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ANNUAL REPORT 2022

Financial Key Figures

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

in EUR million	12M 2022	12M 2021*	Variance absolute	Variance in percent
Revenues and earnings 11 88 0 Solutions Group				
Revenues	56.0	56.1	-0.1	-0.2 %
EBITDA[1]	2.4	5.4	-3.1	-56.4 %
Net income (loss)	-3.5	0.7	-4.1	>-100 %
Details segments				
Revenues Digital	43.7	43.3	0.4	0.8 %
EBITDA[1] Digital	2.3	5.2	-2.9	-55.7 %
Revenues Directory Assistance	12.4	12.8	-0.5	-3.7 %
EBITDA[1] Directory Assistance	0.1	0.2	-0.2	-70.0 %
Statement of financial position[2]				
Total assets	26.4	28.1	-1.7	-6.1 %
Cash and cash equivalents[3]	1.5	2.0	-0.5	-24.1 %
Equity	6.6	9.8	-3.2	-32.3 %
Equity ratio	25.1 %	34.7 %		
Cash Flow				
Cash Flow from operating activities	-0.3	0.7	-1.0	>-100 %
Cash Flow from investment activities	0.2	-0.6	0.7	>100 %
Cash Flow from financing activities	0.2	-1.7	2.0	>100 %
Net Cash Flow[4]	0.1	-1.6	1.8	>100 %
Key figures for the 11 88 0 share				
Earnings per share (in EUR)	-0.14	0.03	-0.17	>-100 %
Share price (in EUR)[5]	1.09	1.57	-0.48	-30.6 %
Market capitalisation	27.2	39.1	-11.96	-30.6 %
Other KPIs				
Digital cancellation rate (in percent)	25.0	26.0	-1.0	-3.8 %
Revenue per call (in EUR)	4.68	4.10	0.58	14.1 %
Number of employees[6] group	545	560	-15	-2.7 %

1 Earnings before interest, tax, depreciation and amortisation
2 Comparison value as of 31 December 2021
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 plus cash flow from financing activities
5 Xetra-closing prices as of last trading day
6 Headcounts as of 31 December 2022 closing date (excluding the Managment Board, trainees, “mini-jobs” and dormant employment contracts)
* Comparative values 01.01. - 31.12.2021 adjusted (cf. chapter 6 in the notes to the consolidated financial statements)

For mathematical reasons, rounding differences amounting to +/- one unit (€, % etc.) may occur. In favour of a correct mathematical presentation, such differences are consciously accepted.

About us

Group Management Report

Consolidated Financial Statements

Letter of the Management Board

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

The 2022 financial year was again challenging. We are not fully satisfied with the business development. Recession worries, a general reluctance to buy and bad debt losses due to impending insolvencies have impaired the implementation of our planned annual targets, so that we pre-emptively adjusted our original revenue and EBITDA forecast at the beginning of November 2022. On the positive side: we succeeded in increasing the number of customers in the 2022 business year!

Despite all the exogenous factors, we have made strategic progress as a company in the 2022 financial year, bringing us closer to our goal on the way to becoming number 1. We launched new products and accelerated our continued growth with internal restructuring. In a difficult economic year where most businesses suffered major losses, we were able to grow our digital customer base by 1,578 to a total of 45,474 customers at the end of the year.

Digital business, our main segment, accounted for 78 per cent of Group revenue in 2022. Right at the beginning of the year, we redesigned our offer for company websites. The homepage is the basis of successful online marketing for every company. Therefore, we now offer our customers significantly more flexibility and functionality at more favorable rates when developing their corporate website. We have also introduced some important innovations in werkenntdenBESTEN, our search engine for online reviews, and our job portal wirfindendeinenJOB, which offer both users and our corporate clients more efficiency. With Localytix, we launched an analysis portal in October that allows companies to test the efficiency of their online marketing in comparison to their direct competitors at any time.

Localytix also offers more transparency for 11 88 0 corporate clients, because with the analysis portal they can measure the effectiveness of their marketing budget even better. Finally, in the fourth quarter we expanded our product portfolio with a medium that is considered a major topic of the future: Addressable TV (ATV). Already for a monthly budget of 250.00 euros, companies can reach their customers via television without costly spot productions. Scattering losses are significantly minimized by intelligent targeting, so that advertising via ATV is particularly efficient. The sales launch was very promising; by the end of the year, we had already won more than 30 customers for the product.

In the first half of the year, we adjusted our prices in the digital business in line with the market in order to be able to continue to offer our corporate customers state-of-the-art marketing solutions. Furthermore, we have restructured our company organization and appointed a Go-to-Market Manager (GTM) for each product, who, together with his team, is responsible for the all-round support of the respective product. From this structure we expect even more speed in the implementation of new features and offers.

In the Directory Assistance business area, in which we operate our traditional directory enquiries business on the one hand and call centre services for third parties on the other, the market-related decline in directory enquiries accelerated in the 2022 financial year compared to previous years. We see two main reasons for this development: On the one hand, consumers are becoming increasingly digital; on the other hand, the mandatory price announcement per call since December 2021 has had a negative impact on the attractiveness of the service.

The call centre services, where we take over customer services from larger companies, developed very well in 2022. We were able to expand the contract volume with our largest customer in the long term, and we were also able to win some smaller companies as new customers. Our high service quality in particular plays a decisive role here, as it often gives us a competitive advantage over other providers. In terms of revenue, the new CCS business is already well above that of the legacy business.

In the 2022 business year, we laid the foundation for future growth with the introduction of new products. We will already see the first effects of our work in 2023. In parallel, we will continue to work very cost-consciously to lead our company to sustainable growth.

After another very challenging business year in 2022, we look forward to 2023 with confidence and thank you for continuing to place your trust in us.

Yours

Christian Maar
Chairman of the Executive Board

Essen, 28 March 2023

Report of the Supervisory Board

on the financial year from 1 January 2022 to 31 December 2022

As with all companies worldwide, the 2022 financial year of 11 88 0 Solutions AG was also marked by the continuing effects of the Corona pandemic on the one hand and the Ukraine crisis on the other. However, despite the adverse circumstances, the company held its own well in the crisis: the product portfolio was expanded with interesting innovations; in the digital business, slight customer growth was recorded. In the 2022 financial year, the Supervisory Board of 11 88 0 Solutions AG, in fulfilment of its statutory advisory and supervisory function, accompanied the management of the Executive Board's business and assisted it at all times in an advisory capacity.

Supervisory Board activities in the 2022 financial year

The Supervisory Board of 11 88 0 Solutions AG performed its duties in accordance with the law and the Articles of Association in the 2022 financial year. The management of 11 88 0 Solutions AG by the Executive Board Christian Maar was monitored by the Supervisory Board without interruption. To this end, the board was continuously and comprehensively informed about the general business development, key financial figures and pandemic and global political problems as well as associated potential risks. The Supervisory Board also advised the Executive Board on sustainability issues and was regularly informed about the environmental and social impact of the company's activities. The corporate strategy and related decisions were regularly discussed jointly by the Supervisory Board and the Executive Board. The Supervisory Board also met without the executive board for regular discussions.

In the 2022 business year, the Supervisory Board's monitoring of the Executive Board focused in particular on optimising the product range and increasing customer value, which were previously defined as the company's core goals for 2022. Furthermore, the renewal of the internal IT infrastructure was successfully completed. In the directory enquiries segment, the market-related decline in call volume was largely compensated for by the cooperation with the Directory Assistance company FRED 11811. In the third-party call centre business, the company continued to position itself as a high-quality provider of call centre services by winning new customers and expanding existing customer orders.

The audit committee reviewed the accounting and monitored the accounting process, the effectiveness of the company's internal control system, risk management system and internal audit system as well as the audit of the financial statements in the 2022 financial year. This also includes the review of the sustainability report, which extends beyond the usual economic aspects to include environmental and social aspects. Furthermore, the committee dealt intensively with the efficiency of internal corporate compliance processes, pending legal disputes and associated potential risks. The Audit Committee reported on these activities in full to the Supervisory Board.

As a result of a careful review of the independence and qualification of services and fees provided to date, the Supervisory Board commissioned PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Essen, to audit the 2022 annual financial statements and consolidated financial statements and to review the remuneration report.

Organisation of the Supervisory Board's work

A constant and reliable flow of information supports the Supervisory Board in the effective performance of its duties. The entire body receives regular reports from the audit committee, the nomination committee, and the personnel committee. The audit committee monitors the accounting, the company's internal control system and the audit of the financial statements. In addition, it prepares discussion bases and Supervisory Board resolutions for current topics. In 2016, the Supervisory Board of 11 88 0 Solutions AG had an approval process developed to monitor the independence of the auditor, which ensures the release of permissible non-audit services by the auditor in accordance with EU Regulation 537/2014, which came into force on 17 June 2016.

Composition and Personnel Supervisory Board

The formation of the Supervisory Board of 11 88 0 Solutions AG is based on the provisions of §§ Sections 96 (1), 101 (1) of the German Stock Corporation Act (AktG) in conjunction with Sections 1 (1), 4 of the German One-Third Participation Act (Drittelbeteiligungsgesetz). In accordance with section 4.1 (1) of the Articles of Association of 11 88 0 Solutions AG, the Supervisory Board is composed of four members elected by the Annual General Meeting and two members elected by the employees. The aim of the Supervisory Board is to successfully support the company on its way to becoming the leading provider in online marketing for small and medium-sized enterprises in Germany. Personal experience and expertise in the fields of business and digitalisation were therefore considered accordingly in the composition of the Supervisory Board to ensure that the members as a whole are familiar with the sector in which 11 88 0 Solutions AG operates.

In the 2022 financial year, the Supervisory Board of 11 88 0 Solutions AG comprised the following members: Dr. Michael Wiesbrock (Chairman), until 13 June 2022 Helmar Hipp (Deputy Chairman), Michael Amtmann, Ralf Ruhrmann, Sandy Jurkschat and Leonard Kiedrowski. The Annual General Meeting on 14 June 2022 elected Dr Silke Feige as shareholder representative to replace Helmar Hipp, who resigned on 13 June 2022. At the Supervisory Board meeting on 14 June 2022, Michael Amtmann was elected as the new Deputy Chairman of the Supervisory Board. Dr. Michael Wiesbrock continues to be the Chairman of the Supervisory Board. Both, Dr. Michael Wiesbrock and Ralf Ruhrmann have expertise in the fields of accounting and auditing and thus fulfil the legal requirements.

