line method in accordance with IAS 38.97 and IAS 38.98. The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed and, if necessary, adjusted at the end of each financial year in accordance with IAS 38.104.

An intangible asset is derecognised when it is disposed of or when no further economic benefits are expected from its use or disposal. Gains and losses arising from the derecognition of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.10 Costs to obtain a contract

The Group generally pays sales commissions for each contract entered into and for corresponding contract extensions. The amount of the sales commission depends mostly on clearly stipulated thresholds. If these are achieved, a percentage of the contract value is paid as commission.

The additional costs arising from obtaining a customer contract (IFRS 15.91, 15.92) are recognised as an intangible asset in the amount of the sales commission paid at the time the economic claim arises and are amortised over the estimated average customer retention period (IFRS 15.99). Costs that would have arisen regardless of whether the contract was entered into, or that cannot be directly charged to the customer, are expensed when they are incurred in accordance with IFRS 15.93. In addition, costs whose amortisation period would be less than one year if capitalized are expensed in accordance with IFRS 15.94. If the carrying amount exceeds the remaining portion of the consideration that the Company expects in exchange for the goods or services to which these costs relate, less the costs directly attributable to the delivery of the goods or performance of the services that were not expensed, an impairment loss is recognised in profit or loss.

2.11 Contract assets

A contract asset is a legal claim by a company to consideration for goods and services transferred by a company to a customer as long as this claim is conditional on something other than the passage of time (IFRS 15.107).

The company's claim to consideration from the customer is generally not conditional on other factors, i.e. it is solely conditional on the passage of time. For this reason, no contract assets were reported as of the reporting date.

2.12 Property and equipment

Items of property and equipment are initially measured at costs in accordance with IAS 16.15. Cost in accordance with IAS 16.16b also includes any costs directly attributable to bringing the asset to the environment and condition intended by management. After initial recognition, items of property and equipment are measured at depreciated cost in accordance with IAS 16.30.

Items of property and equipment are depreciated over their expected useful life using the straight-line method, taking into account any impairment necessary. The residual value and depreciation period are reviewed and, if necessary, adjusted at the end of each financial year in accordance with IAS 16.51.

2.13 Other non-current assets

The costs arising while fulfilling a contract with a customer are recognised as costs to fulfil a contract under other non-current assets in accordance with IFRS 15.95 if the following conditions are met: the costs are directly attributable to an existing or anticipated contract, the costs generate or enhance resources, and the costs are expected to be recovered. The amount of capitalised costs is based on IFRS 15.97 and mainly includes direct labour and material costs, overheads costs allocated directly to the contract, costs explicitly chargeable to the customer under the contract, and other costs incurred only when the Company entered into the contract.

Costs to fulfil a contract are amortised on a straight-line basis over the average customer retention period of the underlying contracts in accordance with IFRS 15.99. If the carrying amount exceeds the portion of the consideration that the Company expects in exchange for the services to which these costs relate, less the costs directly attributable directly to the performance of the services, an impairment loss is recognised in profit or loss (IFRS 15.101).

2.14 Impairment of non-financial assets

Assets subject to depreciation or amortisation are tested for impairment if there is an indication that the carrying amount of the asset can no longer be recovered.

An impairment loss is recognised in the amount by which the carrying amount of the asset exceeds its recoverable amount. If the recoverable amount cannot be determined for an individual asset, the recoverable amount of the cash-generating unit (CGU) to which the asset belongs is determined in accordance with IAS 36.22. The recoverable amount of an asset is the higher of its fair value less cost of disposal and its value in use. In determining the value in use, the estimated future cash flows are discounted to the present value based on a current market-determined pre-tax rate that reflects the risks of the asset that are not taken into account in the cash flows. If the determined recoverable amount of an asset or a cash generating unit is lower than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment losses are immediately recognised in the income statement in accordance with IAS 36.60.

If the reason for a previously recognised impairment loss no longer exists, the impairment loss is reversed through profit or loss to depreciated cost (IAS 36.114 in conjunction with IAS 36.117). This does not apply to goodwill.

2.15 Contract liabilities

If the customer has already fulfilled the contractual obligation (payment) before the Company transfers the goods or performs the services, a contract liability must be recognised in accordance with IFRS 15.106. These are primarily prepayments received.

2.16 Refund liabilities and right of return assets

A refund liability is recognised if there is an expectation that consideration received or expected from a customer will be refunded in whole or in part (IFRS 15.55). The refund liability is carried at the amount of the consideration (to be) received to which the Company is potentially not entitled. When products with a right of return are transferred (and in the case of certain services provided subject to a refund), the following is taken into account in accordance with IFRS 15.B21: No revenues are recognised for the portion of the products transferred or services provided for which a refund is anticipated. In addition, refund liabilities are recognised for the payments already made by the customer and assets (including the required restatement of the cost of revenues) are generally recognised relating to the right to reclaim products from the customer upon settlement of the refund liability. Changes in the measurement of the refund liabilities are corrected at the end of the relevant reporting period, taking into account the changes in expectations regarding refund amounts. The adjustments are recognised as an increase or decrease in revenues.

An asset representing the right to reclaim a product already transferred or a service already performed is normally recognised initially at the carrying amount of the asset transferred previously, less anticipated costs for the return including impairment losses (IFRS 15.B25). At the end of each reporting period, this measurement is corrected taking into account the changes in expectations regarding products returned. As a rule, the asset is reported separately from the refund liabilities. Assets from return rights exist exclusively in relation to the software area of the Digital segment. Due to the insignificant amount of such assets as of the balance sheet date, they will not be discussed further in this report.

2.17 Accrued current liabilities

In accordance with IAS 37.11 these liabilities are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier. They differ from trade accounts payable because these have been invoiced by the supplier or formally agreed. The Group shows liabilities under this item which result from supplier invoices not yet received and from obligations towards employees.

2.18 Provisions

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", provisions are recognised to the extent that there is a current obligation vis-à-vis a third party arising from a past event which will probably lead to a future outflow of resources and the amount of this obligation can be reliably estimated (IAS 37.14). Provisions which do not lead to an outflow of resources in the following year are carried at the amount required to settle the respective obligation, discounted as of the reporting date. For this purpose, the settlement amount most likely to arise is presumed for individual obligations. Discounting is based on market interest rates. The settlement amount also comprises the expected cost increases. Provisions are not offset against claims for reimbursement.

In accordance with IAS 37.72, provisions for restructuring expenses are recognised if the Group has prepared a detailed formal plan for the restructuring which was communicated to the parties concerned.

2.19 Pension obligations

Retirement benefit plans at the Group are accounted for in accordance with IAS 19 "Employee Benefits" and is dependent on a plan's classification as being a defined contribution or defined benefit plan.

Defined benefit retirement plans constitute obligations of the 11880 Solutions Group arising from pension entitlements of former Management Board members and their surviving dependants.

The provision for defined benefit plans shown in the statement of financial position under the item "Provisions for retirement benefits" corresponds to the present value of the defined benefit obligation on the reporting date, less the fair value of the plan assets. Should the value of the plan assets exceed the corresponding pension obligations, the excess amount is shown under the item "Other non-current assets", taking into account the asset ceiling.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. Demographic assumptions (e.g. fluctuation rate) and financial assumptions (e.g. interest rate, salary and pension increase trends) are included in the valuation of the present value of the defined benefit obligation using this method.

Actuarial gains and losses resulting from empirical adjustments and changes in actuarial assumptions are recognised in other comprehensive income as incurred.

Past service costs are immediately recognised in profit or loss.

In accounting for defined benefit plans, net interest is recognised in net financial income.

For defined contribution plans, the Group pays contributions to public or private pension insurance entities as required by statutory or contractual provisions. Other than making the contributions, the Company has no other benefit obligations.

The contribution payments incurred are recognised as an expense under cost of revenues, selling and distribution costs and general administrative expenses in the period in which they become due.

2.20 Share-based payment

A portion of the annual performance-based variable remuneration of the Management Board is converted as variable remuneration invested for the long term into phantom stocks of 11 88 0 Solutions AG (deferrals). The phantom stocks are recognised in accordance with IFRS 2 "Share-based Payment" as cash-settled share-based payment transactions.

Cash-settled share-based payment transactions are to be recorded as non-current provisions in the amount of the expense (IFRS 2.30). The expense is recognised in full in the financial year for which the phantom stocks are granted. The amount of the provision is to be adjusted through profit or loss to the respective fair value of the obligation for the period until the respective phantom stocks are paid out.

2.21 Contingent liabilities and assets

If it is likely that fulfilment will entail the possibility of an outflow of resources embodying economic benefits, the risk to which the Company is exposed is taken into account accordingly in the consolidated financial statements by means of provisions. In case of a possible but unlikely outflow of resources as defined in IAS 37.86, the individual risks and their potential financial effects are disclosed as a contingent liability.

Contingent assets may not be recognised (IAS 37.31), but instead must be disclosed in accordance with IAS 37.89 if the future inflow of economic benefits is probable. However, if the realisation of income is virtually certain, the general recognition criteria for assets apply (IAS 37.33) and the item can be recognised as a receivable.

2.22 Leases

The Group leases different offices and storage rooms, parking spaces, vehicles, data lines and other office equipment. Leases are generally entered into for fixed periods of between one and eight years but may include extension options.

Since 1 January 2019, leases have been recognised in the 11 88 0 Group on the basis of the new lease standard IFRS 16 "Leases".

Accordingly, for all leases where the Group is a lessee, in principle assets are recognised in the statement of financial position for the rights of use for the leased assets while liabilities are recognised for the payment obligations entered into. These assets and liabilities are recognised at their present values. Finance costs are recognised through profit or loss over the term of the lease, giving a constant interest rate on the remaining term of the liability for each period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the useful life and the term of the lease.

The lease liabilities generally comprise the following lease payments:

- Fixed payments less any lease incentives receivable;
- Variable lease payments that depend on an index or a(n) interest rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Lease payments are discounted at the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the lessee's incremental borrowing rate, i.e. the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use assets in a similar economic environment, is used to discount the lease payments.

Right-of-use assets are measured at cost and comprise:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs incurred by the lessee; and
- An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Payments for leases of low-value assets are recognised as an expense in profit or loss on a straight-line basis. Examples of low-value assets are IT equipment and other operating equipment. Leases (except for office premises) with a term of less than 12 months (short-term leases) are also recognised in profit or loss on a straight-line basis.

As of the reporting date, no contractual restrictions or obligations are applicable which have a significant effect on the leases recognised in the Group.

Extension and termination options

Some leases include extension options and/or termination options. With regard to the exercise of extension options in determining the term of a lease, the Group considers all facts and circumstances that create an economic incentive for the lessee to exercise extension options or not to exercise termination options. Changes in the term of the lease arising from the exercise of extension options or termination options are only included in the term of the contract if it is reasonably likely that the lessee will exercise an option to extend the lease or not exercise an option to terminate the lease. Most of the existing real estate leases contain bilateral termination options, which results in the term of these contracts being limited to the respective duration of the termination period.

There were no leases where the Group was a lessor in the reporting period.

Vehicle leases which the Group enters into with external leasing companies are recognised in accordance with IFRS 16, as outlined above. In case of contracts which are subsequently entered into between 11880 and its employees, no further assessment is made of whether this constitutes a sublease. The provision of a company car is considered as a portion of the total remuneration received by the respective employee and is treated as an “employee benefit” in accordance with IAS 19. The depreciation charge resulting from capitalisation according to IFRS 16 is reported under depreciation and amortisation.

In respect of the disclosures regarding the effects of first-time application of IFRS 16 on the Group’s net assets, financial position and results of operations as of the date of initial application, we refer to chapter 4 “Changes in accounting policies”.

2.23 Income taxes

Income taxes comprise all actual and deferred taxes on the basis of the taxable profits reported in the financial year. The calculation is based on the tax rates and laws applicable in the Group’s respective tax jurisdictions.

Income taxes are recognised in the amount which is expected to be paid to the tax authorities. This requires assessments by the management which may differ from the view of the tax authorities. If changes in income taxes thus result for past periods, these will be made up for in the period in which there is sufficient evidence to support a restatement.

Deferred taxes are recognised due to temporary differences between the carrying amounts of assets and liabilities and their tax base. They also include the measurement of tax loss carryforwards.

Deferred tax assets are recognised to the extent that it is probable that taxable income will be available in the future against which the deductible temporary differences or tax loss carryforwards can be utilised. As well as deferred liabilities, tax planning calculations and realisable tax strategies will also be taken into consideration in order to assess whether positive income is available.

Deferred taxes are measured on the basis of the tax rates applicable at the time that the liability is settled or the asset is recovered, provided that these tax rates are already stipulated by law or the legislative process has been substantially completed.

Where items are directly recognised in other comprehensive income within equity, the resulting income taxes will likewise be directly included in equity.

Deferred tax assets and tax liabilities are shown netted in the consolidated financial statements in accordance with IAS 12.74.

2.24 Non-current assets held for sale and discontinued operations
In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. IFRS 5.15 requires such assets to be measured at the lower of carrying amount and fair value less costs to sell. Plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Income and expenses of discontinued operations as a rule are recognised separately from income and expenses of continuing operations in the income statement for the reporting period and comparative period and are shown separately as post-tax profit or loss of discontinued operations (IFRS 5.33).

The two wholly-owned subsidiaries Technoimp LLC (formerly telegate LLC), Armenia, and 11 880 telegate GmbH, Austria, which were sold and liquidated during the financial year, did not meet the criteria of a discontinued operation under to IFRS 5.32 in the previous financial year, as both companies no longer had any significant business activities.

Rather, the assets and liabilities constituted a disposal group according to IRFS 5. They were not disclosed separately as a disposal group and in the consolidated financial statements in accordance with IAS 1.31, as both companies essentially contain immaterial current assets and liabilities.

In accordance with IFRS 5.26, assets that were classified as held for sale but no longer meet the applicable criteria are no longer classified as held for sale.

2.25 Earnings per share
The Group calculates earnings per share in accordance with the provisions of IAS 33 "Earnings per Share".

Basic earnings per share in accordance with IAS 33.10 are calculated by dividing the net income or loss for the period attributable to ordinary shareholders of the parent entity (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.

For the purpose of calculating diluted earnings per share in accordance with IAS 33.31, the net income or loss for the period attributable to ordinary shareholders of the parent entity and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

The calculation diluted earnings per share corresponds to the calculation of basic earnings per share because the Group did not issue any ordinary shares that have a potentially dilutive effect.

2.26 Statement of cash flows
The 11 880 Solutions Group presents its statement of cash flows in accordance with IAS 7 "Statement of Cash Flows". Cash flows from operating activities are presented by choosing the option of using the indirect method in accordance with IAS 7.18b. However, for the presentation of cash flows from investing and financing activities, IAS 7.21 requires the use of the direct method, which has been applied accordingly.