The audit committee, chaired by Dr. Michael Wiesbrock, also included Ralf Ruhrmann and Sandy Jurkschat.

The members of the Nomination Committee were Dr. Michael Wiesbrock and until 13 June 2022 Helmar Hipp. Michael Amtmann has been a member of the Nomination Committee since 14 June 2022.

The Personnel Committee was filled by Dr. Michael Wiesbrock and Michael Amtmann.

Supervisory Board members Sandy Jurkschat and Leonard Kiedrowski participated in the seminar “Business Knowledge for Employees on the Supervisory Board” in quarter 4/2022. The inauguration of Dr. Silke Feige did not result in any need for training and further education due to her proven expertise.

Meetings and attendance

The Supervisory Board met for four ordinary meetings in the 2022 financial year, which were held on a quarterly basis. The Supervisory Board also met for an extraordinary meeting at the beginning of March 2022, at which the Executive Board informed the Board about the 2022 budget and the plans for the 2024 and 2025 financial years. All meetings, including the extraordinary meeting and the meetings of the committees, were held as hybrid events, i.e., members were able to participate both in person and by telephone or video.

Except for the Supervisory Board meeting on 15 December 2022, at which Leonard Kiedrowski was unable to attend due to illness, all members of the Supervisory Board attended all meetings of the Board and the respective committees - insofar as they are members here. In addition, the Supervisory Board passed a resolution by way of circulation, which was also attended by all members.

The Audit Committee met four times in the 2022 financial year with the participation of all members. The Nomination Committee, consisting of two members, met twice in the past financial year; the Personnel Committee met once.

Corporate Governance and Executive Board Remuneration

On 28 March 2023, the Supervisory Board unanimously adopted the joint Declaration of Conformity by the Executive Board and the Supervisory Board of 11 88 0 Solutions AG pursuant to Section 161 of the German Stock Corporation Act. In it, the Executive Board and Supervisory Board of 11 88 0 Solutions AG declare that all recommendations of both the German Corporate Governance Code of 16 December 2019 published in the Federal Gazette on 20 May 2020 and the German Corporate Governance Code of 28 April 2022 published in the Federal Gazette on 27 June 2022 have been and are being complied with, with the exception of the deviations indicated in the Declaration of Conformity, which are in the interests of the company. The current declaration of compliance is permanently available to the public on the company's website at https://ir.11880.com/corporate-governance/entsprechenserklaerung.

The remuneration system of the Executive Board approved by the 2022 Annual General Meeting as well as the remuneration system of the Supervisory Board are also available on the company's website at https://ir.11880.com/verguetung-vorstand-und-aufsichtsrat. Together with the Executive Board, the Supervisory Board has prepared a remuneration report pursuant to § 162 of the German Stock Corporation Act (Aktiengesetz) for the 2022 financial year, which was audited by the Company's auditor and issued with an audit certificate pursuant to § 162 (3) of the German Stock Corporation Act (Aktiengesetz). After approval of the prepared and audited remuneration report of the Executive Board and the Supervisory Board by the Annual General Meeting 2023, this report will also be made available at the aforementioned web address.

Audit of the Annual and Consolidated Financial Statements 2022

Based on the resolution of the Annual General Meeting of 14 June 2022, the Supervisory Board commissioned PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Essen, with the audit. The annual financial statements, management report, IFRS consolidated financial statements and the consolidated management report for the 2022 financial year of the company were audited by PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft Essen.

The annual financial statements of 11 88 0 Solutions AG, the management report and the group management report were prepared in accordance with German statutory regulations. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union (EU) and in accordance with the supplementary provisions of commercial law applicable under Section 315e (1) of the German Commercial Code (HGB). The annual financial statements, management report, consolidated financial statements and Group management report as of 31 December 2022 were each issued an unqualified audit opinion. The financial statement documents and audit reports were made available to the members of the audit committee and all members of the entire supervisory board in a timely manner. The annual financial statements and management report under commercial law, the IFRS consolidated financial statements and the Group management report as well as the auditor's reports were examined by the Audit Committee and the entire Supervisory Board and discussed in detail with the auditor in the Audit Committee. During the audit process, the Audit Committee continuously assured itself of the quality of the audit and consulted with the auditor without the Executive Board. The auditor participated in the final discussion of the company's annual financial statements and consolidated financial statements at the Supervisory Board's balance sheet meeting on 28 March 2023, which was held by a combination of face-to-face and video conference. He explained the audit process to all those present, presented the key audit findings, answered questions and was available to provide additional information during the discussions. The Chairman of the Audit Committee also reported to the plenum on the audit of the financial statements by the Audit Committee.

The Supervisory Board examined the annual financial statements and the management report of 11 88 0 Solutions AG in detail; the examination did not lead to any objections. It took note of and approved the auditor's findings.

Furthermore, the Supervisory Board approved the annual financial statements 2022 of the company prepared by the Executive Board, which are thus adopted. The Supervisory Board also examined the IFRS consolidated financial statements of 11 88 0 Solutions AG and the group management report in detail; the examination also did not lead to any objections. It took note of and approved the auditor's findings. The Supervisory Board approved the 2022 consolidated financial statements of 11 88 0 Solutions AG prepared by the Executive Board.

Dependency Report

PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Essen, audited the report prepared by the Executive Board in accordance with section 312 of the German Stock Corporation Act (Aktiengesetz) on relations with affiliated companies in the 2022 financial year ("Dependent Company Report"). Pursuant to section 313 (3) sentence 1 of the German Stock Corporation Act, the Dependent Company Report was issued with the following unqualified audit opinion:

"Following our audit and assessment in accordance with professional standards, we confirm that

1. the factual statements in the report are correct,
2. the consideration paid by the company for the legal transactions listed in the report was not unreasonably high."

The dependency report was made available to the members of the Supervisory Board for review. The auditor was present during the Supervisory Board's discussion of the report. He reported on the performance of the audit and provided information. The Supervisory Board found the report to be accurate. Furthermore, it agreed with the auditor's findings and, following the final results of its examination, raised no objections to the Executive Board's final declaration contained in the dependence report.

Early risk detection system / control and risk management system

The Executive Board of 11880 Solutions AG has established a monitoring system in accordance with section 91 (2) of the German Stock Corporation Act (Aktiengesetz) in order to identify potential risks to the company and its subsidiaries at an early stage. The result of the auditor's examination showed that the Executive Board has fully complied with its duties pursuant to § 91 (2) of the Austrian Stock Corporation Act. The Supervisory Board agrees with the result of the audit by the auditor. Pursuant to § 91 paragraph 3 of the Stock Corporation Act, the Executive Board of a listed company must also establish an internal control system and risk management system that is appropriate and effective in view of the scope of the company's business activities and its risk situation, as well as a compliance management system that is aligned with the company's risk situation. The Executive Board regularly monitors compliance with legal provisions and internal guidelines. The Supervisory Board was regularly informed by the Executive Board about the main opportunities and risks of the company and the functioning of the internal control system and the risk management system within the framework of the monthly Jours Fixes. The effectiveness of the latter was also monitored by the Supervisory Board and in particular by the Audit Committee on a continuous basis, especially within the framework of the quarterly committee meetings, and was not objected to.

Summarised Separate Non-Financial Report (Corporate Social Responsibility)

11880 Solutions AG is aware of its social responsibility and believes that the company's activities have an impact on people and the environment. Social and environmental factors have an influence on the success of the company.

The Supervisory Board has therefore dealt comprehensively with the summarised separate non-financial report on Corporate Social Responsibility (published at https://ir.11880.com/corporate-governance/csr-bericht) relating to 11880 Solutions AG and the Group, examined it in detail and unanimously approved it.

Final declaration

We have noted with approval the result of the auditor PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Essen, and, following consultation with the Audit Committee and our own examination of the annual financial statements, the management report, the consolidated financial statements, and the group management report of 11880 Solutions AG, raise no objections. We therefore agree with the results of the audit. We have approved the annual financial statements prepared by the Executive Board as of 31 December 2022, which are thereby adopted. We also approved the IFRS consolidated financial statements prepared by the Executive Board as of 31 December 2022.

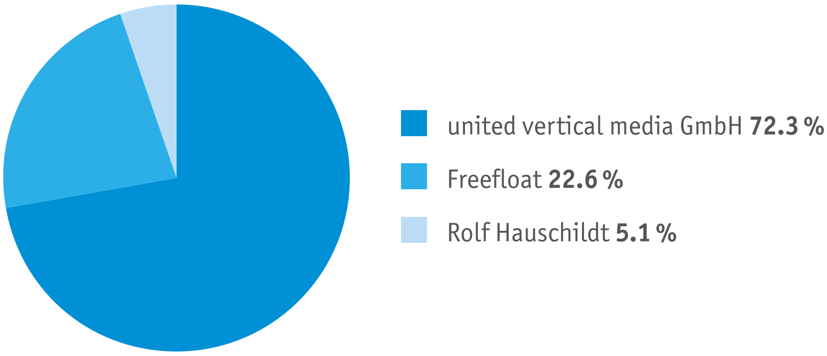
A heartfelt thank you from the entire Supervisory Board goes to Christian Maar and all employees of 11880 Solutions AG. Their great commitment and excellent work formed the basis for the company to perform very well in an economically challenging year 2022.

Essen, 28 March 2023

Dr. Michael Wiesbrock
Chairman of the Supervisory Board

11 88 0 Solutions AG on the capital market

Shareholder structure on 31 December 2022



The stock market year 2022 was one of the worst stock market years in a long time due to geopolitical crises and a turnaround in monetary policy. The international stock markets suffered high losses. In particular, smaller stocks and technology shares were shunned by investors. The performance of the 11 88 0 Solutions AG share also suffered under these circumstances, with its value falling by around 35 percent over the course of the 2022 financial year. On 31 January 2022, the share recorded an annual high of 1.69 euros, and on 14 July 2022, the share price fell to an annual low of 1.05 euros.