3. Material estimates and discretionary decisions

Determining the carrying amounts of some assets and liabilities requires estimation of the effects of uncertain future events. The preparation of the consolidated financial statements therefore requires management to make discretionary decisions, estimates and assumptions that affect the Group's net assets, financial position and results of operations. Due to the uncertainty associated with these assumptions and estimates, actual results in future periods could lead to significant restatements in the carrying amounts of the assets or liabilities concerned. The key assumptions concerning the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material restatement of the carrying amounts of assets and liabilities within the next financial year are disclosed below.

3.1 Revenue from contracts with customers
The Group made the following discretionary decisions with a material influence on determining the amount and timing of the recognition of revenue from contracts with customers:

3.1.1 Identification of performance obligations in contracts with customers
Identifying individual performance obligations in contracts with customers is relevant particularly in cases where separate performance obligations are identified in a contract and one per-

formance obligation is fulfilled at a particular point in time, but another performance obligation is fulfilled over a specified period of time or the periods of the performance obligations differ. The timing of revenue recognition is different in these cases.

For each contract with a customer in the Digital segment, the Group essentially identifies only one contractual performance obligation under which the transfer of goods or services to customers takes place over a uniform period of time.

Due to the contractual agreements, revenue from contracts in this area is recognised on a monthly basis.

3.1.2 Financing components

In the Digital segment, the Group offers two main payment options: Payment of an annual invoice after the contract is signed or payment of an annual invoice in equal instalments each month. The Group came to the conclusion that contracts where the customer decides to pay in advance generally include a financing component based on the period of time between payment for the service by the customer and its transfer. As a rule, however, the time period in question amounts to no more than one year. Therefore, the Group makes use of the practical expedient of IFRS 15.129 in conjunction with IFRS 15.63 and does not recognise this financing component.

3.1.3 Variable consideration

Certain contracts for the sale of software include a right of return that constitutes variable consideration. In addition, variable consideration in the form of credit notes is taken into account in the Media business. In estimating the variable consideration, the Group must either apply the expected value method or a method to determine the likeliest amount. The method to be selected is the one that allows the consideration due to the Group to be estimated most reliably.

Since the estimated variable consideration arising from rights of return is not material to the presentation of the consolidated financial statements as at the reporting date, no further information is provided here. When determining the transaction price, the variable consideration from expected credits is taken into account in accordance with the expected value method.

3.2 Loss allowances on trade accounts receivable and contract assets

The Group recognises loss allowances on trade accounts receivable and contract assets in order to take expected losses into account that may result from non-receipt of customer payments. In order to take into account the potential risk of default, historical default and loss rates are determined and are adjusted using forward-looking estimates and estimates of general economic conditions and customer-specific factors. The key factors influencing the amount of the loss allowances is the estimate of the likelihood of occurrence of insolvencies and the estimate regarding changes in the technological, economic and legal environment, particularly the market environment. For changes in loss allowances, see section 2. under the notes to the statement of financial position.

3.3 Impairment of goodwill

The Group tests goodwill for impairment at least once a year. This requires estimating the recoverable amounts of those cash generating units to which the goodwill has been allocated. The recoverable amount is the higher of the cash-generating unit's fair value less costs to sell and its value in use. Determining the recoverable amount is based on estimates and discretionary decisions in particular as regards expected cash flows of the cash generating units and an appropriate discount rate.

3.4 Intangible assets

3.4.1 Customer base

The customer bases of the media and software business identified within the scope of the purchase price allocation upon initial consolidation of 11 88 0 Internet Services AG in 2008 and recognised at fair value as intangible assets were already fully amortised in the 2018 financial year.

3.4.2 Contract costs

Contract costs (costs to obtain and fulfil a contract) are recognised as an asset only if they meet the criteria for recognition set out in IFRS 15 and mentioned in section 2.10 and it is expected that the corresponding costs will be recovered in accordance with IFRS 15.95.

In determining the amount of sales commission to be capitalised (costs to obtain a contract), the commission paid is not recognised if the amortisation period would amount to less than one year in accordance with the expedient in IFRS 15.94. The amount of the sales commission to be recognised in each case (costs to obtain a contract) is generally based on the contractual commission agreements entered into. Furthermore, when employee commission is capitalised, a premium is calculated based on the employer contributions to social security due on the commission payment.

The amount capitalised for customer websites (costs to fulfil a contract) includes direct labour costs (employees who work on producing the websites), direct material costs and allocated overhead costs such as depreciation, for example.

Capitalised contract costs (costs to obtain and fulfil a contract) are amortised based on the average customer retention period. In determining the average customer retention period terms of the underlying contracts, expected contract extensions were taken into account. Capitalised contract costs are subject to an annual impairment test, in which primarily the future recovery of costs in accordance with IFRS 15 and the average customer retention period are tested.

3.5 Deferred taxes on tax loss carryforwards

In principle, the acquisition of more than 50% of the shares in 11 880 Solutions AG by united vertical media GmbH, Nuremberg, in September 2019 jeopardises the legal existence of all of the corporate income tax and trade tax losses in the accrued by 11 880 Solutions AG and its subsidiary, 11 880 Internet Services AG, up to this date.

Taking into consideration the IFRIC 23 rules, the management assumes the most probable value for its estimate of the legal existence of tax loss carryforwards. Accordingly, on the basis of sections 8c/8d of the German Corporate Income Tax Act (Körperschaftsteuergesetz) it is assumed that 11 880 Solutions AG’s current losses arising up to the date on which the investment was acquired or its loss carryforwards have been forfeited legally and can thus no longer be used. Only the current losses which have arisen since the transfer date have been included in the determination of the income tax positions. On the other hand, the assessment for the loss carryforwards and the current losses of 11 880 Internet Services AG is that they remain legally usable, on the basis of section 8d of the German Corporate Income Tax Act, as so-called continuation-related losses.

Insofar as loss carryforwards exist from a legal point of view, in principle deferred taxes will be recognised for them in accordance with IAS 12.34. These are recognised to the extent that it is probable there will be taxable profit in the future against which the unused tax loss carryforwards can be utilised. Management bases its assessment of probability on the criteria set forth under IAS 12.36.

The gross value of deferred tax assets on tax loss carryforwards (before loss allowance) amounted to EUR 9,084 thousand as of the reporting date (2018: EUR 11,680 thousand); see also note 11 in the notes to the balance sheet.

3.6 Litigation

The Group uses discretion in disclosing ongoing litigation in its financial statements. Significant risks and rewards are assessed by including assessments made by external legal advisers. For more information see also note 5 in other notes and disclosures.

3.7 Pension obligations

The present value of the pension obligations depends on multiple factors that are based on actuarial assumptions. The assumptions applied in the determination of net expenses (or income) for pensions include the discount rate. Every change to these assumptions will have an impact on the carrying amount of the pension obligations.

The Group determines the appropriate discount rate at the end of each financial year. The discount rates applied are determined on the basis of yields that are realised on the reporting date for senior, fixed-interest corporate bonds with a corresponding term and currency. Please refer to note 17 in the notes to the consolidated statement of financial position for further information on this.

3.8 Leases

3.8.1 Incremental borrowing rate of interest

Within the scope of application of IFRS 16 “Leases”, the lease payments outstanding as of the acquisition of the asset are discounted over the term of the lease, using the interest rate implicit in the lease. If this interest rate is not readily determinable, the incremental borrowing rate of interest, i.e. the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use assets in a similar economic environment, is used to discount the lease payments.

The incremental borrowing rate of interest is essentially determined using a credit tool provided by the development bank KfW

(Kreditanstalt für Wiederaufbau). A customer-specific price class is determined on the basis of the borrower's credit standing and the fair value of collateral, taking the economic environment of the underlying asset into consideration. This price class, in conjunction with the contract term, is subsequently used to determine the loan interest rate, depending on the KfW programme chosen. On the basis of the above criteria, as of the transition date interest rates of between 4.2 % and 7.4 % are applicable.

3.8.2 Extension, termination and purchase options

Some of the leases for buildings entered into by the 11 88 0 Group are subject to automatic contract extensions. However, as both parties have the right to terminate the leases an enforceable contract exists only for the duration of the notice period. Any assessment regarding the exercise of the above-mentioned options is therefore no longer relevant.

In the case of vehicle leases, it is generally assumed that these are not extended beyond the originally agreed term, as this usually entails higher costs. We also assume that these leases will neither be terminated prematurely nor will purchase options be exercised.

4. Changes in accounting policies

The accounting policies described in section 2 which are applied in the consolidated financial statements are consistent with those applied in the consolidated financial statements for the 2018 financial year, except for the changes explained below.

4.1 Amendments to IFRS 9 "Financial Instruments" – Prepayment Features with Negative Compensation

The amendments to IFRS 9 cover the classification of certain financial instruments with negative prepayment features. Under certain circumstances prepayable financial assets with negative compensation may be carried at amortised cost or at fair value in other comprehensive income instead of at fair value through profit or loss. The amendments also clarify the accounting treatment of financial liabilities that are modified as a result of restructuring measures.

The amendments were issued in October 2017 and adopted by the EU in March 2018. They must be applied to annual periods beginning on or after 1 January 2019. Earlier application is permitted.

The amendments have no materially affect the Group's net assets, financial position and results of operations.

4.2 Amendments to IAS 19 "Employee Benefits" – Plan Amendment, Curtailment or Settlement

In February 2018, the IASB issued Amendments to IAS 19 concerning the accounting of plan amendments, curtailments and settlements. The amendments specify the basis on which the current service cost and net interest cost (or income) for the period between the plan amendment and the end of the reporting period are to be determined.

The amendments must be applied for annual periods beginning on or after 1 January 2019. The amendments were adopted by the EU in March 2019.

The amendments do not materially affect the Group's net assets, financial position and results of operations.

4.3 Amendments to IAS 28 "Investments in Associates and Joint Ventures" – Long-term Interests in Associates and Joint Ventures

The IASB issued amendments to IAS 28 in October 2017, which were adopted by the EU in February 2019. The amendments to IAS 28 clarify that IFRS 9 must be applied to long-term investments in associates or joint ventures that are not accounted for using the equity method.

The amendments must be applied retrospectively and become effective for annual periods beginning on or after 1 January 2019. Earlier application was permitted.

To date, the 11 88 0 Group has no investments in associates and joint ventures.

4.4 IFRIC 23 "Uncertainty over Income Tax Treatments"

The interpretation IFRIC 23 „Tax Risk Positions arising from Income Taxes" published by the IFRS IC contains rules on the recognition and measurement of tax risk positions and thus closes existing gaps in IAS 12 „Income Taxes".

The published interpretation also includes references to existing obligations concerning explanatory notes in accordance with IAS 1.122 and IAS 1.125 – 1.129 for discretionary decisions, assumptions and estimates made while accounting for tax risk positions. Reference is also made to the provisions of IAS 12.88 and the obligation to indicate any contingent tax assets and liabilities.

The interpretation was issued on 7 June 2017 and adopted by the EU on 23 October 2018. The mandatory date of initial application for IFRIC 23 is 1 January 2019.

This amendment has no material effect on the consolidated financial statements.

4.5 Annual improvements to IFRS – 2015-2017 cycle
These include clarifications concerning:

- IFRS 3 "Business Combinations and IFRS 11 Joint Arrangements"
- IAS 12 "Income taxes"
- IAS 23 "Borrowing costs"

The amendments were issued in December 2017 and adopted by the EU on 14 March 2019. The amendments must be applied from 1 January 2019.

The amendments do not materially affect the Group's net assets, financial position and results of operations.

4.6 IFRS 16 "Leases"
In January 2016, the IASB issued the new standard IFRS 16 on lease accounting, which was endorsed by the EU in October 2017. IFRS 16 Leases primarily supersedes IAS 17 Leases and the associated interpretations, IFRIC 4, SIC-15 and SIC-27 and must be applied for annual periods beginning on or after 1 January 2019.

In accordance with IFRS 16, the lessee no longer classifies leases as operating or finance leases in accordance with IAS 17. Instead, a uniform accounting model is applied for lessees, whereby all leases must now be recognised in the form of a right-of-use asset and a corresponding lease liability at the present value of the minimum lease payments. Consequently, the right-of-use asset must be depreciated over the lease term on a straight-line basis, while the lease liability must be measured at the present value of the lease payments still outstanding. A uniform presentation is made in the income statement, in which for each leasing contract a Expense from depreciation and interest expense from the update of the leasing liability is shown. With regard to the earnings position of the 11 88 0 Group, this results in a reduction in the cost of sales, selling and general administrative expenses as of 1 January 2019 by the amounts previously recognised as leasing expenses. At the same time, these income statement items will be increased by the depreciation resulting from the capitalisation of the right-of-use assets. In addition, a previously non-existent interest expense from the compounding of the lease liability is reported in the Group's financial result.

IFRS 16 provides an option for recognising leases with a term of less than a year (short-term leases) and leases with underlying assets of low value (low-value assets). These two options for relief may be elected for a class of assets in the case of short-term leases and for each asset individually in respect of of low-value assets. Likewise, the practical expedient offered in IFRS 16 permits the Group to decline to separate lease and non-lease (e.g. maintenance) contract components. When certain events occur (e.g. changes in the terms of leases or changes in future lease payments as the result of a change in the index or interest rate used to determine the lease payments), the lessee must remeasure the lease liabilities. The amount of the revaluation of the lease liability is generally recognised by the lessee as an adjustment to the right of use the leased asset.

The effects of the initial application of IFRS 16 "Leases" are explained below. In compliance with the transitional provisions of IFRS 16, the modified retrospective approach was used for the transition, whereby the cumulative effect of initially applying the new standard was presented in equity as at 1 January 2019. The comparative information for financial year 2018 was not restated.

The Group recognised lease liabilities at the date of initial application of IFRS 16 for leases previously classified as operating leases applying IAS 17. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 January 2019. The lessee's weighted average incremental borrowing rate applied to the lease liability as at 1 January 2019 is 5.1 %. It was determined primarily by the amount and term of the obligations arising from office leases, taking into account the lessee's credit rating. For further information on the calculation of the interest rate, see section 3.8.1..

There were no leases previously classified as finance leases at the transition date.

All right-of-use assets were measured as if IFRS 16 had been applied since the commencement date, which means that the right-of-use asset and the lease liability at the date of initial application do not necessarily have identical values.

The right-of-use assets recognised relate to the following types of assets:

in EUR thousand	31 December 2019	1 January 2019
Buildings	5,356	6,087
Motor vehicles	227	258
Total right-of-use assets	**5,583**	**6,345**

The corresponding lease liabilities recognised are distributed as follows across the above-mentioned assets:

in EUR thousand	31 December 2019	1 January 2019
Buildings	6,113	6,827
Motor vehicles	233	260
Total right-of-use assets	**6,346**	**7,087**

The change in accounting policy affected the following items of the statement of financial position as of 1 January 2019 as follows:

- Right-of-use assets – increase of EUR 6.3 million
- Other current liabilities – decrease of EUR 58 thousand
- Other non-current liabilities – decrease of EUR 408 thousand
- Lease liabilities – increase of EUR 7.1 million
- Equity – decrease of EUR 277 thousand

The decrease in other liabilities resulted from the profit-neutral derecognition of a liability for the granting of rent-free periods under an office lease; the difference was recognised in equity. IFRS 16 requires lease incentives to be taken into account in the present value calculation. The net effect on the accumulated deficit as at 1 January 2019 resulted in an increase of EUR 0.3 million.

On the first-time application of IFRS 16, the Group made use of the following recognition exemptions, practical arrangements and transition options:

- Application of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Exclusion of initial direct costs from the measurement of right-of-use assets at the date of initial application;
- Use of hindsight, i.e. in determining the lease term if the contract contains options to extend or terminate the lease; and
- Recognition of leases with a remaining term of fewer than 12 months at 1 January 2019 as short-term leases in relation to real estate leases.
- Essentially, the Group will exercise the option not to capitalise leases with underlying low-value assets.
- The Group will not separate lease and non-lease components.

Payments for leases of low-value assets are recognised in profit or loss as an expense – under costs of sales, selling and distribution costs and general administrative expenses – on a straight-line basis. Examples of low-value assets are IT equipment and other operating equipment. The lease payments/lease expenses for these assets amount to EUR 98 thousand in the current financial year.

Payments for leases of low-value assets are expensed on a straight-line basis under cost of sales, selling cost or general and administrative costs in the income statement. Assets of low value are, for example, IT equipment and other business equipment. Their leasing payments or leasing expenses amount to TEUR 91 in the current financial year.

The difference between the operating lease obligations of EUR 7.2 million as of 31 December 2018 stated in the consolidated financial statements of 11 88 0 Solutions AG and the lease liabilities as of 31 December 2019 of EUR 7.1 million discounted using the incremental borrowing rate as of first-time application reflects the following key restatements:

	in EUR thousand
Off-balance sheet lease and rental payment obligations as of 31.12.2018	**7,204**
(less) leases with a term of up to 12 months (short-term leases)	-61
(less) leases with underlying low-value assets (low-value leases)	-133
(plus) fixed lease payments	1,913
(plus) reassessment of termination and extension options	110
(less) reassessment of lease	-507
Operating lease and rental obligations as of 1 Jan. 2019 (gross amount without discounting)	8,526
Operating lease and rental obligations as of 1 Jan. 2019 (discounted)	**7,087**
Lease liabilities as of 1 Jan. 2019	**7,087**

5. Future changes in accounting policies

The following standards newly adopted or amended by the IASB are not yet mandatory as of the balance sheet date. For this reason, they were not applied to these consolidated financial statements for the period ended 31 December 2019. The Group usually does not adopt amended standards prior to the effective date, even if individual standards permit this.

At the present time, we do not expect the amendments listed below to materially affect the Group's net assets, financial position and results of operations.

5.1 Amendments to the Conceptual Framework

The IASB issued a revised version of its Conceptual Framework in March 2018. It contains revised definitions of assets and liabilities, and new guidance on measurement and derecognition, reporting and disclosures. In the revision, the IASB limited itself to topics that had not previously been explicitly covered or contained obvious loopholes.

The revised framework was published in March 2018 and adopted by the EU on 29 November 2019. It must be applied for annual periods beginning on or after 1 January 2020. The IASB is already applying the new Conceptual Framework.

5.2 IFRS 17 "Insurance Contracts"

IFRS 17 was issued by the IASB in May 2018 and supersedes the previously applicable IFRS 4 "Insurance Contracts". It must be applied for annual periods beginning on or after 1 January 2021.

As the new standard does not regulate the accounting treatment of insurance contracts by the policyholder and the 11 88 0 Group does not act as an insurer, no effects on the Group's net assets, financial position and results of operations are expected.

5.3 Amendments to IFRS 3 "Business Combinations"

The amendments to IFRS 3 were issued in October 2018. The amendments are expected to be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020, as well as to asset acquisitions taking place on or after the beginning of this period. Earlier application is permitted.

The amendments refer to the definition of a business operation and provide clearer guidance on how to distinguish an operation from a group of assets when applying IFRS 3.

5.4 Amendments to IAS 1 "Presentation of Financial Statements"

The IASB published changes to IAS 1 "Presentation of Financial Statements" in January 2020. These amendments relate to a limited adjustment of the assessment criteria for classification of liabilities as current or non-current. In the future, the only criteria for classification will be substantial rights existing on the balance sheet date to postpone settlement of the debt for at least 12 months after the end of the reporting period. The amendments resolved do not affect the timing of recognition or the measurement of the liability.

These amendments must be applied from 1 January 2022. Earlier application of these amendments is permitted, subject to adoption by the EU. Given the current situation, the amendments would not materially affect the Group's net assets and financial position.

5.5 Amendments to IAS 1 "Definition of Materiality" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

The amendments to IAS 1 and IAS 8 were issued in October 2018 and adopted by the EU on 29 November 2019. The amendments must be applied for annual periods beginning on or after 1 January 2020. Earlier application is permitted.

The amendments clarify the definition of materiality. Alongside additional explanations, the definition of materiality has been standardised both in the conceptual framework and in all IFRSs, so the definition provided in IAS 1 is now used consistently. This is intended, among other things, to prevent material information from being obscured by immaterial information.

5.6 Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures"

The amendments to IFRS 9, IAS 39 and IFRS 7 adopted by the EU on 15 January 2020 relate to the possible effects of the IBOR reform on financial reporting. These amendments are effective for reporting periods beginning on or after 1 January 2019; earlier application is permitted.

The amendments published in September 2019 are concerned with questions of financial reporting and address the effects on certain hedge accounting rules in IFRS 9 and IAS 39. Amendments have also been made to IFRS 7 in regard to additional information on account of uncertainties related to the IBOR reform.

The 11 88 0 Group does not currently recognise any hedging transactions

Notes to the Consolidated Income Statement

1. Revenues

Consolidated revenues in the 2019 financial year amounted to EUR 47,668 thousand (2018: EUR 42,921 thousand).

In the financial year, revenue of EUR 4,353 thousand was recognised from contract liabilities existing as of 31 December 2018 (31.12.2018: EUR 4,219 thousand).

Despite the declining volumes in the classic telephone Directory Assistance business for years and the associated decline in sales in this area, sales at group level increased significantly compared to the previous year. The increase in revenues is mainly attributable to the growth in revenues in the digital business. However, a slight increase in revenues was also achieved in the Directory Assistance business, particularly in the call centre third-party business. Further explanations on the development of revenues can be found in the Group management report and in the presentation by operating segment in section 2 under Other notes and disclosures.

2. Cost of revenues

Cost of sales of EUR 27,289 thousand (2018: EUR 24,316 thousand) was largely comprised of capacity and infrastructure costs of the Digital and Directory Assistance business segments, such as personnel and IT infrastructure costs.

The increase in the cost of sales is mainly due to the increase in the corresponding cost items in the two business segments in line with revenue growth.

In the past financial year, expenses of EUR 153 thousand (2018: EUR 97 thousand) for the creation of websites on behalf of customers were capitalised and relieved the cost of sales by the same amount. On the other hand, the scheduled depreciation of contract performance expenses capitalized over a period of 36 months (also from previous periods) resulted in cost of sales of EUR 124 thousand (2018: EUR 71 thousand) in the financial year.

3. Selling and distribution costs

The selling and distribution costs of EUR 14,478 thousand (2018: EUR 12,086 thousand) mainly included the costs of the Company's own staff in the digital business, amortisation of capitalised costs to obtain a contract, the costs of receivables management, including losses on receivables, as well as fixed costs for the locations used. Selling and distribution costs also contain expenses from additions to loss allowances on trade accounts receivable and income from the reversal of such loss allowances.

The significant increase is mainly attributable to the increase in losses on receivables as well as personnel expenses. Growth on the revenue side in particular has also resulted in an increase in the cost items for selling and distribution costs.

EUR 3,360 thousand in selling and distribution costs (2018: EUR 3,068 thousand) for obtaining customer contracts were capitalised in the past financial year, reducing the selling expenses (COGS ungleich selling expences) by the same amount. Conversely, amortisation attributable to the costs to obtain a contract increases selling and distribution costs by EUR 2,055 thousand (2018: EUR 940 thousand).

4. General administrative expenses

The general administrative expenses in the amount of EUR 7,988 thousand (2018: EUR 9,475 thousand) primarily included the costs of corporate services such as finance, legal, human resources, IT, as well as the management board and infrastructure costs of these units. Furthermore, this item includes consulting fees incurred for company-wide consulting projects.

The decrease in general administrative expenses reflects, in particular, the EUR 663 thousand decline in personnel costs in this functional area, the EUR 171 thousand decrease in legal expenses and consulting fees as well as savings relating to other space costs (EUR 69 thousand) and rent payments for installations (EUR 60 thousand).

5. Staff costs

The functional costs included the following expenses for employee benefits:

in EUR thousand	2019	2018
Wages and salaries	17,770	16,668
Social security costs	3,501	3,327
Pension costs	3	3
Multi-year variable remuneration	426	21
Total	**21,700**	**20,019**

The year-on-year increase in staff costs has mainly resulted from the increased level of performance from the point of view of incoming orders as well as recognition of multi-year target-oriented variable remuneration.

6. Depreciation, amortisation and impairment

Depreciation and amortisation included in costs of revenue, selling and distribution costs and other administrative expenses were composed as follows in the reporting year from 1 January 2019 to 31 December 2019:

In EUR thousand	Cost of revenues	Selling and distribution costs	Other administrative expenses	Total
Amortisation of intangible assets	1,233	2,166	60	**3,459**
Depreciation of plant and equipment	58	30	195	**283**
Depreciation of capitalised right-of-use assets	270	442	413	**1,125**
Total	1,561	2,638	668	**4,867**

Depreciation and amortisation included in costs of revenue, selling and distribution costs and other administrative expenses were composed as follows in previous year from 1 January 2018 to 31 December 2018:

in EUR thousand	Cost of revenues	Selling and distribution costs	Other administrative expenses	Total
Amortisation of intangible assets	1,788	1,469	194	**3,451**
Depreciation of plant and equipment	262	34	281	**577**
Total (*)	2,050	1,503	475	**4,028**

(*) Due to the first-time adoption of IFRS 16, no depreciation of right-of-use assets was recognised in the previous year

7. Rental and leasing expenses

In comparison to previous year and as a result of the transition to the new lease standard IFRS 16, only lease expenses are recognised in profit or loss that were not capitalised as right-of-use assets due to exercising options and application exemptions (cf. section 4.5 „IFRS 16 Leases"). On the other hand, administrative expenses resulting from lease contracts that may not be capitalised under IFRS 16 and thus are not included in the measurement of right-of-use assets, are also recognised in profit or loss. In the previous year, the consolidated income statement included rental and lease expenses of EUR 1,924 thousand. This expense decreased by EUR 1,553 thousand to EUR 371 thousand in the reporting year, mainly due to application of IFRS 16.

8. Other operating income

Other operating income amounted to EUR 0 thousand (2018: EUR 3 thousand).

9. Other operating expenses

in EUR thousand	2019	2018
Loss from disposal of non-current assets	17	45
Other	6	49
Other operating expenses	**23**	**94**

10. Financial income

10.1 Interest income

in EUR thousand	2019	2018
Interest and similar income from financial assets measured at fair value through profit or loss	0	28
Other interest and similar income	28	26
Interest and similar income	**28**	**54**
Interest expenses from lease liabilities	-335	0
Interest expenses for bank overdrafts and guarantees	-5	-8
Other interest and similar expenses	-29	-34
Interest and similar expenses	**-369**	**-42**
Net interest income	**-341**	**12**

The interest result is mainly the result of the compounding of lease liabilities.

10.2 Net income from marketable securities

in EUR thousand	2019	2018
Gain from sale of marketable securities and from fair value measurement	94	22
Net income from marketable securities	**94**	**22**

The positive result from securities results from the sale and measurement of investment fund units. Sales are recognised in the balance sheet on the trading day.

10.3 Net income from foreign currency translation

in EUR thousand	2019	2018
Gains on foreign currency translation	0	0
Loss on foreign currency translation	0	0
Net income from foreign currency translation	**0***	**0***

**The amounts for the financial year are less than EUR 1 thousand*

10.4 Net gains/losses on financial instruments by measurement category

in EUR thousand	31 December 2019	31 December 2018
Cash and cash equivalents	-3	-16
Loans and receivables	-1,388	-803
Financial assets measured at fair val	94	50
Total	**-1,297**	**-769**

Net income from loans and receivables mainly included changes in allowances, losses from derecognition, gains from subsequent payments received and the reversal of allowances previously recognised on trade accounts receivable.

11. Income taxes

The tax rate applicable for the past financial year comprises, for Germany, corporate income tax, the solidarity surcharge applicable on corporate income tax as well as trade tax. In view of the applicable tax trade multipliers, the overall tax rate for the 11 88 0 Solutions AG tax group is 31.6 % (2018: 31.6 %). There is a slight discrepancy in the trade tax rate for the 11 88 0 Internet Services AG, which is due to different trade tax assessment rates.

Subsidiaries abroad that were part of the Group in the previous year were charged with income taxes comparable to the German corporate income tax.

in EUR thousand	2019	2018
Current income taxes	0	-2
Deferred income taxes	-821	-94
Recognised income/expense from income taxes	**-821**	**-96**

The following fiscal reconciliation shows why the tax expense recognised for the current year does not correspond to the expected tax income when earnings before taxes are multiplied with the Group tax rate of 31.6 % applicable for the full 2019 financial year (2018: 31.6 %):

in EUR thousand	2019	2018
Net loss before taxes	**-2,358**	**-3,013**
Applicable tax rate	**31.6 %**	**31.6 %**
Expected income from income taxes	**745**	**952**
Increase / reduction by:		
Change in loss allowance on deferred taxes	-1,576	-1,209
Income tax rate differences	-26	67
Tax effects on expenses (permanently) non-deductible for tax purposes / tax-free income	-29	-55
Prior-period tax expense/income	67	88
Other	-2	61
Recognised expense (-) / income (+) from income taxes	**-821**	**-96**

Calculated as the ratio of income tax expense/income shown to the net loss for the period before taxes, the effective tax rate was -34.8 % (2018: -3.1 %).

This negative tax rate has mainly resulted due to tax effects on loss carryforwards, on account of 11 88 0 Solutions AG's forfeiture of corporate income tax and trade tax losses in September 2019 (cf. chapter 3.5).

As of 31 December 2019, the current tax assets totalled EUR 19 thousand (2018: EUR 72 thousand) and mainly comprised receivables from the tax authorities related to withholding tax on investment and the solidarity surcharge on withholding tax on investment.