Interest in the company's business development among private shareholders, institutional investors and financial journalists remained high in the 2022 financial year. Larger existing shareholders held their share throughout the entire year 2022, one major shareholder even increased his share by 9 percent.

In addition to the generally uncertain situation on the capital market, the large majority shareholding of the major shareholder united vertical media GmbH continued to be an obstacle for many capital market participants in the financial year 2022.

11 88 0 Solutions AG.

The share structure of 11 88 0 Solutions AG changed in the 2022 financial year compared to the previous year: Rolf Hauschildt increased his share from 4.2 percent to 5.1 percent, and the free float decreased accordingly from 23.5 to 22.6 percent.

Investor relations activitiesn

The Executive Board and Commercial Director of 11 88 0 Solutions AG held a conference call for analysts and investors on the publication of the 2021 annual financial statements and all quarterly results in the 2022 financial year. In the conferences, the business development, key financial figures and the further strategy of the company were presented and subsequently discussed in detail in a question-and-answer session.

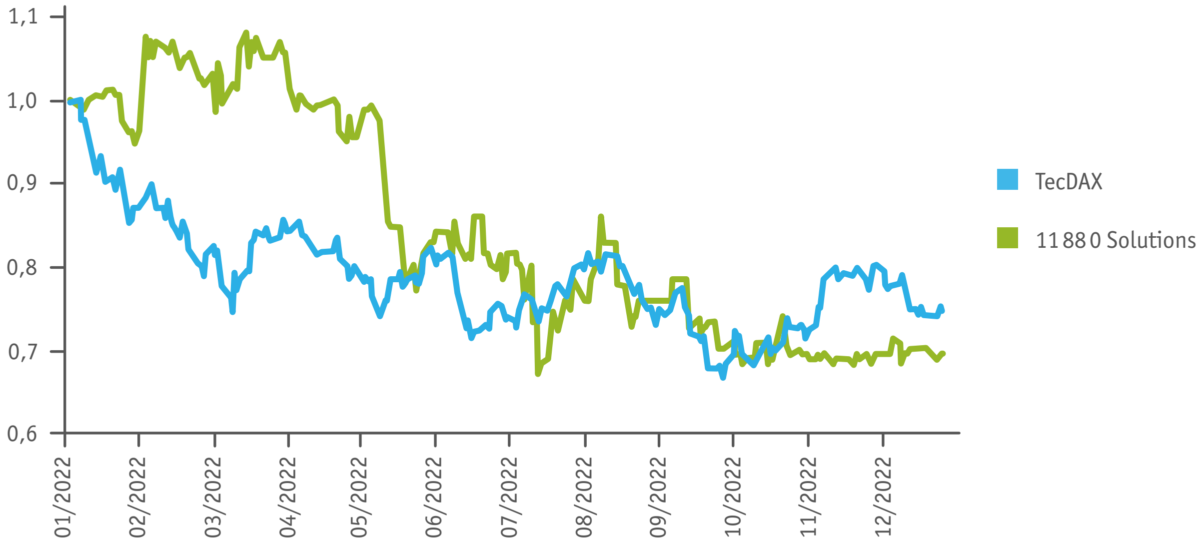
The Annual General Meeting was held virtually on 14 June 2022. The ten agenda items of the meeting were all passed with an approval rating of 99.99 percent.

Throughout the 2022 financial year, the Executive Board and IR team maintained continuous contact with investors and private shareholders. Investors and private shareholders received regular updates, questions were answered in one-on-one meetings and business developments were discussed.

On 29 November 2022, CEO Christian Maar and Commercial Director Dr Michael Nerger presented 11 88 0 Solutions AG at the Equity Forum of Deutsche Börse. In addition to the company presentation, both held several personal one-on-one meetings with interested investors.

11 88 0 Solutions share in comparison with the TecDAX

01.01.2022 – 31.12.2022



Key figures for the 11 88 0 share		2017	2018	2019	2020	2021	2022
Number of shares	pcs.	19,111,091	19,111,091	21,022,200	24,915,200	24,915,200	24,915,200
Share in capital	EUR	19,111,091	19,111,091	21,022,200	24,915,200	24,915,200	24,915,200
Share price at year-end	EUR	0.874	1.00	1.56	1.56	1.57	1.09
Highest share price[1]	EUR	1.283	1.285	1.895	1.63	1.82	1.69
Lowest share price[1]	EUR	0.422	0.946	0.962	1.09	1.38	1.05
Market capitalisation at year-end	MIO. EUR	16.7	19.0	32.8	38.9	39.1	27.2
Earnings per share	EUR	-0.50	-0.16	-0.16	-0.10	0.03	-0.14

1 Xetra closing prices

Group Management Report

Group Management Report of 11 88 0 Solutions AG, Essen, for the 2022 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. The business activities of both segments are focused almost exclusively on the German market.

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 Ads, Microsoft Advertising and the production of websites. We are also offering packages for active review management via our search engine for online reviews werkenntdenBESTEN.de. The wirfindendeinenJOB.de job portal is also part of the product portfolio. The Group offers the core services of search engine optimisation (SEO), online advertising, search engine advertising (SEA), usability optimisations and website analyses via its subsidiaries FAIRRANK GmbH and Seitwert GmbH. 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 offers directory assistance services. 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. 11 88 0 Solutions Group employees in this segment also provide customer services as part of the still growing call centre third-party business. In addition, a telephone secretarial service is offered.

Basis of presentation

In its Digital and Directory Assistance operating segments, the 11 88 0 Solutions Group uses a system of key figures for control purposes 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 monthly, weekly and 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, the non-financial key figures “call volume” and “revenue per call” play a central role. Employee satisfaction is also measured as a non-financial key performance indicator.

Financial key figures

Revenue:

Consolidated revenue is one of the main key performance indicators. Consolidated revenue 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 yellow pages on DVD and as an intranet solution, as well as database solutions. FAIRRANK GmbH primarily serves medium-sized customers with solutions mainly in the area of search engine optimization and search engine advertising.

In the Directory Assistance segment, revenue in both the traditional business and the new call centre third-party business is essentially determined 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 operators, 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). The 11 88 0 Solutions Group uses this key indicator to control the profitability of the Group.

Cash holdings
Analysing this indicator makes it possible to evaluate the financial health of the whole group, 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 support model to establish a long and sustainable relationship between customers and the Company. This secures future revenues and increases the profitability of the Digital segment.

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

The churn rate has been defined as the sum of all terminations in the financial year calculated on the average customer base.

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. Revenue per call is another important performance indicator that has a direct impact on the development of revenue in this segment.

Employee satisfaction
Employee satisfaction within our company was severely impacted during the coronavirus pandemic and the Ukraine crisis. Both events require a crisis management strategy that helps the Company to take employees' health and safety needs into account. The COVID-19 pandemic had already caused a marked acceleration in digitalisation in the previous years, with hybrid workplaces and a better work-life balance also becoming ever more important.

The global political situation is another source of uncertainty for employees, as geopolitical events and developments can impact economic stability and fuel broader existential worries.

In 2022, we considered our employees as one of the most important resources and tried to take their needs, wishes and interests into account when making decisions and strategies. It is important to recognise our employees as the key to the Company's success, as only satisfied employees make a major contribution 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. We are continuously investing in initial and continuous training for our employees, aimed at fostering their willingness to experiment and their readiness to learn and helping them to develop a growth mindset.

The 11 880 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. The employee survey conducted in autumn 2021 was only evaluated during 2022 after a cyberattack in October 2021. While overall satisfaction deteriorated slightly compared to the 2020 financial year, it still remains at a healthy level of 2.02 (previous year: 1.91). As the results of the previous survey were only analysed during the year under review, no employee survey was conducted in 2022 as the time required to implement any initiatives resulting from the 2021 survey would otherwise have been much too short.

Back in the 2021 financial year, we had our Sounding Board committee review whether the 11 880 Solutions Group's corporate values were still up-to-date since the last definition of its internal and external guidelines in 2014. The new corporate values were symbolically handed over to the Management Board in March 2022. The paired values jointly developed by management and employees have since become an integral part of the Company's vision and mission. We see our sounding board as a feedback method which actively seeks out employees' opinions during change processes and projects. This approach is based on keeping our ears to the ground and actively soliciting feedback. The members of our Sounding Board committee are employees in non-management positions who express their opinions through regular moderated meetings and thus provide support and advice for our processes and projects.

For more information on our goals relating to corporate governance, the environment, our employees, social matters, human rights and anti-corruption matters and what we have already achieved in these areas, please refer to our combined separate non-financial report drafted in accordance with Section 315b (3) of the German Commercial Code (HGB) and Section 289b (3) HGB. This report for the 2022 financial year was published on our website in March 2023. The report can be accessed at https://ir.11880.com/corporate-governance/csr-bericht.

2. Macroeconomic and sector-specific environment

Macroeconomic environment

The subsequently mentioned data is taken from the ifo Economic Forecast for Winter 2022, ifo Schnelldienst 2022, December Special Edition.

Global gross domestic product (GDP) rose by 2.8 % in the 2022 financial year and is thus down on the previous year, when an increase of 6.2 % was recorded.

The global economy has weakened since the start of 2022. Geopolitical tensions caused a surge in energy prices in many countries, while intense heatwaves and periods of drought in Europe as well as Central and South Asia pushed food prices higher. Both developments caused consumer price inflation in many countries to soar to its highest level in decades, prompting a rapid tightening in monetary policy. Although the effects of the pandemic eased in many countries, persistent waves of infections continue to adversely impact economic activity, particularly in China.

The economic slowdown is affecting both manufacturing sectors as well as market services and is enveloping industrialised nations and emerging countries alike. Although global industrial output rose in the third quarter of 2022 to offset part of the decline recorded in the previous quarter, sentiment indicators suggest that the consequences of weakening demand will soon be more keenly felt, and the same is true of market services.

Moreover, in October 2022, prices for intermediate goods hardly increased or even fell in many places compared to the previous month. However, on the one hand, wage growth has strengthened significantly in some industrialised countries, which could delay the weakening of inflation; on the other hand, fiscal policy continues to provide expansionary impulses in many countries.

The ifo-forecast assumes that while sanctions against Russia will continue, gas deliveries from Russia to Europe will not cease entirely. Nevertheless, prices on the spot and futures markets will initially remain high, with futures market prices suggesting that European gas prices are only likely to fall gradually in the second half of 2023.

Overall, the world's gross domestic product is likely to rise by 1.6 % in 2023 and by 2.6 % in 2024.

Real GDP in the euro zone is expected to increase by 3.4 % in the year 2022, indicating a loss of economic momentum compared to the previous year. It is assumed that while price-adjusted gross domestic product (GDP) will weaken in the winter half-year of 2022/2023, it will then recover slightly during the rest of the year. On the supply side, bottlenecks in the supply of energy, commodities and primary products and associated high costs are limiting production, particularly in energy-intensive sectors of the economy. On the demand side, high inflation in particular is reducing real income and dampening consumption by private households despite significant fiscal policy support, while the slowdown in export market growth and rising interest rates are adversely impacting private investments.

As a result, GDP is only expected to increase slightly by 0.6 % in the euro zone in 2023, with a rise of 1.7 % anticipated for 2024.

The German economy is suffering as a result of major supply shocks, as bottlenecks in the supply of energy, primary products and labour adversely impact production and drive inflation to record highs. Although the government is trying to cushion these effects by introducing wide-ranging relief programmes, it is also creating demand that is keeping prices high due to limited production capacities. While inflation is set to fall from 7.8 % in the year under review to 6.4 % in the current year as a result of government efforts to keep electricity and gas prices down, core inflation is also expected to rise from 4.8 % to 5.8 % at the same time. This price pressure is only likely to ease gradually in 2024, with the inflation rate falling to 2.8 % with a core rate of 2.6 %. With GDP set to contract in the winter half-year of 2022/2023, the German economy is predicted to slip into recession.

Overall, GDP will rise by 1.8 % in the year 2022 under review and contract slightly by 0.1 % in the year 2023, before returning to growth of 1.6 % in 2024.

Sector-specific environment

The subsequently mentioned data is taken from the “OKV Report für digitale Werbung 2022/02” published by the German Digital Media Association (Bundesverband Digitale Wirtschaft e. V. - BVDW).

The digitalisation of the Company accelerated by the COVID-19 pandemic brought far-reaching changes to our work and private lives. The shift towards the digital space in many areas of life is now ubiquitous. Working from home and online shopping are two of the most notable examples that have firmly established themselves in our everyday lives. Many of these changes have proven their long-term worth and are here to stay. Now 2022 is presenting new challenges for consumers and the economy, with the impact of inflation, the energy crisis, war and coronavirus weighing heavily on income and creating uncertainty in the economy and the advertising market.

The pandemic strengthened the display advertising market. Advertising budgets have followed consumers and have been increasingly invested in digital advertising products and services. In 2021, the display advertising market recorded exceptionally strong growth of 24.7 percent to reach a new, significantly higher level. In 2022, providers faced the task of expanding their inventory with new products and convincing advertisers of the quality of these products. The focus here is on not only steadily improving efficiency and quality but also ensuring sustainability and transparency.

For the 2022 financial year, the German online digital marketing association OVK expects the trend of the last few years to continue, though probably with weaker growth. This reaffirms the previous year’s high market level and the demonstrates the robustness of the display advertising market in a strained economic environment. Despite the current challenging market situation, it is clear that display advertising is an essential part of companies’ media planning. Thanks to the expanded range of new products on offer, the OVK predicts growth of 6.8 percent for 2022.

Generally speaking, steady growth has been recorded across all quarters between 2019 and 2022, apart from the powerful braking effect of COVID-19 in the second quarter of 2020 and extremely dynamic growth in the fourth quarter of 2020. The market climbed to new heights in 2021, building on a strong fourth quarter in 2020 to record double-digit growth in every quarter in 2021 and establish itself at a higher level.

The display advertising market began 2022 with a fast-growing first quarter, before the second quarter was dominated by the war in Ukraine and its repercussions. Budgets were reduced or deferred in several sectors, while advertising planning reverted to a more watchful approach. However, flexible booking options meant that digital display advertising was less seriously affected by the decline in advertising investment, which meant the sector ended the second quarter with a slight gain compared to the previous year. In the second half of 2022, the OVK expects greater demand due to catch-up effects, rising revenues in the retail and e-commerce sectors, and further budget deferrals in the digital sector. Given the relatively high level of uncertainty, however, the OVK avoided making any predictions for the third and fourth quarters of this year.

Overall, the display advertising market will reaffirm and exceed the higher market level it reached in 2021 during 2022. The deferral of marketing budgets in the digital space is proving to be a sustained trend, while the display advertising market appears robust and is set to continue on its growth trajectory despite the weak economic environment.

The trend can be summarised as follows in numerical terms: in 2021, net advertising revenues for digital advertising (online and mobile) totalled EUR 5.1 billion and were thus around 25 % higher than in 2020 (EUR 4.1 billion). For 2022, a net advertising revenue volume of EUR 5.5 billion is expected. This represents a growth rate of around 7 % year-on-year.

3. Course of business

The 2022 financial year was heavily impacted by global political and economic crises, which also resulted in more reticent spending among the 11 88 0 Solutions Group's target group. Despite these challenges, the 11 88 0 Solutions Group further expanded its customer base in the Digital business.

During the 2022 financial year, the 11 88 0 Solutions Group was able to enhance the appeal of its online marketing offering for corporate customers with several new product developments in its Digital Segment. The corporate website product was redesigned to give small and medium-sized enterprises (SMEs) a more flexible and cost-effective way to produce their websites, before the launch of Addressable TV in the fourth quarter of 2022 opened up another marketing channel. With Addressable TV, SMEs can now reach their local target group on a small budget via the medium of television. Sales of this product got off to a strong start.

During the 2022 financial year, the Company also launched an analysis portal that SMEs can use to determine the efficiency of their online presence, and compares them with direct competitors to provide valuable information. The portal, named Localytix, is likely to be of interest not just to existing customers of the 11 88 0 Solutions Group but to all SMEs within Germany. Localytix also makes new customers aware of the 11 88 0 Solutions Group's entire range of products and services by giving users optimisation solutions with the results of their analysis.

During the 2022 financial year, the Group placed a stronger focus on implementing SEO measures to increase the online visibility of the 11 88 0 Solutions portals. These initiatives are already proving successful, as both the 11880.com industry portal and werkenntdenBESTEN.de, the search engine for online reviews, were among the 100 portals that achieved the biggest increases in visibility on Google in 2022, according to the internationally renowned annual Sistrix survey.

In the Digital segment, the Company moderately raised prices across its entire product portfolio in the second quarter of 2022.

In the Directory Assistance segment, call volumes in the directory assistance business declined more sharply than in previous years. The Company believes that this development was primarily due to the obligation to announce prices introduced at the end of 2021 as well as the price increases that were implemented. On the other hand, the call centre third-party business, where employees of 11 88 0 Solutions AG provide call centre services on behalf of larger companies, performed very well.

The Company was able to agree a a contract extension and price increase with its largest customer while concluding new partnerships with several smaller companies. Overall, however, the entire Directory Assistance segment recorded a moderate drop in revenue compared to the previous year.

Forecast comparison

Consolidated revenues fell slightly year-on-year to EUR 56.0 million (previous year: EUR 56.1 million). The revenue volume forecast of between EUR 54.8 and 60.6 million issued at the start of the year was narrowed to a range of EUR 54.0 to 56.5 million in an ad hoc announcement on 3 November 2022. As a result, the Company reached the upper end of the adjusted forecast range in the 2022 financial year.

Consolidated EBITDA amounted to EUR 2.4 million, a decline of EUR 3.0 million compared to the previous year. The forecast range of EUR 3.3 to 4.3 million issued at the start of the year was adjusted to a range of EUR 1.5 to 2.5 million in an ad hoc announcement on 3 November 2022. The Company reached the upper end of this updated guidance.

The consolidated EBITDA for the financial year results from the operating result of EUR -3.4 million (previous year: EUR -0.7 million) plus depreciation and amortisation reported within the cost of revenues totalling EUR 0.7 million (previous year: EUR 0.9 million), depreciation and amortisation within selling and distribution costs amounting to EUR 4.3 million (previous year: EUR 4.5 million) as well as depreciation and amortisation reported within general administrative expenses of EUR 0.7 million (previous year: EUR 0.8 million).

Cash and cash equivalents and available for sale financial assets decreased by EUR 0.5 million to EUR 1.5 million in the last financial year (previous year: EUR 2.0 million; cash flow previous year: EUR -1.7 million). The forecast range of EUR 1.5 to 2.4 million issued at the start of the year taking into account the utilisation of the shareholder loan in the amount of EUR 2.0 million was adjusted to a range of EUR 1.0 to 1.8 million in an ad hoc announcement on 3 November 2022. The Company was able to meet the new range.

In 2022, the average churn rate in the Digital segment was 25%. We had expected the churn rate to come in at the prior-year level of 26%. Moderate customer growth was forecast for 2022. As anticipated, the number of customers grew slightly by 1,578 customers.

The negative trend in caller volume in the traditional business of Directory Assistance segment continued as expected. The Group expected call volume to decline by around 23% in 2022. The call volume actually declined by 39% in 2022 mainly due to the mandatory price announcement since December 2021. Revenue per call increased siginificantly by 15% in 2022 compared to the previous year. This was mainly due to the price increases implemented from mid-2022. The plan was for a signifiant increase compared with the previous year.

4. Financial situation

The previous year's figures presented below have been restated accordingly based on the application of IAS 8. For detailed information, please refer to the notes to the consolidated financial statements.

Results of operations

Consolidated revenues in the 2022 financial year were EUR 56.0 million, compared to EUR 56.1 million in the previous year. This slight decline was primarily due to the Directory Assistance segment, where the decline in the traditional directory assistance business due to market conditions and the obligation to announce prices had a negative impact. On the other hand, the call centre third-party business in this segment grew considerably compared to the previous year. For more information on revenue, see the "Segment report" section.