The 11 88 0 Solutions Group shows deferred tax assets after offsetting in the amount of EUR 0 thousand as of 31 December 2019 (2018: EUR 5 thousand). The recognition of deferred tax liabilities after offsetting increased from EUR 543 thousand (as of 31 December 2018) by EUR 702 thousand to EUR 1,245 thousand; see also note 11 to the consolidated statement of financial position.

12. Earnings per share

Financial year ended on 31 December, in EUR	**2019**	**2018**
Earnings per share based on the net income attributable to ordinary shareholders of the parent	-0.16	-0.16

The calculation of earnings per share for the financial years ended on 31 December was based on the following data:

Financial year ended on 31 December, in EUR thousand	**2019**	**2018**
Net income attributable to ordinary shareholders of the parent applicable for calculating earnings per share	-3,178	-3,109

Financial year ended on 31 December	**2019**	**2018**
Weighted average number of ordinary shares for calculating earnings per share	19,666	19,111

Notes to the consolidated statement of financial position

1. Cash and cash equivalents

Cash and cash equivalents were composed as follows as of the reporting date:

Financial year ended on 31 December, in EUR thousand	**2019**	**2018**
Bank balances and cash	4,089	806
Short-term deposits	1	1
Restricted cash	67	94
Total	**4,157**	**901**

As of the balance sheet date, bank balances and short-term deposits were held exclusively at renowned German banks. The short-term deposits are classified as investment grade by international rating agencies. Restricted cash is used to hedge rental guarantees.

The carrying amount of cash and cash equivalents is equivalent to the fair value of EUR 4,157 thousand (2018: EUR 901 thousand).

The 11880 Solutions Group had overdraft facilities of EUR 1,000 thousand (2018: EUR 1,000 thousand) with financial institutions at its disposal as of 31 December 2019. Use of these facilities is not restricted.

2. Trade accounts receivable

The amounts shown in the balance sheet are after impairments, which were made to account for possible expected losses over the remaining term.

in EUR thousand	31.12.2019	31.12.2018
Trade accounts receivable, gross	10,457	10,955
Less loss allowances	-1,714	-1,659
Trade accounts receivable, net	**8,743**	**9,296**

Trade accounts receivable usually had a due date of 8 to 90 days.

The following trade accounts receivables were impaired with an amount of EUR 1,714 thousand (2018: EUR 1,659 thousand) as of 31 December 2019. Changes in the allowance account were as follows:

In EUR thousand	2019	2018
Loss allowances on 1 January	**1,659**	2,124
IFRS 9 restatement	-	209
Expected losses according to IFRS 9	27	-
Additions	1,440	1,095
Utilisation/Derecognition	-1,006	-1,238
Reversal	-406	-531
Loss allowances on 31 December	**1,714**	**1,659**

Expenses from the recognition and income from the reversal of loss allowances are reported under selling and distribution costs.

For further general information on the recognition of expected default risks and risk management, see section 8 under "Other notes and disclosures".

Recoveries of the authorised collection agency are included in the position "Reversal of loss allowances" under selling and distribution costs.

The net decline in trade accounts receivable was primarily attributable to lower revenues as a result of the downturn experienced in the Directory Assistance business.

3. Financial assets at fair value through profit or loss

The Group holds investment investment funds that invest in short-term, low-risk money market instruments and bonds. These are categorised as „financial assets at fair value through profit or loss“ in accordance with IFRS 9.

The fair value of the Group’s investments in investment funds as of 31 December 2019 was EUR 582 thousand (2018: EUR 1,698 thousand). The investments denominated in euros were neither overdue nor impaired.

As in the previous year, the securities held by the Company in the amount of EUR 582 thousand, which were measured at fair value through profit or loss as of 31 December 2019 are allocated to Level 1 of the fair value hierarchy.

The financial assets measured at fair value through profit or loss changed as follows:

in EUR thousand	Other financial assets at fair value through profit or loss
As of 1 January 2018	**5,302**
Addition	0
Disposal	-3,591
Measurement loss recognised in profit or loss	-13
As of 31 December 2018	**1,698**
Addition	0
Disposal	-1,210
Measurement gain recognised in profit or loss	94
As of 31 December 2019	**582**

The effect from the measurement of securities for the 2019 financial year amounts to EUR 94 thousand.

4. Other financial assets

The other financial assets as of 31 December 2019 are all current and consisted of the following:

Financial year ended on 31 December, in EUR thousand	2019	2018
Other financial assets	97	123

As of 31 December 2019, current other financial assets mainly included receivables from non-recourse factoring.

Current other financial assets were neither impaired nor overdue in the financial year under review.

5. Other current assets

Other current financial assets consisted of the following items:

in EUR thousand	31.12.2019	31.12.2018
Prepayments made	464	482
Other current assets	92	46
Other current assets	556	528

The prepayments made are mainly deferred to expenses for maintenance and rent in the technical area.

6. Goodwill

6.1 Acquisition costs

in EUR thousand	Goodwill
As of 31 December 2019	6,791
As of 31 December 2018	6,791

6.2 Accumulated impairment

in EUR thousand	Goodwill
As of 31 December 2019	6,375
As of 31 December 2018	6,375

6.3 Carrying amounts

in EUR thousand	Goodwill
As of 31 December 2019	416
As of 31 December 2018	416

6.4 Goodwill impairment test

The carrying amount of goodwill acquired as part of a business combination in the amount of EUR 416 thousand (2017: EUR 416 thousand) was fully attributed to the Directory Assistance business of 11 88 0 Internet Services AG as a cash-generating unit in accordance with IAS 36.80 for the purpose of impairment testing.

As in the previous year, the impairment test did not result in an impairment requirement in fiscal year 2019.

The recoverable amount of EUR 718 thousand of the cash-generating unit Directory Assistance Business at 11 88 0 Internet Services AG was determined based on the calculation of the value in use using the cash flow forecasts prepared by the Company's management and approved by the Supervisory Board, for a period of five years. The first three years represent detailed planning, while the years 2023 and 2024 represent the extrapolation of trends. The longer time period was chosen to better reflect the decline in the Directory Assistance business within 11 88 0 Internet Services AG. The discount rate before tax used for the cash flow forecasts was based on average weighted capital costs (2019: 22.80 %; 2018: 10.13 %). Cash flows after the period of five years were recognised as terminal value. A significantly lower EBIT margin by comparison with the detailed planning period and an annual degression rate for revenues of 20 % have been assumed here. Accordingly, a growth discount of -20 % was applied when calculating the terminal value.

6.4.1 Basic assumptions

The basic assumptions used by management in preparing its cash flow forecasts for the impairment test of goodwill are discussed below.

Planned gross profit margins

Planned gross profit margins were determined based on the average gross profit margins realised in comparable markets and known to the cash-generating unit within 11 88 0 Internet Services AG from past experience, and extrapolated in reflection of expected revenue and cost changes. For the detailed planning period, a gross margin which is comparable with the past few years is assumed. This has been reduced to the decreased margin level which is expected for the terminal value in the trend years 2023 and 2024. EBITDA of the cash-generating unit Directory Assistance Business of 11 88 0 Internet Services AG decreases from EUR 0.33 million in 2020 to EUR 0.11 million in 2024 due to the downturn in business.

Nominal interest rate for debt instruments

German government bonds with a term of 30 years were used for the risk-free base rate. An equity ratio of 100 % has been assumed for the determination of the fair value.

Regarding free cash flow before tax of the cash-generating unit Directory Assistance Business the forecast assumes a decline to EUR 0.1 million by 2024.

6.4.2 Sensitivity of the assumptions made

In the opinion of the management, the following main assumptions have the biggest influence on the recoverable amount of cash generating units and thus are reviewed on a regular basis:

- Discount factor: The discount factor was determined based on the average cost of capital of the 11 88 0 Solutions Group and companies in its peer group as well as an additional lump-sum risk premium on the derived discount rate. Market-specific and social changes respectively may result in an adjustment of the discount factor. An after-tax discount rate increased by a further 1.0 percentage point reduces the fair value of the cash-generating unit Directory Assistance Business by EUR 0.02 million. In this case too, the fair value of the cash-generating unit Directory Assistance Business would exceed its carrying amount by EUR 0.09 million. Overall, the after-tax discount rate could be increased by 6 percentage points ceteris paribus without any need for impairment.

- Changes of customer demand and of the market volume may have a significant effect on the future cash flows of the cash-generating unit. A revenue decrease of a further 5 percentage points compared with the annual revenue degeneration rate of approx. 20 % which is in any case assumed by the Company's management for the trend years and for the terminal value reduces the fair value of the cash-generating unit Directory Assistance Business by EUR 0.05 million. As a result, in this case too, the fair value of the cash-generating unit Directory Assistance Business would exceed its carrying amount by EUR 0.06 million. Accordingly, no indication of impairment would result.

- Changes in the margin achievable on a long-term basis might also have a negative impact on the recoverable amount for the cash-generating unit Directory Assistance Business. A 25 % reduction in the long-term EBITDA margin compared to the original value calculation reduces the fair value of the cash-generating unit Directory Assistance Business by EUR 0.05 million. In this case too, the fair value of the CGU would exceed its carrying amount by EUR 0.06 million, ceteris paribus, and no indication of impairment would be applicable.

Also on the basis of additional sensitivity and scenario analyses, the management is of the opinion that a realistic variation of planning and measurement assumptions is not currently liable to lead to scenarios that would result in an indication of impairment with a certain degree of probability.

7. Intangible assets

7.1 Acquisition and production costs

in EUR thousand	As of 1.1.2019	Additions	Disposals	Reclassifications	As of 31.12.2019
Software	15,380	9	-665	3	14,726
Licenses	13,361	8	-39	7	13,337
Internally generated database	2,073	0	0	-	2,073
Acquired customer bases	30,301	0	0	-	30,301
Acquired klickTel brand	997	0	0	-	997
Internally generated intangible assets	8,403	838	0	32	9,273
Customer contracts	16,617	3,360	0	-	19,977
Other intangible assets	8	0	0	-	8
Intangible assets being developed/with prepayments	74	7	0	-35	46
Total	**87,214**	**4,222**	**-704**	**7**	**90,739**

in EUR thousand	As of 1.1.2018	Additions	Disposals	As of 31.12.2018
Software	18,470	79	-3,169	15,380
Licenses	16,073	12	-2,725	13,361
Internally generated database	2,073	0	0	2,073
Acquired customer bases	30,301	0	0	30,301
Acquired klickTel brand	997	0	0	997
Internally generated intangible assets	7,471	932	0	8,403
Customer contracts	13,549	3,068	0	16,617
Other intangible assets	8	0	0	8
Intangible assets being developed/with prepayments	0	74	0	74
Total	**88,943**	**4,165**	**-5,894**	**87,214**

7.2 Accumulated amortisation and impairment

in EUR thousand	As of 1.1.2019	Amortisation	Disposals	As of 31.12.2019
Software	14,958	273	-665	**14,566**
Licenses	13,155	83	-39	**13,199**
Internally generated database	2,073	0	0	**2,073**
Acquired customer bases	30,301	0	0	**30,301**
Acquired klickTel brand	997	0	0	**997**
Internally generated intangible assets	7,119	1,049	0	**8,168**
Customer contracts	13,329	2,055	0	**15,384**
Other intangible assets	0	0	0	**0**
Intangible assets being developed/with prepayments	0	0	0	**0**
Total	**81,932**	**3,460**	**-704**	**84,688**

in EUR thousand	As of 1.1.2018	Amortisation	Disposals	As of 31.12.2018
Software	17,442	684	-3,168	14,958
Licenses	15,639	241	-2,725	13,155
Internally generated database	2,073	0	0	2,073
Acquired customer bases	30,205	96	0	30,301
Acquired klickTel brand	973	24	0	997
Internally generated intangible assets	5,656	1,463	0	7,119
Customer contracts	12,389	940	0	13,329
Other intangible assets	0	0	0	0
Intangible assets being developed/with prepayments	0	0	0	0
Total	**84,374**	**3,451**	**-5,893**	**81,932**

7.3 Carrying amounts

in EUR thousand	Carrying amounts as of 31 December 2019	Carrying amounts as of 31 December 2018
Software	161	422
Licenses	137	206
Internally generated database	0	0
Acquired customer bases	0	0
Acquired klickTel brand	0	0
Internally generated intangible assets	1,105	1,284
Customer contracts	4,594	3,288
Other intangible assets	8	8
Intangible assets being developed/with prepayments	46	74
Total	**6,051**	**5,282**

The useful life of intangible assets was determined as follows in the 2019 financial year:

Useful life of intangible assets	
Software	3 to 7 years
Licenses	3 to 15 years
Internally generated database	3 years
Acquired customer bases	7 and 10 years resp.
Acquired klickTel brand	10 years
Internally generated intangible assets	2 to 5 years
Customer contracts	3 years
Other intangible assets	3 years

Amortisation was calculated based on the straight-line method over the assumed useful lives.

Amortisation was included in the costs of sales, selling and distribution costs and general administrative expenses according to their utilization.

Internally generated intangible assets were capitalised development costs for creating or enhancing software. In the year under review, development costs of EUR 2.0 million (2018: EUR 1.2 million) not qualifying for capitalisation were expensed within cost of revenues. The increase is mainly due to the fact that work in the reporting period focused on enhancing cloud-based software that does not qualify for capitalisation.

Sales commission was capitalised as the cost to obtain a contract (shown as “customer contracts” in the asstes analysis / asset schedule) and amortised over the average customer retention period of 3 years on a straight-line basis.

8. Property and equipment

8.1 Acquisition costs

in EUR thousand	As of 1.1.2019	Additions	Disposals	Reclassifications	Currency translation	As of as of 31.12.2019
Technical equipment	11,671	133	-3,751	187	0	8,240
Other equipment, fixtures, furniture and office equipment, and low-value assets	3,753	53	-682	0	-1	3,123
Equipment being purchased/ with prepayments	195	0	0	-195	0	0
Total	15,619	**186**	**-4,433**	**-8**	**-1**	11,363

in EUR thousand	As of 1.1.2018	Additions	Disposals	Currency translation	As of as of 31.12.2018
Technical equipment	14,025	58	-2,412	0	11,671
Other equipment, fixtures, furniture and office equipment, and low-value assets	5,614	245	-2,107	1	3,753
Equipment being purchased/ with prepayments	0	195	0	0	195
Total	19,639	**498**	**-4,519**	**1**	15,619

8.2 Accumulated depreciation and impairments

in EUR thousand	As of 1.1.2019	Amortisation	Impairment losses	Disposals	Currency translation	As of as of 31.12.2019
Technical equipment	11,268	168	0	-3,751	0	7,685
Other equipment, fixtures, furniture and office equipment, and low-value assets	3,308	115	0	-665	0	2,758
Total	14,576	**283**	**0**	**-4,416**	**0**	10,443

in EUR thousand	As of 1.1.2018	Amortisation	Impairment losses	Disposals	Currency translation	As of as of 31.12.2018
Technical equipment	13,284	388	0	-2,404	0	11,268
Other equipment, fixtures, furniture and office equipment, and low-value assets	5,189	189	0	-2,071	1	3,308
Total	18,473	**577**	**0**	**-4,475**	**1**	14,576

8.3 Carrying amounts

in EUR thousand	Carrying amounts as of 31.12.2019	Carrying amounts as of 31.12.2018
Technical equipment	555	403
Other equipment, fixtures, furniture and office equipment, and low-value assets	366	445
Equipment being purchased/with prepayments	0	195
Total	**921**	**1,044**

The useful life of property and equipment was determined as follows in the 2019 financial year. There were no adjustments of the useful life compared with the previous year.

Useful life of property and equipment	
Technical equipment	3 to 19 years
Other equipment, fixtures, furniture and office equipment	3 to 15 years

Depreciation was calculated based on the straight-line method over the defined useful lives of the items and included in the cost of revenues, selling and distribution costs and general administrative expenses according to their use.

The disposals in the 2019 financial year mainly resulted from the scrapping of technical equipment, other equipment, and operating and office equipment as well as leasehold improvements in connection with relocating the Company's headquarters in the financial year ended.

In accordance with IAS 38.4, system software was assigned to the item property and equipment, because it constitutes an integral part of hardware.

9. Capitalised right-of-use assets

9.1 Acquisition costs

in EUR thousand	As of 1.1.2019	Restatement, IFRS 16	As of 1.1.2019	Additions	Disposals	As of as of 31.12.2019
Buildings	0	6,087	6,087	263	0	6,350
Motor vehicles	0	258	258	100	0	358
Total	0	**6,345**	**6,345**	**363**	**0**	6,708

As mentioned in chapter 4.6, in some cases the contract term for the building leases relates to the duration of the notice period. Upon expiry of the notice period without termination of the contract and after depreciation of the corresponding right-of-use assets, these are newly capitalised for the respective duration of the notice period. This resulted in additions in the amount of EUR 263 thousand in the past financial year.

The car additions result from newly entered leasing contracts.

9.2 Accumulated depreciation and impairment

in EUR thousand	As of 1.1.2019(*)	Depreciation	Impairment losses	Disposals	As of as of 31.12.2019
Buildings	0	994	0	0	994
Motor vehicles	0	130	0	0	130
Total	0	**1,124**	**0**	**0**	1,124

(*) As the changeover to the new leasing standard was not made retrospectively, no adjustments were made to the accumulated depreciation and impairments as of 1 January 2019.

The depreciation of capitalised right-of-use assets is included in cost of revenues in the amount of EUR 270 thousand, in selling and distribution costs in the amount of EUR 441 thousand and in general administrative expenses in the amount of EUR 413 thousand.

9.3 Carrying amounts

in EUR thousand	Carrying amounts as of 31.12.2018	Carrying amounts as of 1.1.2019	Carrying amounts as of 31.12.2019
Buildings	0	6,087	5,356
Motor vehicles	0	258	227
Total	**0**	**6,345**	**5,583**

The useful life of capitalised right-of-use assets is as follows in the 2019 financial year:

Useful life of capitalised right-of-use assets	
Buildings	1 to 8 years
Motor vehicles	3 years

Depreciation is calculated based on the straight-line method over the defined useful lifes of the items and included in the cost of revenues, selling and distribution costs and general administrative expenses according to their use.

10. Other non-current assets

Other non-current assets in the amount of EUR 218 thousand as of 31 December 2019 (2018: EUR 188 thousand) mainly include capitalised costs to fulfil a contract (capitalised customer websites) in the amount of EUR 213 thousand (2018: EUR 184). The customer websites are reported under other non-current assets and are depreciated on a straight-line basis over 3 years.

11. Deferred tax assets and liabilities

The tax rate applicable for the calculation of deferred taxes comprises, for Germany, corporate income tax, the solidarity surcharge applicable on corporate income tax as well as trade tax. In view of the applicable tax trade multipliers, the overall tax rate is 31.6 % (previous year: 31.6 %). There is a slight discrepancy in the tax rate for 11 88 0 Internet Services AG, which is due to different trade tax assessment rates.

Deferred taxes for foreign subsidiaries no longer existed as of the reporting date.

The deferred taxes consisted of the following:

in EUR thousand	31.12.2019	31.12.2018
Gross value of deferred tax assets:		
Tax loss carryforwards	9,084	11,680
Intangible assets	612	812
Other assets	24	21
Provisions	327	386
Additional paid in capital	22	
Lease liabilities	2,007	-
Other liabilities	0	147
Less impairment loss	-7,817	-10,221
Deferred tax assets before netting of which in other comprehensive income EUR 152 thousand (2018: EUR 78 thousand)	**4,259**	**2,825**
Netting	-4,259	-2,820
Deferred tax assets after netting	**0**	**5**
Less deferred tax liabilities:		
Property and equipment	0	-1
Financial assets	0	-28
Intangible assets	-1,847	-1,490
Right-of-use assets	-1,766	0
Other assets	-1,892	-1,844
Provisions	0	0
Deferred tax liabilities before netting of which in other comprehensive income EUR 24 thousand (2018: EUR 22 thousand)	**-5,504**	**-3,363**
Netting	4,259	2,820
Deferred tax liabilities after netting	**-1,245**	**-543**
Net value of deferred taxes	**-1,245**	**-538**

As of 31 December 2019, the Group companies' accumulated corporate income tax loss carryforwards amounted to EUR 28,353 thousand (2018: EUR 36,825 thousand). As of 31 December 2019, the Group companies' accumulated trade tax loss carryforwards amounted to EUR 27,689 thousand (2018: EUR 35,716 thousand).

Corporate income tax loss carryforwards that were not applied as a result of insufficient usability amounted to EUR 24,977 thousand (2018: EUR 32,756 thousand) as of the reporting date. Trade tax loss carryforwards that were not applied as a result of insufficient usability amounted to EUR 23,246 thousand (2018: EUR 30,684 thousand) as of 31 December 2019.

Tax loss carryforwards determined in Germany can be carried forward without limit and used to offset future profits under current German tax laws, whereby various tax provisions (e.g. minimum taxation) apply.

Deferred taxes were classified as current and non-current as follows:

Financial year ended on 31 December, in EUR thousand	**2019**	**2018**
Deferred tax assets		
Current	1,645	227
Non-current	2,614	2,598
Deferred tax liabilities		
Current	-992	-636
Non-current	-4,512	-2,727
Net value of deferred taxes	**-1,245**	**-538**

12. Trade accounts payable

The trade accounts payable shown as of the reporting date amounted to EUR 1,262 thousand (2018: EUR 478 thousand). The change is mainly attributable to outstanding liabilities in connection with the introduction of new IT systems and the optimisation of payment terms among suppliers.

Trade payables comprised outstanding obligations from the supply of goods and services.

The trade accounts payable included current liabilities from transactions concerning deliveries and services. The average period of payment was between 14 and 60 days. The management presumed as of the reporting date that the carrying amounts of trade accounts payable more or less corresponded to their fair value.

Trade accounts payable were recognised at their redemption amount.

13. Accrued current liabilities

The Group showed the following accrued current liabilities under this item on the reporting dates below:

Financial year ended on 31 December, in EUR thousand	**2019**	**2018**
Obligations to employees	2,101	2,006
Invoices outstanding	2,723	2,526
Total	**4,824**	**4,532**

Obligations to employees included in particular wage and salary payments incl. bonuses that are due due fpr payment the 2020 financial year.

14. Provisions

As of the 31 December 2019 reporting date, the Group had identified and measured all risks known to it. If the recognition requirements of IAS 37.14 were met, the risks were accounted for in the financial statements in the form of provisions.

The current and non-current provisions consisted of the following:

Financial year ended on 31 December, in EUR thousand	**2019**	**2018**
Contract risks	35	35
Other	651	187
Total	**686**	**222**
of which current	35	35
of which non-current	651	187

The changes in provisions for the 2019 financial year were as follows:

in EUR thousand	Contract risks	Contingent losses	**Total**	Other	**Total**
	Current			**Non-current**	
As of 1 January 2019	**35**	**0**	**35**	**187**	**187**
Reversal	0	0	**0**	-3	**-3**
Use	0	0	**0**	0	**0**
Addition	0	0	**0**	466	**466**
Time value of money	0	0	**0**	1	**1**
Reclassification	0	0	**0**	0	**0**
As of 31 December 2019	**35**	**0**	**35**	**651**	**651**

The development of provisions for the 2018 financial year was as follows:

in EUR thousand	Contract risks	Contingent losses	Total	Other	Total
	Current			Non-current	
As of 1 January 2018	**134**	**108**	**242**	**139**	**139**
Reversal	-50	-8	**-58**	0	**0**
Use	-49	-100	**-149**	-10	**-10**
Addition	0	0	**0**	57	**57**
Time value of money	0	0	**0**	1	**1**
Reclassification	0	0	**0**	0	**0**
As of 31 December 2018	**35**	**0**	**35**	**187**	**187**

The significant risks included the facts and circumstances presented below.

Current provisions for contract risks mainly represent an obligation to dismantle installed fixtures at the end of a lease.

Other non-current provisions consisted of liabilities for future tax audits in the amount of EUR 140 thousand and obligations from long-term variable Management Board remuneration in the amount of EUR 400 thousand; see also note 3 under other notes and disclosures.

The management assumes a cash outflow of approx. EUR 198 thousandin 2021 and of approx. EUR 429 thousand in 2022. Significant uncertainties exist with regard to the timing of payment of the provision for future tax audits and the achievement of targets with regard to the obligation from long-term variable Management Board remuneration.

15. Lease liabilities

in EUR thousand	31.12.2019	1.1.2019	Adjustment, IFRS 16	31.12.2018
Current lease liabilities	**1,426**	**1,458**	**1,458**	**0**
Buildings	1,292	1,226	1,226	0
Motor vehicles	134	232	232	0
Non-current lease liabilities	**4,920**	**5,629**	**5,629**	**0**
Buildings	4,821	5,601	5,601	0
Motor vehicles	99	28	28	0
Total	**6,346**	**7,087**	**7,087**	**0**

Of the non-current lease liabilities, EUR 1,982 thousand have a term of more than 5 years.

16. Other current liabilities

Other current liabilities were comprised as follows:

in EUR thousand	31.12.2019	31.12.2018
Contract liabilities	4,167	4,353
Sales tax liabilities	501	539
Remaining liabilities	472	736
Total	**5,140**	**5,628**

Contract liabilities relate exclusively to payments received from customers prior to provision of services in the digital business. These are recognised as revenues within the following twelve months. This means that the outstanding benefit obligations still to be fulfilled by the Company correspond to the corresponding transaction price. Revenues from contractual liabilities of EUR 4,353 thousand were recognised in the financial year as of 31 December 2018. The decline in this item was mainly due to the reduction in sales to customers who opted for immediate payment at the beginning of the service period.

Other current liabilities mainly comprised liabilities from payroll tax, church tax and the solidarity surcharge as well as liabilities to social security institutions.

17. Pension obligations

For the company pension scheme for employees of 11 88 0 Solutions Group has defined contribution plans, and there are additional defined benefit plans for former members of the Management Board.

17.1 Defined benefit plans

The defined benefit plans concerned individual commitments to pay retirement benefits (post-employment, disability and surviving dependant benefits) made to former members of the Management Board. The amount of the pension commitments from the defined benefit pension plans was measured primarily based on the length of employment and the base salary of the individual Management Board member.

In order to secure the respective pension benefits arising from the employer's pension commitment, pension liability insurance policies were purchased and their benefits pledged to the beneficiaries. The pension liability insurance policies with benefits pledged to beneficiaries were recognised as plan assets because they represent qualifying insurance policies as defined under IAS 19.8. In Germany, there was no legal or regulatory requirement regarding minimum funding contributions.

The actuarial measurements of the plan assets and the present value of the defined benefit obligation were made taking into account the following actuarial assumptions as of 31 December of the respective financial year:

in %	2019	2018
Actuarial interest rate	1.40	2.35
Pension development	1.00	1.00

The interest rate used was determined by reference to market yields achieved on high quality corporate bonds at the reporting date.

With regard to these defined benefit pension plans, the Group had recognised the following expenses and income in the net income/loss and comprehensive income for the financial year:

in EUR thousand	2019	2018
Current service cost	-	-
Interest expense	-32	-29
Interest income	28	25
Expenses for defined benefit post-employment benefits recognised in net income	**-4**	**-4**
Revaluations of defined benefit post-employment benefits recognised in other comprehensive income	**305**	**-12**

The interest expense and interest income items were part of net financial income/loss.

The present value of the defined benefit obligation was calculated with the projected unit credit method using the mortality tables "Heubeck Richttafel 2018 G", which were updated in 2018, in accordance with IAS 19.67, and had shown the following development:

in EUR thousand	2019	2018
Present value of the defined benefit obligations as of 1 January	**1,357**	**1,330**
Current service cost	-	-
Interest expense	32	29
Actuarial gains (-) or losses (+) from changes in financial assumptions	308	24
Actuarial gains (-) or losses (+) from changes in demographic assumptions	0	-32
Actuarial gains (-) or losses (+) from experience adjustments	5	6
Present value of the defined benefit obligations as of 31 December	**1,702**	**1,357**

The share of the present value of the defined benefit obligations attributable to beneficiaries no longer with the Company totalled EUR 1,702 thousand (2018: EUR 1,357 thousand).

The development of the fair value of plan assets was as follows:

in EUR thousand	2019	2018
Fair value of plan assets as of 1 January	**1,189**	**1,154**
Interest income	28	25
Actuarial gains (+) or losses (-) excluding the amounts shown in interest income	8	10
Contributions by the employer	-	-
Fair value of plan assets as of 31 December	**1,225**	**1,189**

The plan assets constituted pension liability insurance policies with benefit entitlements pledged to beneficiaries. The insurance company holds 31 % of its investments in government bonds from industrialised countries, 17 % in corporate bonds and 15 % covered bonds and other secured loans, 10 % in construction financing and 6 % in government bonds of emerging economies. The funds are invested in a variety of instruments to balance out fluctuations as much as possible and generate stable earnings.

The present value of the defined benefit obligation and the fair value of plan assets can be reconciled as follows to the provision amount recognised in the statement of financial position.