The corresponding cost of revenues in the 2022 financial year totalled EUR 32.9 million (previous year: EUR 32.4 million), an increase of around 2% compared to the previous year. This is primarily attributable to the rise in third-party services used, which corresponds to the increase in revenue in the call centre third-party business within the Directory Assistance segment.

Selling and distribution costs fell slightly by 1% to EUR 13.1 million (previous year: EUR 13.1 million). This decline was mainly due to lower personnel costs and a reduction in amortisation of capitalised costs to obtain a contract in line with the lower volume of provisions for concluding customer contracts.

General administrative expenses increased by EUR 0.6 million year-on-year to EUR 10.4 million (previous year: EUR 9.8 million) and 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. This increase was mainly caused by as higher consulting costs associated with business-critical projects in the current financial year.

Impairments of receivables increased by EUR 1.4 million from EUR 1.5 million in the previous year to EUR 3.0 million in the year under review. This development was caused by unexpected defaults on receivables resulting from lower levels of solvency emerging within certain sectors and customer groups.

Consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA) fell by EUR 3.1 million to EUR 2.4 million (previous year: EUR 5.4 million). The increase in selling and distribution costs as well as general administrative expenses and impairments of receivables are the main reasons for this development.

As in the previous year, net financial income ended 2022 with net expenses of EUR 0.3 million. Among other things, this item includes the interest expense for the shareholder loan utilised.

In 2022, income taxes resulted in a positive result of EUR 0.2 million, primarily in deferred income taxes (previous year: income of EUR 1.7 million). In contrast to the previous year, there was only a slightly further allocation to deferred tax assets in respect of tax loss carryforwards for which future taxable profits will be available against which they can be utilised.

The net income / loss for the period amounted to EUR -3.5 million compared to EUR 0.7 million in the previous year.

Segment report

Revenues in the Digital segment rose by EUR 0.4 million from EUR 43.3 million in the previous year to EUR 43.7 million. At EUR 2.3 million, EBITDA was considerably down on the previous year's figure of EUR 5.2 million.

In the past financial year, revenues in the Directory Assistance segment amounted to EUR 12.4 million, down slightly compared with the previous year (previous year: EUR 12.8 million). At EUR 0.1 million, EBITDA at the reporting date was slightly down on the previous year's figure of EUR 0.2 million.

Net assets and financial position

Capital expenditures

The amount for total investments in intangible assets and property, plant and equipment made up to the reporting date, excluding capitalised rights of use in accordance with IFRS 16 and capitalised costs of obtaining contracts, was EUR 0.4 million, as in the previous year. Essentially, as in the previous year, EUR 0.2 million was invested in internally generated intangible assets in order to make the product portfolio of the Digital segment of 11 880 competitive.

Contract acquisition costs (commissions) of EUR 3.3 million were capitalised in the financial year (previous year: EUR 3.6 million).

Only insignificant investments were made for the Directory Assistance segment.

As in the previous year, the 11 880 Solutions Group as of 31 December 2022 had no noteworthy open obligations from capital expenditures which will be incurred in financial year 2023.

Statement of financial position

As of the reporting date, total assets amounted to EUR 26.4 million, down by EUR 1.7 million compared to prior-year figure of EUR 28.1 million.

Assets

On the assets side of the statement of financial position, current assets decreased from EUR 11.1 million to EUR 10.7 million. The main reason for this is the decrease in cash and cash equivalents by EUR 0.5 million. Trade receivables remained at the previous year's level despite increased impairments and amounted to EUR 8.5 million.

The Group 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 2022.

As of the reporting date, liquid assets 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 15.7 million (previous year: EUR 17.0 million). The decrease of EUR 1.3 million resulted primarily from significantly reduced carrying amounts of capitalised right-of-use assets. Furthermore, the carrying amounts of capitalised costs to obtain a contract decreased compared with the previous year. This is offset by an increase in deferred tax assets of EUR 0.2 million.

EQUITY AND LIABILITIES

On the liabilities side, current liabilities increased by EUR 0.3 million to EUR 13.5 million (previous year: EUR 13.2 million). Trade accounts payable rose by EUR 0.4 million year-on-year to EUR 0.6 million as of the reporting date. Accrued current liabilities amounted to EUR 4.8 million as of the reporting date, falling by EUR 0.6 million compared to the previous year mainly due to adjustments in personnel provisions. This item primarily includes amounts for obligations to employees and outstanding invoices. Other current liabilities of EUR 6.5 million (previous year: EUR 6.0 million) increased by EUR 0.6 million in the year under review. This increase is mainly attributable to higher contract liabilities as well as a higher VAT payment charge.

Non-current liabilities of EUR 6.3 million increased by EUR 1.1 million compared with the previous year (EUR 5.2 million). This year-on-year increase primarily resulted from the drawdown of EUR 2.0 million on the loan provided by the parent company, united vertical media GmbH.

Equity decreased by EUR 3.2 million year-on-year to EUR 6.6 million (previous year: EUR 9.8 million). This change is mainly attributable to the net loss for the period of EUR -3.5 million. In addition, the actuarial gains and losses reported under other equity components showed a positive change of EUR 0.3 million compared to the previous year (previous year: change of EUR -0.1 million).

Cash flow & financing

The 11880 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.

Cash flows from operating activities in the past financial year showed outflows of EUR 0.3 million (previous year: inflows of EUR 0.7 million). This change mainly resulted due to a considerable year-on-year decline in the net income / loss before taxes for the period.

Cash inflows from investing activities at the 31 December 2022 reporting date amounted to EUR 0.2 million (previous year: cash outflow of EUR 0.6 million). That change is mainly attributable to the sale of financial assets measured at fair value.

Cash flows from financing activities amounted to EUR 0.2 million (previous year: EUR -1.7 million). This change primarily resulted from the drawdown of EUR 2.0 million on the shareholder loan.

Net cash flows as of the reporting date were EUR 0.1 million (previous year: EUR -1.6 million).

The portfolio of cash and cash equivalents as well as financial assets available for sale amounted to EUR 1.5 million (previous year: EUR 2.0 million) as at 31 December 2022. This figure includes restricted cash totalling EUR 0.1 million at the reporting date, unchanged from the previous year. The financial assets measured at fair value in the previous year in the amount of EUR 0.6 million were sold in February of the year under review.

Summarised assessment of the situation of the group by the Management Board

The Management Board of 11880 Solutions AG considers 2022 to have been another challenging financial year. Fears of a recession, generally observed reticent spending and higher bad debt losses due to imminent insolvencies and deteriorating payment behaviour all adversely affected the Company's ability to implement its annual targets, prompting it to adjust its forecasts in early November 2022.

One positive point, however, is that the Company was able to make strategic progress, launch new products and increase its customer base despite all the negative external factors

5. Research and development

As a service provider, the 11880 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. In 2022, the 11880 Solutions Group also had its own development resources at its headquarters in Essen. The range of services in this area included mainly the programming of applications and the enhancement and maintenance of the specialist portals. The total amount recognised for internally generated intangible assets in relation to the service ranges described above was EUR 0.2 million in the past financial year (previous year: EUR 0.2 million). Amortisation of capitalised development costs in the reporting period amounted to EUR 0.3 million (previous year: EUR 0.5 million).

6. Employees

The Group's development into a digital company with a focus on a competitive product portfolio is sustainable and positive following the change in strategy initiated in 2015, even under the circumstances caused by the pandemic and the geopolitical events.

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

Comprehensive digitalisation has completely reshaped our lives and thus also the way we work. We are seeing new forms of collaboration and virtual networking, innovative business models and a greater degree of automation of activities. As a result, it is necessary for us to equip our senior executives and employees with digital skills. It is critical that managers and employees have the necessary skills to use digital technologies to do their jobs effectively and efficiently. Ultimately, they provide the foundation for our success – both now and in the future. This means that 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. Participative leadership has solidified in 2022, which means that it will be necessary to analyse and interpret information and developments on this even more quickly in the future in order to make informed decisions. Overall, digitalisation offers fantastic opportunities and possibilities for efficient and effective collaboration that we want to best as effectively as possible.

By running programmes specifically aimed at developing future leaders via our management academy which we established in 2020, we are making a long-term contribution to a diverse and agile management team and thus to the 11 88 0 Solutions Group's transformation. This academy offers an outstanding opportunity for high-potential employees to hone their leadership skills in a continuously evolving environment.

As of 31 December 2022 the 11 88 0 Solutions Group had 545 employees Group-wide as defined by Section 267 of the HGB (headcount; excluding the Management Board, trainees, interns and dormant employment contracts), 15 less than a year ago (previous year: 560). The decline is mainly attributable to operations.

The 11 88 0 Solutions Group and its Group companies are not bound by collective bargaining agreements, as there is no collective agreement for the call centre industry. The company complies with the statutory minimum wage requirements. The collaboration with those representing the interests of employees in the 11 88 0 Solutions Group fully and transparently implements the regulations of section 87 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. Membership in the CCV opens up a network to all relevant trends regarding the focus topics of employee satisfaction, employer branding and recruitment. It enables the 11 88 0 Solutions Group to expand and confirm its own know-how based on a best practice approach.

7. Opportunity and risk management

General information

The market environment and legal and regulatory framework of the 11 88 0 Solutions Group is constantly changing. The Company is also continuing to develop its business activities, the markets and customer groups it serves and, last but not least, by introducing new collaboration models and making acquisitions. This regularly creates new opportunities and risks, while the absolute and relative level of already-known opportunities and risks can also change.

Being able to recognise, assess and manage all opportunities and risks relevant to the Company at an early stage with the help of an effective risk and opportunity management system that is constantly improving in line with market dynamics is a high priority for the 11 88 0 Solutions Group. This helps to ensure the continued existence of the Company, supports the strategic development of the Group and promotes responsible corporate behaviour.

Risks are events or developments triggered by internal or external factors that could have a negative impact on expected financial developments and thus result in a negative deviation from planning (budget) or the failure to achieve of strategic goals.

Opportunities are events or developments triggered by internal or external factors that could have a positive impact on expected financial developments and the achievement of the Company's strategic goals.