Financial year ended on 31 December, in EUR thousand	2019	2018
Present value of the defined benefit obligation (DBO)	1,702	1,357
Fair value of plan assets	-1,225	-1,189
Liability recognised in the balance sheet	**477**	**168**

The reconciliation of the net obligation is summarised as follows:

	Present value of pension obligation EUR thousand	Fair value of plan assets EUR thousand	Net obligation EUR thousand
1 January 2019	**-1,357**	**1,189**	**-168**
Interest expense (-) / interest income (+)	-32	28	-4
Total amount recognised in profit or loss	**-32**	**28**	**-4**
Return on plan assets without amounts included in interest (income)	-	8	8
Actuarial loss from the change in demographic assumptions	0	0	0
Actuarial loss from the change in financial assumptions	-308	-	-308
Experience adjustments	-5	-	-5
Total amount recognised in other comprehensive income	**-313**	**8**	**-305**
31 December 2019	**-1,702**	**1,225**	**477**

	Present value of pension obligation EUR thousand	Fair value of plan assets EUR thousand	Net obligation EUR thousand
1 January 2018	**-1,330**	**1,154**	**-176**
Interest expense (-) / interest income (+)	-29	25	-4
Total amount recognised in profit or loss	**-29**	**25**	**-4**
Return on plan assets without amounts included in interest (income)	-	10	10
Actuarial loss from the change in demographic assumptions	32	0	32
Actuarial loss from the change in financial assumptions	-24	-	-24
Experience adjustments	-6	-	-6
Total amount recognised in other comprehensive income	**2**	**10**	**12**
31 December 2018	**-1,357**	**1,189**	**-168**

11 880 Solutions AG believes it is exposed to risk from defined benefit pension plans. Changes in actuarial assumptions, mainly lowering of the actuarial interest rate, can lead to increased pension obligations. Material underfunding can necessitate payment of additional contributions by the Company.

The sensitivity of the present value of defined benefit obligations to changes was as follows:

As of 31 December 2019		Effect on the obligation	
Assumptions	**Change in the assumption**	**Increase in the assumption**	**Decrease in the assumption**
Actuarial interest rate	0.50 %	Decrease by 10.10 %	Increase by 11.62 %

As of 31 December 2018		Effect on the obligation	
Assumptions	**Change in the assumption**	**Increase in the assumption**	**Decrease in the assumption**
Actuarial interest rate	0.50 %	Decrease by 9.96 %	Increase by 11.43 %

The projected unit credit method was used to calculate sensitivities. Changes were made where the Group considered these possible or they enabled an assessment of the effects on the present value of the defined benefit obligations. The sensitivity analysis did not include worst- or best-case scenarios.

The timeframe for possible changes to the premises in the sensitivity analysis included the period up to 31 December 2019 (previous year: up to 31 December 2018).

During the sensitivity analysis the interest rate was identified as a material parameter influencing the present value of the defined benefit obligations.

The Group expects no contributions to defined benefit pension plans in financial year 2020.

The weighted average term of the defined benefit plans is 22 years.

The Group continually reviews the obligations arising from commitments to pay company retirement pension benefits. One goal here is to avoid material underfunding of pensions. The 11 880 Solutions Group did not change its risk management process compared to the previous year.

There are no material uncertainties with regard to the payment date.

17.2 Defined contribution plans

The Group provided nearly all employees post-employment benefits in the form of defined contribution plans. In this context, the 11 880 Solutions Group also offered its staff a contribution to an employer-financed pension plan. The amount of the contribution was oriented on the contributions paid by the employees themselves.

The contributions to the defined contribution plans recognised in profit or loss mentioned above including the current contribution payments totalled EUR 17 thousand (2018: EUR 21 thousand), EUR 3 thousand (2018: EUR 3 thousand) of which was attributable to contributions for current or previous Management Board members.

Contributions to the statutory pension scheme amounted to EUR 1,805 thousand in the financial year (2018: EUR 1,733 thousand).

18. Equity

18.1 Subscribed capital

The share capital of 11880 Solutions AG was divided into 21,022,200 (2018: 19,111,091) no-par value shares with a notional interest in the share capital of EUR 1.00 per share. All no-par value shares issued by the Company have been fully paid-in. As of 31 December 2019, the number of shares outstanding amounted to 21,022,200 (2018: EUR 19,111,091).

On 16 September 2019, 11880 Solutions AG implemented a 10 percent capital increase from authorised capital (Authorised Capital I) in return for cash contributions. The issue of new bearer shares thus increased the number of shares from 1,911,091 by 1,911,109 to 21,022,200. The notional par value per share is EUR 1.00. The issue price per share was EUR 1.83.

Shareholders of ordinary shares have one vote per share regarding all matters presented to the shareholders for voting. Ordinary shares are not repayable and do not include rights of conversion. Dividends may only be resolved and paid from the distributable retained earnings, which result from the single-entity financial statements prepared by 11880 Solutions AG in accordance with the provisions of the German Commercial Code.

The Management Board is authorised to increase the share capital of the Company with the approval of the Supervisory Board one or more times until 31 December 2021 by a nominal total of EUR 7,644,436.00 by issuing new, no-par value bearer shares in exchange for contributions in cash and/or in kind (Authorised Capital II).

18.2 Additional paid in capital

The additional paid in capital as of 31 December 2019 amounted to EUR 33,598 thousand (2018: EUR 32,059 thousand).

Additional paid-in capital contains the premium from the issue of shares and increased by EUR 0.83 per share issued in the reporting period. As a result of the capital increase, additional paid in capital changed as follows.

in EUR thousand	
As of 1.1.2019	**32,059**
Increase due to share premium	1,586
Reduction due to cost of equity procurement (Equity procurement costs of EUR 68 thousand, deferred tax assets of EUR 22 thousand)	-46
As of 31.12.2019	**33,598**

In accordance with IAS 32.37 and taking into account deferred tax assets, the equity procurement costs incurred up to the reporting date in connection with the capital increase were deducted from additional paid in capital and not recognised through profit or loss.

18.3 Accumulated deficit

Changes in the Group's accumulated deficit were presented as follows:

in EUR thousand	
Accumulated deficit as of 1 January 2018	**-40,363**
Net income (loss) for the 2018 financial year	-3,109
Accumulated deficit as of 31 December 2018	**-43,472**
Restatement, IFRS 16	-277
Accumulated deficit as of 1 January 2019	**-43,749**
Net income (loss) for the 2019 financial year	-3,178
Accumulated deficit as of 31 December 2019	**-46,927**

In previous years, actuarial gains and losses and the related deferred taxes resulting from the measurement of pension obligations and the respective plan assets have been presented in the statement of changes in equity under retained earnings/accumulated deficit, rather than under the other components of equity. The Group's statement of comprehensive income has presented the above-mentioned items under other comprehensive income in the respective financial year. This presentation has been adjusted in the reporting year. The actuarial gains and losses are thus now also presented in the statement of changes in equity under the other components of equity. The corresponding amounts carried forward for the accumulated deficit and the other components of equity within the statement of changes in equity have been restated as of 1 January 2018.

18.4 Other components of equity

As of the reporting date, the other components of equity totalled EUR -330 thousand (2018: EUR -123 thousand). The changes were as follows:

in EUR thousand	
Other components of equity as of 1 January 2018	**-132**
Actuarial gains from pensions and similar obligations in the amount of EUR 12 thousand less deferred taxes totalling EUR 3 thousand	9
Foreign currency translation	-1
Other components of equity as of 31 December 2018	**-123**
Other components of equity as of 1 January 2019	**-123**
Actuarial losses from pensions and similar obligations in the amount of EUR -305 thousand plus deferred taxes totalling EUR 96 thousand	-208
Other components of equity as of 31 December 2019	**-330**

For changes in the presentation of actuarial gains and losses in other components of equity, see section 18.3.

Other notes and disclosures

1. Statement of cash flows

The liquidity effect on the change in financial liabilities is as follows:

In EUR thousand	Lease liabilities	thereof cash effective	thereof non-cash effective
1 January 2019	-	-	-
Restatement, IFRS 16	7,087	-	7,087
1 January 2019	**7,087**	**-**	**-**
Increase due to additions	363	-	363
Unwinding of the discount	335	-	335
Interest payment	-335	-335	-
Principal payments	-1,105	-1,105	-
31 December 2019	**6,346**	**-1,440**	**7,785**

2. Operating segments

The Management Board of 11880 Solutions AG, as the Group's main decision-maker, reviews the Group's results on the basis of weekly and monthly reporting and makes key business decisions on this basis.

For the purpose of internal reporting and management control, the 11880 Solutions Group has divided its activities into two operating segments: Digital und Directory Assistance.

In the Digital segment, the 11880 Solutions Group generates revenues with small and medium-sized companies. In Germany, the Group provides online marketing services. A minimal amount of revenue is also generated from the sale of data in this segment. Since this line of business does not fulfil the criteria for an independent segment, the products consist of the same components and the same organisation provides support, no additional segment is recognised. The key criteria for identifying this segment are the products on the one hand and the sales process, which requires active customer acquisition, on the other.

Directory Assistance generates revenue almost exclusively with end customers or retail customers in Germany. These customers independently call our information numbers which provide users with information and Directory Assistance services. Moreover, this segment includes the new call centre third-party business line. Here also, a user (a call centre third-party business customer) actively seeks to talk to our employees. The unifying element is that the employees in this segment serve both customer groups.

The key difference between the segments lies in the ability of employees to generate revenues.

Costs directly attributable to revenue generation and product development are assigned to the segments and include all personnel, technology, rental and licence expenses required to manage the segments. Costs not directly attributable are distributed among the segments according to a formula that is regularly reviewed and reflects actual costs incurred the utilization.

The prevailing measurement standards of the Management Board corresponded to those in the consolidated financial statements of the Group and were presented in this report on the same basis.

The two segments' main key performance indicators for operations are revenues and EBITDA (earnings before interest, taxes, depreciation and amortisation).

There were no intersegment or third-country revenues in the financial year ended or in the previous year.

Capital allocation (liabilities and assets) was not controlled at segment level, since the measurement of assets and liabilities per segment is not a component of the regular reporting to the management. Furthermore, cash flow was not calculated by segment.

Financial year ended on 31 December 2019 in EUR thousand	**Digital**	**Directory Assistance**	**Group**
Revenues			
Revenues from transactions with external customers	34,627	13,041	**47,668**
Thereof over periods of time	33,195	57	**33,252**
Thereof relating to points in time	1,432	12,984	**14,416**
Total revenues	**34,627**	**13,041**	**47,668**
Cost of revenues	-16,913	-10,376	**-27,289**
Selling and distribution costs	-13,896	-582	**-14,478**
General administrative expenses, other operating income & expenses	-5,730	-2,281	**-8,011**
Operating result	-1,913	-197	**-2,110**
Depreciation and amortisation	4,254	613	**4,867**
EBITDA	2,340	416	**2,756**
Interest income	20	8	**28**
Interest expense	-296	-73	**-369**
Other finance income	69	30	**99**
Other finance costs	-3	-2	**-5**
Earnings before income taxes	-2,122	-235	**-2,357**
Assets and liabilities			
Segment assets			**27,343**
Segment liabilities			**19,980**
Other segment information			
Capital expenditure for fixed assets	4,334	73	**4,407**
Depreciation of plant and equipment	203	80	**283**
Amortisation of intangible assets	3,312	148	**3,460**
Depreciation of capitalised right-of-use assets	740	384	**1,124**

Financial year ended on 31 December 2018 in EUR thousand	Digital	Directory Assistance	Group
Revenues			
Revenues from transactions with external customers	30,342	12,579	**42,921**
Thereof over periods of time	28,553	28	**28,581**
Thereof relating to points in time	1,789	12,551	**14,340**
Total revenues	**30,342**	**12,579**	**42,921**
Cost of revenues	-14,981	-9,335	**-24,316**
Selling and distribution costs	-11,802	-284	**-12,086**
General administrative expenses, other operating income & expenses	-5,907	-3,659	**-9,566**
Operating result	-2,348	-699	**-3,047**
Depreciation and amortisation	3,402	626	**4,028**
EBITDA	1,054	-73	**981**
Interest income	33	21	**54**
Interest expense	-27	-15	**-42**
Other finance income	6	16	**22**
Other finance costs	0	0	**0**
Earnings before income taxes	-2,336	-677	**-3,013**
Assets and liabilities			
Segment assets	0	0	**19,553**
Segment liabilities	0	0	**11,979**
Other segment information			
Capital expenditure for non-current fixed assets	4,612	51	**4,663**
Depreciation of plant and equipment	256	321	**577**
Amortisation of intangible assets	3,146	305	**3,451**
Depreciation of capitalised right-of-use assets	0	0	**0**

3. Share-based payment

The members of the Management Board of 11 880 Solutions AG are entitled to receive variable remuneration each financial year, the value of which depends on the achievement of goals based on personally agreed targets. The amount of variable remuneration is determined individually. The variable remuneration comprises performance-based and qualitative components. A portion of the annual performance-based variable remuneration is converted as variable remuneration invested for the long term into phantom stocks of 11 880 Solutions AG (deferrals) that are paid out after a vesting period of two years.

The phantom stocks are converted in connection with the determination of the achievement of goals immediately after the annual financial statements are adopted for the respective financial year for which the targets were agreed. The relevant share price of the phantom stocks at the time of the conversion is the arithmetic mean of the closing price of shares of 11 880 Solutions AG in Xetra trading on the Frankfurt Stock Exchange on stock exchange trading days in the three months preceding the adoption of the annual financial statements for the financial year for which the targets were agreed. Thus, the number of phantom stocks granted for a financial year is not determined until the following year.

The payout value of the phantom stocks will be determined after the expiration of a vesting period of two years following the conversion into phantom stocks. The amount paid out is determined based on the arithmetic mean of the closing price of shares of 11 880 Solutions AG in Xetra trading on the Frankfurt Stock Exchange on stock exchange trading days in the three months preceding the adoption of the annual financial statements for the financial year for which the targets were agreed. Any dividends distributed to shareholders during the vesting period are added to the value thus determined. The amount to be paid out accordingly is limited on the one hand to 120 % of the starting value upon conversion and reduced to EUR 0 on the other hand if the phantom stocks only show 50 % of the original value.

In the 2019 financial year, a personnel expense in the amount of EUR 34 thousand (2018: EUR 32 thousand) was recognised for the long-term variable Management Board remuneration element (deferrals). The obligation amount for phantom stocks is derived from the stock market price of the 11 880 Solutions AG share on the measurement date.

The fair market value of the phantom stocks granted was approximated as of the balance sheet date 31 December 2019 on the basis of the stock market price on the reporting date and amounted to EUR 70 thousand. For reasons of materiality, the Company refrained from using an option pricing model.

4. Other financial obligations and claims

4.1 Other financial obligations

Future minimum expenses under non-cancellable agreements with an original term of more than one year excluding lease liabilities already capitalised under IFRS 16 and excluding leases not recognised as current and as low-value items were as follows:

in EUR thousand	As of 31 December 2019 Obligations under			As of 31 December 2018 Obligations under		
Maturity	Rental and lease contracts	Marketing and IT service agreements	Consulting and other service agreements	Rental and lease contracts	Marketing and IT service agreements	Consulting and other service agreements
up to 1 year	938	784	634	1,635	1,622	241
between 1 and 5 years	784	50	1,339	3,342	26	0
More than 5 years	399	0	681	2,227	0	0
Total	**2,121**	**834**	**2,654**	**7,204**	**1,648**	**241**

Obligations under rental and lease contracts mainly arise from non-capitalised expenses in connection with real estate leases and other operating equipment. Obligations from marketing and IT services mostly included expenses connected with advertising and maintenance contracts.