The 11 88 0 Solutions Group's risk management system contains the entirety of all organisational regulations and measures for identifying and dealing with opportunities and risks associated with the Company's business activities. 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. As an inherent part of the risk management system, the risk early warning system is designed to identify material risks, particularly going-concern risks, in a timely manner in order to introduce appropriate countermeasures. Risks with a net weighted amount of damage of less than €10 thousand are not included in the risk assessment.

The risk management system of the 11 88 0 Solutions Group combines the Group's established risk management subsystems into an integrated, company-wide system, taking into account corporate objectives, vision, strategy and corporate culture. Full responsibility for the Group's risk management system lies with the Management Board of 11 88 0 Solutions AG.

Management Board (Vision, strategy, objectives, control environment, specification of reporting structures)			
Risk management system of the 11 88 0 Solutions Group			
Performance management	**Compliance management**	**Internal control system**	**Risk management system**
Controlling / operational areas	Compliance committee / operational areas	Accounting / IT / operational areas	Controlling / operational areas
• Ongoing reporting on key KPIs • Budget • Forecast • Variance analyses • Investment controlling • Performance management • Special analyses	• Policies / Regulations • Risk prevention • Process optimisation • Fraud prevention • Data protection • Sanctions	• Accounting-related ICS • Document management system • Dual-control principle • Process documentation • Plausibility analyses • IT systems • Audit specifications Policy competencies • Sustainability	• Risk identification • Risk assessment • Risk control • Risk monitoring • Risk avoidance • Risk management process • Risk report

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 monitored at segment level.

Performance management

The early warning system established within the Company is based on differentiated, high-quality planning for each individual corporate division and corresponding reporting in the form of ongoing variance analysis.

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 and analysed continually by the persons responsible for planning in the Group's controlling department. As part of the monthly results presentations, the development of financial and non-financial key performance indicators (KPIs) is processed and analysed in relation to both the latest developments as well as the developments forecast as part of the planning process. The reports presented to the Management Board and executives from each segment include detailed monthly reports prepared by the Group's controlling department in close cooperation with specialist departments.

The Group's controlling department also leads weekly sales meetings that discuss the latest sales performance, initiatives and environment (e.g. in relation to the availability of data, the performance and availability of the IT systems required) in each individual business unit. In addition to executives from the individual sales units, the Management Board and executives from controlling, IT, product management and data / BI also play an integral part in these regular meetings. As well as enabling interdisciplinary, crossfunctional performance management, including taking into account segment interdependencies and corresponding deviation analysis, this also allows management to discuss and initiate important operational and strategic measures directly.

The Management Board reports to the Supervisory Board on the latest developments, key figures and opportunities and risks identified in the form of a monthly meeting, with the Group's controlling department also closely involved in preparations for this.

Compliance management
In simple terms, the term "compliance" is another word for "**conformity with the law**". It means ensuring that the Company, its corporate bodies and employees observe all statutory provisions and internal guidelines and rules.

Compliance also involves creating **organisational arrangements and measures** within the Company that ensure that it adheres to these statutory provisions and internal guidelines and rules. All of these organisational measures, rules and processes to ensure compliance are referred to as the compliance system.

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 risk and fraud prevention, process improvements and possible sanctions as well as initiating and monitoring internal guidelines (e. g. the Purchasing Policy for the 11 88 0 Solutions Group). The Compliance Committee meets several times a year, and holds extraordinary meetings to address specific and/or time-critical questions and issues as required.

Regular compliance work focuses on operational and organisational measures within its sales processes. The sales processes and contract completions of internal sales staff and external sales partners are constantly monitored to ensure compliance with statutory regulations and internal provisions. The commission model and resulting monthly sales commission are monitored by the Group's controlling department on a monthly basis and analysed with regard to mathematical accuracy, fraud prevention and compatibility with incentives. The sales team, the Group's controlling department and the Works Council work closely together to make any adjustments to the commission model.

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.

Internal control system
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. The 11 88 0 Solutions Group 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 (ISA [DE] 315 revised subsection 18 et seq. in conjunction with A90) 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 respect to the **accounting process**, the Group has implemented the following structures and processes:

Full responsibility for the 11 88 0 Solutions Group's ICS lies with the Management Board of 11 88 0 Solutions AG. All of the Group's strategic business areas are integrated via a specifically defined management and reporting organisation. Meetings are held once every two weeks with the department and division heads 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. In March 2023, the new electronic document management system (Docuware) will be introduced and will provide support through programmed plausibility checks, among other things.

Information relevant to the financial reporting process is continuously exchanged between the commercial directors and the Head of Accounting and communicated to the CFO in regularly scheduled meetings.

The dual-control principle is also applied for important transactions, such as orders as well as invoice control, order and contract creation, 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 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 remedy possible deviations and control weaknesses. Specifically, this process 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 in the context of Group-wide liquidity planning.

The ICS is supported by IT systems, for example SAP, that are regularly checked for their efficiency and effectiveness. 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 for 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, documented and recognised immediately and correctly in the accounts in accordance with legal requirements and internal guidelines. 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 in full.

Risk management system

The risk management system of the 11 88 0 Solutions Group is operationally managed by the commercial director also responsible for risk controlling in their role as the Head of Controlling, under the overall organisational responsibility of the Management Board. As part of the Group's management system, the **Group's controlling** department primarily has the following responsibilities:

- Conceptually designing and developing a risk management system that is structurally consistent and binding for all corporate divisions, in close cooperation with the Management Board
- Organising, initiating and coordinating the regular recognition, assessment and communication of risks by the risk managers
- Supporting risk managers with the assessment of identified risks and the plausibility of assessment results
- Critically reviewing risk managers' assessments of risks in individual areas of responsibility
- Monitoring statutory risk management regulations and adjusting processes, templates and methods where appropriate
- Monitoring the crossfunctional consistency of risk assessments and analysing (potential) crossfunctional interdependencies of individual risks
- Aggregating the 11 88 0 Solutions Group's risks across all departments and risk types

- Preparing and coordinating the risk report with the Management Board

The executives below the Management Board are considered as direct **risk managers**. They are responsible for identifying, assessing, managing, monitoring, documenting and communicating significant risks as well as the measures introduced to reduce risks in their respective departments. The executives in each department are supported by the area controllers responsible for their business segment. The risk managers are responsible for communicating risks to the risk controlling team at specific intervals (regularly when preparing the budget and forecasts as well as ad hoc if new risks are identified or if known risks materially increase).

The risk report is prepared by the Group's controlling department based on the risks recorded by the risk managers and reported to risk controlling, and is coordinated with the Management Board, which in turn reports to the Supervisory Board, as part of budget planning and rolling forecasts. Where significant risks or even those jeopardising the continued existence of the Group are identified, these are immediately and directly reported to the Management Board regardless of ongoing budget or forecasting processes. The following risk types are differentiated within the risk management system of the 11 88 0 Solutions Group:

- Market risks
- Financial and liquidity risks
- Personnel risks
- Litigation risks
- Regulatory risks
- Legal risks
- Technology risks

The chosen differentiation between types of risk helps the Group to identify and investigate risks systematically. Based on the predefined structure, risk managers are required not to limit the risk inventory to the types of risks typically found in their departments but must also selectively and systematically focus their analysis on risk types that are less common for their departments.

Individual risks are assessed in a multi-stage process.

i. First, the risks are recorded and described in the abstract.
ii. Building on this, the amount of damage that would result if the risk were to occur if no risk mitigation measures were taken (gross risk) is assessed. The effect on earnings (EBITDA) during the budget year is used as a benchmark for this. If it is not possible or not yet possible to quantify isolated risks, these risks are assessed in terms of their potential significance and discussed in the relevant corporate bodies and reports where necessary.
iii. For each risk, measures are developed to prevent or reduce the risk, and the resulting reduction in the potential amount of damage, or the remaining amount of damage after the measures are taken, is calculated (net calculation).
iv. Taking into account the probability of occurrence for the net risks, the risk is then assessed in the form of the probability-weighted EBITDA risk in the budget.

The assessed risks are then categorised according to their risk level in order to present the overall risk. The Group currently differentiates between the categories of "*Significant*" (risk > EUR 1.0 million), "*Moderate*" (from EUR 0.5 to 1.0 million), "*Low*" (EUR 0.1 to 0.5 million) and "*Very low*" (< EUR 0.1 million) with regard to risk level.

Overall summary of the current risk position

The assessment of the overall risk position of 11 88 0 Solutions Group is the result of the consolidated analysis of all material individual risks. While the level of financial and liquidity risks has changed from "Low" to "Moderate" due to the addition of new risks, the level of market risks has changed positively from "Significant" to "Medium" due to the lifting of the Covid measures.

Overall, the 11 88 0 Solutions Group has only been moderately affected by the negative impact of the coronavirus pandemic compared to other sectors due to its diversified customer base and target group as well as a business model largely focused on the digital transformation of small and medium-sized businesses.

Despite the market risks caused by the global energy crisis and inflation, the overall risk position remains largely unchanged overall compared to the previous year. From the Management Board's perspective, there were no risks either as of the reporting date or at the time the financial statements were prepared that, severally or together, could threaten the continued existence of the Group or the subsidiaries included in consolidation as going concerns.

As in the previous year, while the risks that currently exist are regarded as manageable, their occurrence (like the opportunities that generally correspond with them) could affect our ability to meet our approved budget. However, it is not currently possible to conclusively assess whether and to what extent inflation and the energy crisis, which were still ongoing at the time the financial statements were prepared, could have a more pronounced impact than before on the business activities of the 11880 Solutions Group, in particular on the acceptance of products and services offered on the market as well as the creditworthiness of existing customers.

The following overview shows the current assessments of the level of the individual risk types and a comparison with the assessment of risk severity made in the previous year's annual financial statements.

Company risks	Current risk level	Risk level, previous year
Market risks	Moderate	Significant
Financial and liquidity risks	Moderate	Low
Personnel risks	Low	Low
Litigation risks	Low	Low
Regulatory risks	Very low	Very low
Technology risks	Low	Low
Legal risks	Very low	Very low

Appropriate risk management measures are also designed to further reduce the probability of occurrence and the effect on earnings in the event of occurrence. In addition, we do not expect all individual risks to occur simultaneously due to the heterogeneous nature of these risks.