The increase for consulting and other service agreements is attributable to the introduction of a new CRM system and consulting and licence agreements entered into in this regard.

Overall, the reduction in other financial obligations has resulted due to the fact that the key rent and lease payments previously recognised under operating expenses are now reported in the statement of financial position as lease liabilities at their present values, within the scope of the changeover to the new lease standard IFRS 16. The figures presented here as of 31 December 2019 in the rental and lease contracts thus relate to rental and leasing expenses which are included in neither the capitalised right-of-use assets nor the lease liabilities recognised, due to the exercise of accounting options or practical expedients.

The Group expects short-term leases to result in cash outflows of EUR 84 thousand for 2020. The Group expects leases of low-value assets to result in payments with an overall volume of approx. EUR 300 thousand, of which around EUR 98 thousand is expected for 2020. The remaining amount of EUR 202 thousand is expected to result in a cash flow comprising roughly equal amounts in the years 2021 to 2023.

4.2 Contingent liabilities and assets

As of the reporting date, the Group identified the following contingent liabilities and assets.

There were contingent liabilities as of the reporting date totalling around EUR 184 thousand from leases already terminated. The probability of a resulting outflow of resources is measured at less than 50 %. We assume that there will be clarity regarding the cash outflow by the end of 2020.

5. Litigation

As of the reporting date, the Group companies were involved both as the claimant and defendant in various legal disputes (asset/liability processes).

Risks arising from lawsuits filed against the Company and the associated outflow of economic benefits have been classified as not unlikely after a thorough examination by the Group's legal adviser. These were recognised as contingent liabilities.

6. Number of employees

The following table shows the number of employees in the 11 88 0 Solutions Group. The figures do not include the Management Board.

2019 financial year	As of 31 December 2019		Annual average	
11 88 0 Solutions Group	absolute	in full-time equivalents	absolute	in full-time equivalents
Total	554	494	565	502
Thereof operators and sales	366	311	380	321
Thereof administration	188	183	185	181

2018 financial year	As of 31 December 2019		Annual average	
11 88 0 Solutions Group	absolute	in full-time equivalents	absolute	in full-time equivalents
Total	575	511	571	503
Thereof operators and sales	395	336	391	327
Thereof administration	180	175	180	176

7. Auditor's fee

The expenses for the fees of the auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Essen (previous year: Ebner Stolz GmbH & Co. KG, Cologne) recognised in the income statement were comprised as follows:

in EUR thousand	2019	2018
Audits of financial statements	120	215
Incidental costs of audits of financial statements	6	8
Other assurance services	0	5
Other services	72	8
Total	**198**	**236**

Other services include expenses for the preparation of the fairness opinion in accordance with IDW S 8, which was prepared as part of united vertical media GmbH's voluntary public takeover offer to all shareholders of 11 88 0 Solutions AG.

8. Financial risks

The Group had various financial assets at its disposal, such as trade accounts receivable, cash and cash equivalents as well as financial assets measured at fair value and other financial assets.

The Group's financial liabilities mainly comprised trade accounts payable and the available overdraft facilities, which were not utilised during the 2019 financial year.

For information on existing lines of credit, see note 1 in the notes to the statement of financial position.

In the course of its business activities, the 11880 Solutions Group is exposed to various financial risks: counterparty credit risks, liquidity risk and market risk (price risk, foreign exchange risk and interest rate risk), which are explained in greater detail below. Detailed information about risk management and control are presented in the Group management report in section 7 „Opportunity and risk management".

8.1 Credit risk

The Group assumes a complete default on a financial asset if contractual payments are 2 years overdue. In addition, it may in certain cases assume that a financial asset will default if internal or external information indicates that it is unlikely that the Group will receive all outstanding contractual amounts in full before all credit collateral held by it is taken into account. A financial asset is written off if there is no justified expectation that the contractual cash flows will be realised.

As of the reporting date, the maximum counterparty credit risk of the classes of financial assets cited below corresponds to the respective carrying amount.

The 11880 Solutions Group's cash and cash equivalents are denominated almost exclusively in euros and are held at highly regarded German financial institutions that are rated investment grade by international rating firms. The Group continuously monitors its positions at financial institutions and the creditworthiness of the financial institutions and considers the risk of non-performance to be very low.

The Group's financial assets measured at fair value are traded in euros and monitored continually. These investments should be classified as safe. The creditworthiness of the contractual partners for these financial instruments is reviewed regularly. When investing excess liquidity, the 11880 Solutions Group pursues as conservative an investment approach as possible in order to minimise the risk of losses. Excess funds are invested short-term in money market or bond funds.

The trade accounts receivable reported in the statement of financial position are net of impairment losses determined using the simplified approach under IFRS 9. Using the simplified approach, the expected credit losses are calculated over the entire term of the financial instruments. The determination of expected credit losses is based on analyses of historical default rates, age structures, the current development of the economic environment and the creditworthiness of customers.

If, in the case of individual circumstances and risk indications (e.g. conspicuous deterioration in payment behaviour or filing for insolvency), creditworthiness is determined to be impaired, individual loss allowances are recognised. If it can no longer be assumed that a trade account receivable will be settled in full or in part (e.g. in case of an affidavit or statute of limitations, unsuccessful collection proceedings or termination of insolvency proceedings), the financial instrument is derecognised. If the reasons for an individual loss allowance no longer apply, any reversals of the loss allowance are recognised in profit or loss.

As of 31 December 2019, the default risk position of trade receivables was as follows:

in thousand EUR	Gross carrying amount in EUR thousand	Expected default rate for the remaining term of the receivables	Impairment in EUR thousand
Not due	6,355	1.6 %	104
1–90 days past due	1,442	6.4 %	92
91–180 days past due	511	33.0 %	169
> 180 days past due	1,130	29.3 %	330
Default	1,019	100.0 %	1,019
Total	**10,457**		**1,714**

As of 31 December 2018, the default risk position of trade receivables was as follows:

in thousand EUR	Gross carrying amount in EUR thousand	Expected default rate for the remaining term of the receivables	Impairment in EUR thousand
Not due	6,760	1.7 %	116
1–90 days past due	1,577	7.0 %	110
91–180 days past due	417	26.9 %	112
> 180 days past due	1,356	35.1 %	476
Default	845	100.0 %	845
Total	**10,955**		**1,659**

In its Directory Assistance business, the Group enters into transactions with carriers with excellent creditworthiness and/or with customers that have distinguished themselves in the past through low defaults on receivables based on the diverse portfolio. By drawing on our many years of experience, the Company is competent in forecasting this level of bad debt.

Customers in the digital business comprise in particular small and medium-sized enterprises. This business entails a considerably higher risk of default which is taken into account through a professional collection process that is reviewed and optimised in periodic intervals. Overdue trade accounts receivable are handed over by way of dunning letters or calls to a collection company after completion of an internal dunning process. It is written off in full if the account has not been settled after the second year.

The default of the debt collection service for the Directory Assistance business could bring about a temporary loss of data that results in a loss of the pending receivable. The Group would be forced to select a new service provider and integrate it into the dunning processes; this start-up would require a certain amount of time. As in the previous year, the likelihood of default of the collection company is estimated at 5 % and, were this to occur, such a default would affect earnings by EUR 0.03 million (2018: EUR 0.04 million).

All major customers are subjected to a review of their creditworthiness, and the receivables portfolios are monitored on an ongoing basis. In addition, the Group was again able to successfully expand the in-house collection call team in the 2019 financial year. Counterparty credit risks are taken into account by means of specific loss allowances and general loss allowances on a portfolio basis based on the credit losses expected of the term.

BT (Germany) GmbH & Co. oHG (hereinafter: BT) is a very important business partner for 11880 Solutions AG. 11880 Solutions AG uses BT as a transit carrier for all calls within the traditional Directory Assistance and call centre third-party business segments. BT safeguards and complies with all standardised safety and emergency plans. Deutsche Telekom AG (DTAG) is another important business partner which provides the subscriber data which is necessary for the telephone Directory Assistance services as well as for the software segment. If BT or DTAG no longer meets its contractual obligations, this could have negative effects on the Company's operating result. However, due to DTAG's and BT's financial strength and profitability, and due to the obligations arising from the deregulation of the telecommunications market and the existing emergency plans, this case is not expected from today's point of view. Outsourcing customers are invoiced directly, both in Germany as well as in other European countries.

8.2 Liquidity risk

Liquidity risk is the risk of a company having difficulty fulfilling its obligations arising from financial liabilities. Liquidity risk is managed at the Group level. The Group always makes sure to have sufficient liquid funds to meet its financial obligations. In addition to liquid assets, the main variables in this regard are the financial assets measured at fair value which are invested or sold, depending on the Group's cash requirements.

In both the financial year under review and the previous financial year, the only financial liabilities reported by the Group were trade accounts payable. These amounted to EUR 1,464 thousand as of 31 December 2019 (2018: EUR 478 thousand) and were due in full within a period of between 14 and 60 days. For more information on trade accounts payable, see note 12 in the notes to the statement of financial position.

Declining call volumes in the Directory Assistance business, which makes a significant positive contribution to the Company's earnings, continues to be one of the factors increasing pressure on the accelerated improvement of profitability in the Digital segment. Sufficient liquidity is ensured with the help of efficiency-enhancing measures, particularly in sales, and sustainable cost discipline. Cooperation options are also being reviewed to further reduce the liquidity risk. Further information and estimates for assessing liquidity risk can be found in the Group Management Report in the report on „Opportunity and risk management".

The following table shows the future cash outflows from financial liabilities as of 31 December 2019:

Cash outflow in EUR thousand > 1-5 years	Cash outflow in EUR thousand > 5 years
4,132	2,078

The expected cash outflow of the next 12 months can be derived from the current lease liabilities.

8.3 Price risk

The Group is exposed to price risk due to investments in money market and bond funds that invest in short-term securities and are reported in the consolidated statement of financial position as financial assets measured at fair value.

The investments are denominated in euros and are monitored continually. These investments should be classified as safe, and they are subject to only minimal fluctuations in value. The returns are derived from changes in price and from distributions, if any. Changes in fair value are recognised through profit or loss under net gains from financial instruments.

If the price of the fund shares acquired were to change by 0.50%, the effect on net income for the period would amount to EUR 29 thousand (2018 EUR 9 thousand). Due to the portfolio structure, no complete loss of capital is anticipated.

8.4 Currency risk

The main business transactions of the 11 88 0 Solutions Group are settled in euros within Europe. Only a minor part of the procurement operations is conducted in other currencies in an amount considered insignificant; as a result, the Company is not exposed to currency risk.

8.5 Interest rate risk

The Group has only little exposure to interest rate risk because investments in money and capital market products made in the financial year under review concerned only investments with a very low risk.

9. Capital management

Capital management concerns equity as shown in the consolidated statement of financial position.

The primary goal of the Group's capital management is to ensure that it maintains a high credit rating and an adequate return on equity in order to support its operations and to maximise shareholder value.

The Group manages its capital structure and makes adjustments as necessary based on changes in the economic environment. In order to maintain or adjust its capital structure, the Group may adjust dividend payments to shareholders or repay capital to shareholders and also issue new shares.

As of 31 December 2019, the equity ratio (equity as a percentage of total assets) was 27.1 % (2018: 38.8 %). The decline is mainly due to the transition to the new leasing standard IFRS 16 and the resulting increase in total assets.

There were no changes in the objectives, guidelines and procedures for managing capital compared to the previous year.

10. Related party transactions

As of 31 December 2019, 11 88 0 Solutions AG, Essen, holds a majority interest of 100 % in 11 88 0 Internet Services AG, Essen, which for its part holds a 100 % interest in WerWieWas GmbH, Essen. United vertical media GmbH, Nuremberg (Nuremberg Local Court, registration number HRB 28744) in turn holds a 74.8 % interest in 11 88 0 Solutions AG and includes this entity as well as a further subsidiary, Fairrank GmbH, Cologne, in its HGB consolidated financial statements (largest and smallest basis of consolidation). Both of these entities are fully consolidated. The consolidated financial statements are published in the Electronic Federal Gazette.

Business transactions between 11 88 0 Solutions AG and its subsidiaries (see section 1.1) that are considered affiliated companies were eliminated in consolidation and are not explained in these notes to the financial statements.

No further related party transactions occurred in financial year 2019.

10.1 Transactions with related persons

Related persons comprise the members of the Management Board and the Supervisory Board. In the current financial year, there were no transactions between the 11 88 0 Solutions Group and members of the Management Board or the Supervisory Board extending beyond the existing employment, service or appointment relationship or the contractual remuneration for this relationship.

In the 2019 financial year, one member of the management of the largest shareholder, united vertical media GmbH, Nuremberg, was a member of the Supervisory Board of 11 88 0 Solutions AG. This Supervisory Board member was entitled to Supervisory Board remuneration for the 2019 financial year in the amount of EUR 8 thousand, which accordingly was recognised as a current liability. In the previous year, the Supervisory Board of 11 88 0 Solutions AG still included members of the management of Italiaonline S.p.A. (until 11 June 2016: Seat Pagine Gialle S.p.A. – formerly the ultimate parent company of 11 88 0 Solutions AG), Assago – Milanofiori Nord (MI), Italy, who received Supervisory Board remuneration of EUR 4 thousand for their work.

10.2 Remuneration of individuals in key management positions

The management comprises members of the Management Board and of the Supervisory Board of 11 88 0 Solutions AG. Notes on the remuneration system for management as well as detailed information regarding the remuneration for each individual member of management can be found in the Group management report in section 11 „Remuneration system".

The expenses for the remuneration of the current Management Board members recognised in the income statement are shown below:

in EUR thousand	2019	2018
Salaries and other current benefits	542	539
Multi-year variable remuneration (deferrals)	34	29
Defined contribution benefit plans	0	0
Total	**576**	**568**

Salaries and other current benefits included fixed remuneration and short-term variable remuneration as well as non-cash compensation and fringe benefits.

During the 2019 financial year, remuneration totalling EUR 0 thousand was paid out to former members of the Management Board (2018: EUR 10 thousand).

A total of EUR 1,702 thousand was recognised as of 31 December 2019 (2018: EUR 1,357 thousand) as a provision for pension obligations to former members of the Management Board and their surviving dependants. For more information on pension commitments, see note 17 in the notes to the statement of financial position.

The Supervisory Board members received remuneration totalling EUR 125 thousand in the 2019 financial year (2018: EUR 119 thousand). This figure does not include any defined benefit pension entitlements.

Payments made to the employee representatives on the Supervisory Board for services outside their supervisory activities reflect are in line with market conditions.

11. Disclosure regarding the corporate bodies of 11 88 0 Solutions AG

11.1 Supervisory Board of 11 88 0 Solutions AG

	Supervisory Board member since / Occupation	Additional positions in the financial year*
Dr. Michael Wiesbrock	Chairman of the Supervisory Board Since 25 June 2014, Lawyer/Partner Flick Gocke Schaumburg, Frankfurt/Main	none
Mr. Michael Amtmann	vice Chairman of the Supervisory Board since 12 June 2019, Managing Director of united vertical media GmbH, Nuremberg	none
Mr. Helmar Hipp	Member of the Supervisory Board Since 12 June 2018, Managing Director of Cyberport GmbH, Dresden	none
Mr. Ralf Ruhrmann	Member of the Supervisory Board Since 12 June 2018, Auditor, tax advisor and Partner at RLT Ruhrmann Tieben & Partner mbB, Essen	• Katholisches Klinikum Oberhausen GmbH, Oberhausen - Chairman of the Supervisory Board • AHRB AG, Zurich, Switzerland - Member of the Board of Directors • ARHARH Resort Holding AG, Zurich, Switzerland - Member of the Board of Directors • Gebr. Schmidt GmbH & Co. KG, Essen – Member of the Advisory Board • Travel Charme Hotels & Resorts Holding AG, Zurich, Switzerland - Member of the Board of Directors
Mr. Jens Sturm(*)	Member of the Supervisory Board Since 25 June 2014, Until 12 June 2019 Head of Technical Operations Department, 11 88 0 Internet Services AG, Neubrandenburg	none
Ms. Ilona Rosenberg(*)	Member of the Supervisory Board Since 30 January 2001, Until 12 June 2019 since 1 January 2018, assistant, Rostock location 11 88 0 Internet Services AG, Rostock	11 88 0 Internet Services AG, Essen, Supervisory Board member since 20 December 2017
Ms. Sandy Jurkschat(*)	Member of the Supervisory Board Since 12 June 2019 IT Demand Specialist, 11 88 0 Internet Services AG, Essen	none
Mr. Leonard Kiedrowski(*)	Member of the Supervisory Board Since 12 June 2019 Head of IT Service Desk, 11 88 0 Internet Services AG, Essen	none

(*) Employee representatives

The Supervisory Board of 11 88 0 Solutions AG is set up pursuant to the provisions of Sections 96 (1), 101 (1) SCA in conjunction with Sections 1 (1), 2 (1), 3 and 4 et seq. of the German One-Third Employee Participation Act (Drittelbeteiligungsgesetz) and, pursuant to Item 4.1 (1) of the Articles of Association of 11 88 0 Solutions AG, comprises four members elected by the annual general meeting and two elected by employees.

11.2 Management Board of 11 88 0 Solutions AG

		(Supervisory Board) positions in the financial year:
Mr. Christian Maar	Management Board Since 24 June 2015, Business manager, Essen, responsible for Digital Sales, Personnel, Corporate Finance, Marketing/Product, Digital Customer Development, Production and Corporate Communications, Technology, Legal Affairs/Regulation and the Directory Assistance division	none

12. Supplementary report

No reportable events of particular significance occurred between the end of the financial year up until the time of preparation of these consolidated financial statements.

13. German Corporate Governance Code

The German Corporate Governance Code was adopted by the "Government Commission German Corporate Governance Code" on 26 February 2002 and has been revised several times in the meantime. The current version is dated 7 February 2017. The Code presents essential statutory regulations for the management and supervision of German listed companies and contains internationally and nationally recognised standards for good and responsible governance.

The joint declaration of compliance by the Management Board and Supervisory Board of 11 88 0 Solutions AG in accordance with section 161 AktG relating to the German Corporate Governance Code was made in June 2019. The exact wording of the declaration can be retrieved under https://ir.11880.com/corporate-governance/entsprechenserklaerung.

Essen, 19 March 2020

Christian Maar
Management Board

Independent auditor report

To 11 88 0 Solutions AG, Essen

Report on the audit of the consolidated financial statements and of the group management report

Audit opinions

We have audited the consolidated financial statements of 11 88 0 Solutions AG, Essen, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, consolidated statement of comprehensive income, consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2019, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of 11 88 0 Solutions AG for the financial year from 1 January to 31 December 2019. in accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as of 31 December 2019, and of its financial position for the financial year from 1 January to 31 December 2019, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the group management report" section of our auditor's report. We are independent of the Group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was:

1 Revenue recognition

Our presentation of this key audit matter has been structured as follows:

(1) Matter and issue
(2) Audit approach and conclusions
(3) Reference to further information

We present the following key audit matter below:

1 Revenue recognition

(1) Revenue of EUR 47.7 million is reported in the consolidated financial statements of 11880 Solutions AG, in the consolidated income statement. The main revenue streams in the consolidated financial statements result from services provided for the online presences of small and medium-sized enterprises, provision of data from the digital telephone book and yellow pages, Directory Assistance services as well as call centre and secretarial services. This significant item in terms of its amount is subject to a particularly high risk of accounting errors in view of the complexity of the systems required for appropriate recording and identification of the different revenue streams. In addition, IFRS 15 – Revenue from Contracts with Customers (IFRS 15) gives rise to estimates and discretionary decisions for certain areas and prescribes extensive disclosure requirements. Against this background, recording of the various revenue streams was of particular significance in the context of our audit.

(2) Due to our awareness of an increased risk of accounting misstatements, in view of the level of complexity as well as the necessary assessments and assumptions, within the scope of our audit we first of all evaluated the processes and controls established by the Group, including its IT systems used for recognising revenue.Our audit approach included an audit of controls and compliance audit procedures. This included the assessment of the IT systems environment for invoicing and valuation purposes as well as other relevant systems which provide support for revenue accounting as well as the assessment of the invoicing and valuation systems and processes, including recording in the general ledger. We subsequently audited customer invoices and payments received, on a sample basis, and obtained balance confirmations in the business customer segment. On the basis of our inspection of customer contracts, we have evaluated the identification of performance obligations and assessed whether these services have been provided at a particular point in time or over a specified period of time. We have assessed the appropriateness of the methods used and the estimates and discretionary decisions made by the Management Board on revenue recognition and revenue identification as well as the completeness and appropriateness of the disclosures in the notes.We have satisfied ourselves that the systems, processes and controls in place are appropriate and that the estimates and assumptions made by the Management Board are sufficiently documented and justified to ensure appropriate revenue accounting.

(3) The Company's disclosures concerning revenue are provided in the following sections of the consolidated financial statements of 11880 Solutions AG: "Summary of key accounting polices", "Material estimates and discretionary decisions" and in section "1. Revenues" of the "Notes to the Consolidated Income Statement" chapter of the notes to the consolidated financial statements.

Other information

The Management Board is responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the statement on corporate governance pursuant to Section 289f HGB and Section 315d HGB included in the section "Statement and report on corporate governance" of the group management report
- the corporate governance report pursuant to Art. 3.10 of the German Corporate Governance Code

The other information comprises further the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report, and the separate consolidated non-financial report in accordance with Section 315b (3) HGB.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Management Board and the Supervisory Board for the consolidated financial statements and the group management report

The Management Board is responsible for the preparation of the consolidated financial statements that comply, in all material respects with IFRSs, as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e(1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. In addition, the Management Board is responsible for such internal control as it has determined necessary to enable the preparation of consolidated financial statements that are free material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters related to going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Management Board is responsible for the preparation of the Combined Management Report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Management Board is responsible for such arrangements and measures (systems) as it has considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives 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 whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 and this group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, 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 audit opinions. 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 of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

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

- Conclude on the appropriateness of the Management Board's 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 the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able 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 present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the Management Board in the group management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the Management Board as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 12 June 2019. We were engaged by the supervisory board on 24 September 2019. We have been the group auditor of 11 88 0 Solutions AG, Essen, without interruption since financial year 2019.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Lutz Granderath.

Essen, 23 March 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Lutz Granderath	ppa. Thomas Brunke
German Public Auditor	German Public Auditor

Corporate Information

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Register Office: Amtsgericht Essen HRB 114518

USt-ID-Nr.: DE 182 755 407
Tax Number: 5112/5965/1276

11 88 0 on the internet

More information on 11 88 0 Internet Services AG and 11 88 0 Solutions AG can be found on our website: www.11880.com

Information about single brands and subsidiaries are available at: www.11880.com

PDF files of our Annual Report as well as interim reports, Investor Presentations and general investor information are available on our website in the section Investor Relations / Reports and can be downloaded in both German and English.

Quarterly telephone conferences are published via Webcast on the day of announcement.

To recieve an investor package or request other information please contact our Investor Relations department at

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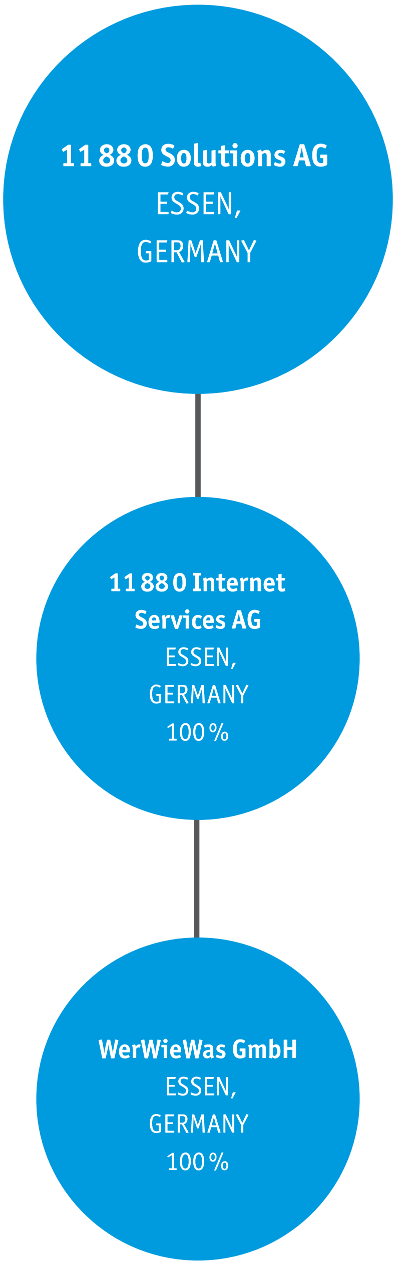
Auditor

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft, Essen

Forward-looking statements

This document contains forward-looking statements that reflect the management's current views with respect to future events. Such statements are subject to risks and uncertainties that are beyond the ability of 11880 Solutions AG to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants and the actions of government regulators. If any of these or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. 11880 Solutions AG does not intend or assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of these materials.

Corporate Structure 11 88 0 Solutions Group



Financial Calendar 2020

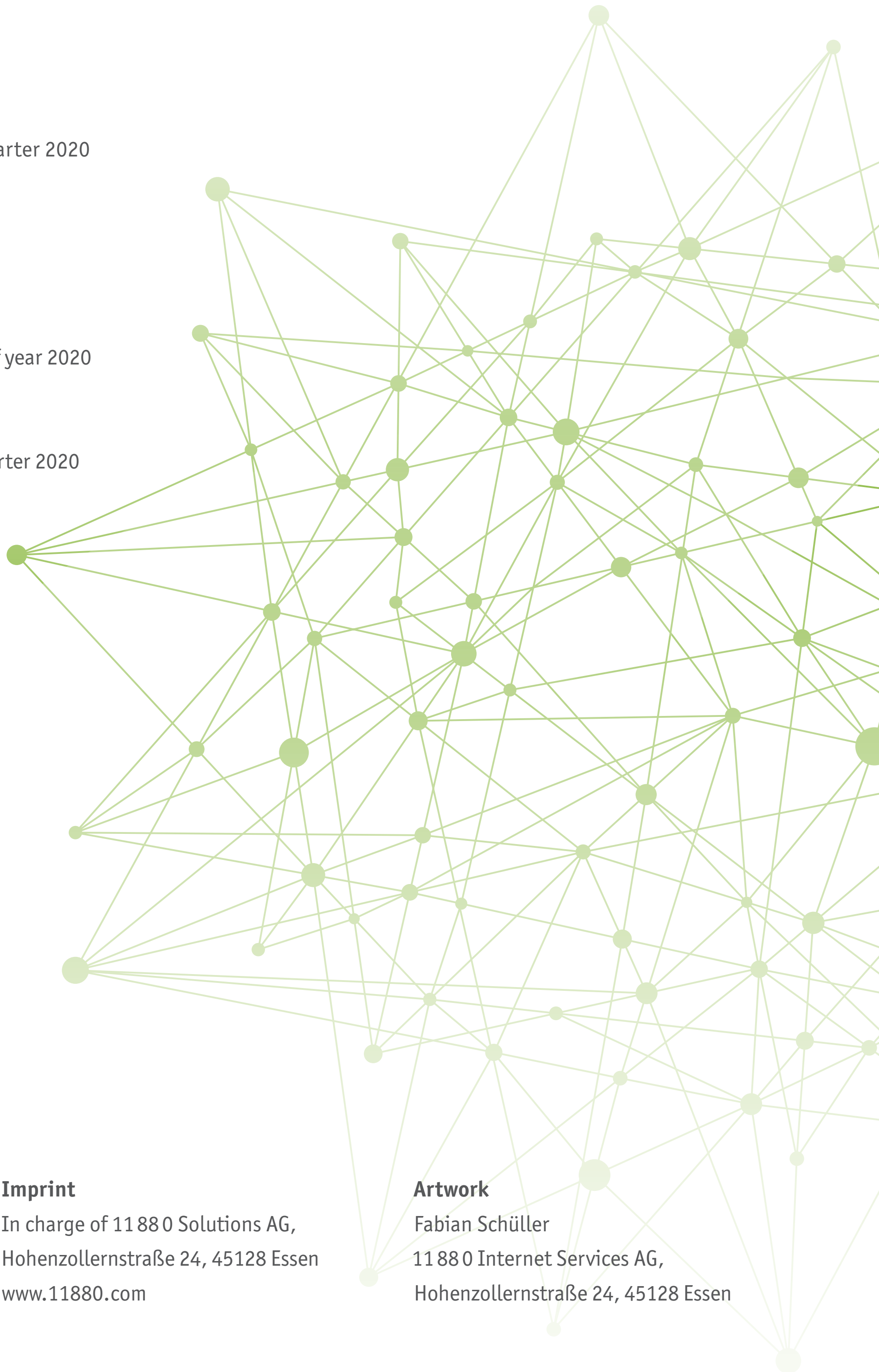
26 March 2020
Publication of the annual report 2019

7 May 2020
Publication of the interim report for the 1st quarter 2020

18 June 2020
Annual general meeting 2020

6 August 2020
Publication of the financial report of the 1st half year 2020

5 November 2020
Publication of the interim report for the 3rd quarter 2020



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