Presentation of fundamental opportunities and significant individual risks

For classification purposes and to improve the comprehensibility of the key individual risks presented below, we will first provide a brief overview of the latest market developments in the Directory Assistance and Digital segments and material opportunities within these segments. This is followed by the results of the assessment of individual risks: Based on the risk assessment conducted, none of the individual risks outlined below are classified as being in the "significant" or "moderate" cluster with regard to their risk level. In fact, based on the risk assessments currently available for each individual risk, all individual risks are classified in the "low" or "very low" risk level clusters.

Market development, risks and opportunities in the Digital segment

This segment relevant to the Group is still expected to see dynamic market growth in the coming years, and current trends, particularly the trend towards the digitalisation of our (potential) customers' business models, are expected to continue. This trend could even be reinforced due to factors such as the coronavirus pandemic, creating additional opportunities for the 11 88 0 Group.

With a high number of commercial search queries again in financial year 2022, the 11 88 0 Solutions Group has secured an excellent position for itself in this market with its 11880.com online directory and the complementary specialist portals.

This large number of search queries and the leads generated from these in a commercial environment are key assets 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 established itself as one of the leading providers of all-in-one services for regional online advertising targeting SMEs in Germany.

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.

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 the Company to stabilise the churn rate in recent years, achieving a churn rate in 2022 that was actually slightly lower than in the previous year. For financial year 2023, a churn rate comparable to that of financial year 2022 was assumed as part of the budget planning process.

Should the Group exceed the expected guidance regarding customer satisfaction and therefore customer loyalty, this would translate into positive effects for the development of revenue and earnings. Conversely, there is a corresponding risk if the churn rate is higher than forecast.

Market development, risks and opportunities in the Directory Assistance segment

Due to the shift in media usage from traditional media to digital media, the traditional directory assistance market has been on the decline for years. The resulting downward trend in call volume has been accounted for in the budget planning for 2023 and subsequent forecast years. However, there is a chance – albeit a small one – that the market will shrink to a lesser degree than projected.

Due to the steady decline in call volume in the traditional directory assistance business (branded DA), both opportunities and risks in terms of absolute revenue and earnings effects continue to taper off gradually.

The call centre third-party business within the Directory Assistance segment has grown considerably in recent years and is being driven forward in a focused manner with innovative approaches and very high-quality service. This presents additional opportunities for future development. The potential risks here primarily concern the loss of existing major call centre third-party business customers. At present, there are no specific indications that such risks have a high probability of occurrence. This risk is also declining gradually due to the increasing duration of our successful collaborations with existing major customers.

The key individual risks are outlined in brief below.

Market risks

In the Digital segment, products are sold in outbound. This sales channel is in line with current legislation. However, there is the risk that legislators could restrict telephone contacts to corporate customers in future. This would inevitably have a negative impact on opportunities to acquire new customers and thus on revenue and margins in this segment. The 11 88 0 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. In addition, this risk is countered by actively obtaining "opt-ins"; that is, gaining consent from potential customers to contact them.

There is a risk of an increase in the **churn rate** for media products in the Digital segment if we are unable to meet customer expectations about the products on offer. To reduce this risk, the 11 88 0 Solutions Group introduced comprehensive and professional customer communications to improve the transparency surrounding the performance of its products. The Group is also working consistently to steadily improve the quality and customer benefit of its products and is introducing comprehensive quality controls. Intensive product training courses for sales employees and analysis of sales negotiations should also help to minimise this risk.

The 11 88 0 Solutions Group manages its sales activities respectively customer contacts in the Digital segment mainly in outbound. There is the risk of a bottleneck in lead purchasing, which could arise due to higher lead purchasing costs or increased competition. To minimise this risk, the 11 88 0 Solutions Group is continually optimising its campaign management and seeking to reduce the scope of the inorganic leads required by increasing organic traffic. In connection with FAIRRANK GmbH and the corresponding development of key account management (KAM), it may also be necessary to purchase a larger quantity of leads on the external market, at least temporarily.

The significant risks in the Directory Assistance segment primarily result from price and call volume risks. There is a risk here of increased price competition in the market for traditional directory assistance services or an acceleration in the decline in volumes that has been observable for many years now. However, the greatest individual market-related risk in this segment is the risk of losing major customers in the Directory Assistance segment's call centre third-party business. Appropriate customer retention measures are being implemented to counteract this risk. Sales activities aimed at acquiring new customers in the call centre third-party business are also being continuously expanded.

Unlike in the previous year, market risks are considered to be "moderate" overall.

Financial and liquidity risks

The Group is continually 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. In 2022, the Group continued to initiate suitable countermeasures in the form of structural measures and sustainable cost discipline and developed a system aimed at continually monitoring outgoing and incoming payments.

A resolution passed by the Annual General Meeting on 16 June 2021 authorised the Management Board to increase the Company's share capital, with the approval of the Supervisory Board, once or several times by up to a total of EUR 9,590,900 until 15 June 2026 (Authorised Capital 2021). Taking into account the authorised capital of up to EUR 2,866,664 that was resolved by the 2020 Annual General Meeting and was also still outstanding as of 31 December 2022 (Authorised Capital 2020), the Company has **authorised capital totalling up to EUR 12,457,564** as of 31 December 2022. The Company also has the option to implement a conditional capital increase of up to EUR 2,000,000.00 (Conditional Capital 2020) to service bonds (convertible bonds and/or options or participation rights) that may be issued by 17 June 2025 in accordance with the authorising resolution under agenda item 8 letter (a) of the Annual General Meeting on 18 June 2020.

As of 31 December 2022, the 11 88 0 Solutions Group had **cash and cash equivalents of EUR 1.5 million** (previous year: EUR 2.0 million) at its disposal to finance its further business activities. This included restricted funds of EUR 0.1 million as at the reporting date, unchanged from the previous year. The 11 88 0 Solutions Group also has an unused credit line with a financial institution of EUR 1.0 million (previous year: EUR 1.0 million).

In 2022, the main shareholder of 11 88 0 Solutions AG, united vertical media GmbH (uvm), Nuremberg, granted the 11 88 0 Internet Services AG a unsecured loan (shareholder loan) of EUR 2.0 million with an interest rate in line with the market that must be repaid in full at the end of its ordinary term of 5 years on 31 May 2027. The 11 88 0 Solutions Group can make discretionary unscheduled repayments at any time and for any amount without incurring any early repayment penalties.

In March 2023, the united vertical media GmbH also granted 11 88 0 Internet Services AG an additional credit facility of EUR 2.0 million to ensure the availability of sufficient liquidity on group level If necessary, the credit line can be drawn down in the short term to the extent required until 31 March 2024 and must be repaid by 31 December 2026. The remaining terms correspond to those already agreed for the existing shareholder loan.

There is a risk of an increase in trade accounts receivable and / or **bad debt losses** that could negatively impact the liquidity situation of the 11 88 0 Solutions Group, particularly if the economic situation deteriorates further. To reduce this risk, the Company has introduced various initiatives that include making adjustments to specific marketing campaigns, expanding credit checks and increasing the use of prepayment arrangements. The ongoing optimisation of the dunning process also helps to steadily reduce this risk.

As part of the Group's short and medium-term liquidity management, the financial requirements expected for the coming months are continuously monitored to ensure that any necessary measures can be implemented in a timely manner.

Taking into account the existing financing options described above, the management considers the individual risk of insolvency due to illiquidity and thus a threat to the company as a going concern to be low.

Compared to the previous year, the risk profile of the financial and liquidity risks increased from "low" to "medium".

Personnel risks
There is a risk that insufficiently qualified employees could be hired in the sales department, which could cause us to fall short of sales 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. New sales approaches are also being tested, particularly in the form of home working opportunities to expand the potential employee base.

In addition to personnel risks in sales, there are also additional personnel risks in other corporate divisions. Unplanned and exceptionally high fluctuations in qualified employees, especially in software development, would, in particular, lead to cost risks and a delayed implementation of projects associated with the need to fill vacancies and, where necessary, outsource work to external providers.

Unchanged from the previous year, personnel risks are rated low overall.

Litigation risks
The two significant risks in the litigation risks category are that any negative press will have an adverse impact on sales contract conclusion rates and that expenses for the ongoing FAIRRANK integration will exceed the amounts budgeted for 2023.

There is a risk of sales employees becoming unsettled and acting cautiously in sales negotiations due to negative press on the subject of selling techniques and product promises. This would result in lower contract conclusion rates in the new customer business. To prevent this, the Group has implemented a series of precautions, which are also anchored within the structure of its corporate processes and organisation. The first aim of these measures is to ensure that customer expectations are met, thus already minimising the risk of negative press. The key measures here are intensive and regular training for sales employees, comprehensive compliance management with consistent sanctions for breaches of statutory and internal requirements, and strict quality controls. On the other hand, these organisational measures are designed to equip sales employees with appropriate rules and lines of argument in the event of actual individual cases of negative press, either justified or unjustified. Due to the measures outlined above, this risk is classified as "very low" overall.

As in the previous year, the process risks are assessed as "low".

Regulatory risks
The business activities of the 11 88 0 Solutions Group depend to an extent on the decisions of legislators and regulatory authorities. The German Act Modernising Telecommunications (TKMoG) which came into force on 1 December 2021 introduced and defined a number of provisions – in particular, in the revised Telecommunications Act (TKG) and the new Telecommunications Telemedia Data Protection Act (TTDSG). This includes regulations concerning the mandatory provision of subscriber data, a new obligation to announce prices for chargeable calls, and the obligation of the Federal Network Agency (BNetzA) to set consistent prices for 118XX telephone numbers across the network. Some of the aforementioned points have a negative impact on the business models of the 11 88 0 Solutions Group. The Group's specialist departments have been working hard to analyse the economic impact of these new provisions and to optimally adapt the Company's business models in line with these new statutory provisions. They have already succeeded in doing this in relation to the obligation to announce prices. On the subject of the BNetzA's price adjustments, the Company, in conjunction with associations and external advisors, was able to make the BNetzA aware that it is currently making reasonable arrangements in this area. Financial risks thus apply, in the event of an adverse outcome to renegotiations with the network operators.

There has been no direct negative impact with regard to the procurement of subscriber data. However, we discovered that several individual telephone companies, including a telephone provider with a significant market share, no longer wish to make their data available via the established procedure via Deutsche Telekom but are instead choosing a different path. This could have an impact on the established billing procedure defined by the BNetzA and the prices to be paid. Here too, we are working with associations and advisors to find a reasonable solution that ensures the supply of subscriber data on the one hand while at the same time ensuring that the recipients of this subscriber data pay reasonable fees for it. We will involve the BNetzA in this process as the relevant supervisory authority.

Another regulatory risk results from applicable regulations governing specific advance payments currently made by Deutsche Telekom (DTAG) for 11 88 0 Solutions Group and numerous other companies, particularly those relating to setting up connections and switching transit services when setting up connections to directory assistance and value-added services as part of existing next-generation network (NGN) interconnections. Based on the sector agreements concluded between DTAG and the VATM (Association of Telecommunications and Value-Added Services Providers), DTAG will provide the relevant services until the end of 2024 at a slightly higher cost than previously. 11 88 0 Solutions AG is party to the agreements concluded via the VATM, which entered into these agreements with DTAG on behalf of all member companies. Measures to reduce the risk for the as-yet-unregulated period from 2025 onwards are being developed, including via the VATM.

As in the previous year, the level of regulatory risk is “very low”.

Technology risks

Despite the measures which have been implemented to improve the security of the Group’s infrastructure, there is still a risk of cyberattacks due to increasingly frequent and professional hacker attacks worldwide. As things currently stand, this would mean an estimated five days of direct lost sales and revenue in both the Digital and Directory Assistance segments. Costs would also be incurred in order to restore infrastructure. Overall, this risk is classified as “very low” according to the risk level overview listed above and has remained unchanged from the previous year. The Company took out a cyber insurance policy with its primary insurer in the first half of 2022.

As in the previous year, technology risks as a whole are rated as low.

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.

In line with the previous year, the 11 88 0 Solutions Group rates the legal risks as “Very low”.

Overall statement of the Executive Board on the risk management system of 11 88 0 Solutions-Group[1]

Our transparent and systematic risk management system with its structured processes contributes to an efficient control of the overall risks in the 11 88 0 Solutions Group. From today’s perspective, the Executive Board is not aware of any facts that speak against the appropriateness and effectiveness of the systems. Despite the comprehensive analysis of risks, however, their occurrence cannot be completely ruled out. For our assessment of the appropriateness and effectiveness of the risk management system and the internal control system, we refer to the statements in the corporate governance declaration.

8. Report on expected developments

The statements made here are based on the 11 88 0 Solutions Group’s operations planning for the 2023 financial year, as adopted by the Management Board and Supervisory Board in late December 2022.

With regard to the military conflict between Russia and Ukraine, which broke out at the end of February 2022 and was not taken into account in the derivation of the 2022 budget, the Executive Board shares the general overall political assessment that this conflict will not escalate into a Europe-wide or even a global conflict. Based on these assumptions and in light of the fact that the 11 88 0 Solutions Group does not have any material business relationships with customers or suppliers from Russia or Ukraine, the Company still does not believe that the war between Russia and Ukraine will have a material negative impact on the implementation of its business planning based on the information currently available.

Strategy of 11 88 0 Solutions Group

In the 2023 financial year, the 11 88 0 Solutions Group will continue to pursue its successful strategy of recent years and will focus on collaborations, meaningful additions to its business units via mergers and acquisitions and the continuous optimisation of its processes and products. The aim for financial year 2023 is to increasingly leverage the effects from optimising products in the previous year and continue to work cost-consciously in order to lead the Company to sustainable growth.

[1] Sales unrelated to the management report and unaudited.

This strategy is also actively supported by its majority shareholder, united vertical media GmbH.

Digital segment
In the Digital business, the 11 88 0 Solutions Group continued to optimise its existing product range and redesigned its offerings in 2022. The Company will make increasing use of these developments in the coming 2023 financial year.

In the area of new customer business, work will continue to increase revenue in the 2023 financial year. In addition to implementing innovative products, the company intends to implement moderate price increases in the Digital segment. This is to take into account the rising costs on the one hand and the increased services on the other.

The 11 88 0 Solutions Group assumes that its business with existing customers will again achieve moderate levels of growth in 2023. In 2022, the average churn rate was 25 %, slightly below the prior-year level of 26 %. The churn rate is again expected to remain at the previous year's level in 2023.

The optimisations being implemented significantly improve the online presence of portfolio customers. The slight 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 sustainable products with a focus on usability and efficiency.

As planned, the Company will continue to invest in optimising the organisational, product and service structure of FAIRRANK GmbH in order to create sustainable growth opportunities in the business with larger customers that are serviced by dedicated key account staff.

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 2023 and volumes will decrease by around 18 %.

To offset the effects of this downturn in revenue, the Group is continuing to work on achieving a sustainable increase in revenue per call. In order to counteract this decline in revenue, the Group is continuing to work on a sustainable increase in revenue per call. The Group expects that revenue per call can be moderately increased in 2023 through moderate price increases and an expected increase in average call times. In addition to further expanding the call centre third-party business, the Company is always reviewing and testing new business models and collaboration opportunities in order to compensate for the deterioration of the traditional directory assistance business and ensure the segment's long-term success.

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 2023. However, the Company is also working on long-term strategies and on further expanding its call centre third-party business in the Directory Assistance segment.

At Group level, the 11 88 0 Solutions Group expects to post revenues of EUR 55.5 million to EUR 62.2 million in 2023. In comparison, revenues were generated in the amount of EUR 56.0 million in 2022. With respect to profitability, the Group expects EBITDA in 2023 to be in the range of EUR 2.5 million to EUR 4.0 million. In comparison, the Company generated EBITDA of EUR 2.4 million in 2022.

The Group showed cash holdings of EUR 1.5 million at the end of the year under review.

Taking into account the approved budget planning from December 2022 and a full utilisation of the credit line of the majority shareholder united vertical media GmbH in the amount of EUR 2.0 million, the company expects a cash balance of EUR 1.0 million to EUR 3.6 million for the end of 2023.

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.

Due to the declining volumes in the classic directory assistance business of the directory assistance segment, there is still a need to improve profitability in the digital segment and to further expand the call centre third-party business.

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 2022 11 88 0 Solutions AG's subscribed capital was composed of 24,915,200 no-par value ordinary bearer shares (no-par value shares) (previous year: 24,915,200 shares). As of 31 December 2022, 24,915,200 of these shares were outstanding (previous year: 24,915,200 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 % of the voting rights
As of the reporting date, there were the following holdings in the Company's capital of more than 10% of the voting rights:

- united vertical media GmbH: 72.30 % (*)

(*) The percentage results from the latest WpHG notifications available to 11 88 0 Solutions AG and takes into account the capital increases implemented in September 2019 and August 2020. 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.

Appointment and dismissal of members of the Management Board
The Management Board of 11 88 0 Solutions Group is comprised of one or several members. 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 AktG, 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
A resolution passed by the Annual General Meeting on 16 June 2021 authorised the Management Board to increase the Company's share capital, with the approval of the Supervisory Board, once or several times by up to a total of EUR 9,590,900 until 15 June 2026 (Authorised Capital 2021). Taking into account the authorised capital of up to EUR 2,866,664 that was resolved by the 2020 Annual General Meeting and was still outstanding as of 31 December 2022 (Authorised Capital 2020), the Company has authorised capital totalling up to EUR 12,457,564 as of 31 December 2022. The Company also has the option to implement a conditional capital increase of up to EUR 2,000,000.00 (Conditional Capital 2020) to service bonds (convertible bonds and/or options or participation rights) that may be issued by 17 June 2025 in accordance with the authorising resolution under agenda item 8 letter (a) of the Annual General Meeting on 18 June 2020. The Company also has the option to implement a conditional capital increase of up to EUR 2,000,000.00 (Conditional Capital 2022) to service subscription rights from stock options that may be issued by 13 June 2027 in accordance with the authorising resolution under agenda item 8 letter (a) of the Annual General Meeting on 14 June 2022.

Significant agreements entered into by the Company providing for a change of control following a takeover bid
No agreements exist as of 31 December 2022.

Compensation agreements for the event of a takeover bid
11 88 0 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 on corporate governance

The statement on corporate governance (Sections 289f, 315d HGB) consists of the following elements:

- Joint declaration of compliance by the Management Board and Supervisory Board in accordance with Section 161 AktG relating to the German Corporate Governance Code
- Disclosures on and references to the remuneration system, remuneration resolution and remuneration report
- Disclosures on corporate governance practices, including a description of the compliance management system, a description of the working practices of the Management Board and Supervisory Board as well as the composition and working practices of their committees, and disclosures on the equal participation of women and men (diversity policy).

The 11 88 0 Solutions Group attaches great importance to good and sustainable corporate governance, and adheres to national regulations such as the recommendations of the Government Commission on the German Corporate Governance Code. The Management Board and Supervisory Board of 11 88 0 Solutions AG believes that effective corporate governance that takes company and sector-specific considerations into account provides an important basis for the success of the 11 88 0 Solutions Group. Implementing and complying with these principles is of the highest priority and plays a central role in our corporate governance.

All information can be found on the 11 88 0 Solutions AG website at https://ir.11880.com/corporate-governance/erklaerung-zur-unternehmensfuehrung.

Declaration of compliance in accordance with Section 161 AktG

The Management Board and Supervisory Board of 11 88 0 Solutions AG have paid close attention to the corporate governance of 11 880 Solutions AG and the Group as well as the individual content of the German Corporate Governance Code during the 2022 financial year as well as the current financial year, and issued the following declaration in March 2023 in accordance with Section 161 AktG: In accordance with Section 161 of the German Stock Corporation Act (AktG), the Management Board and Supervisory Board of 11 88 0 Solutions AG hereby declare that all of the recommendations published in the official section of the Federal Gazette on 20 May 2020 by the Government Commission on the German Corporate Governance Code dated 16 December 2019 ("GCGC 2019") as well as all of the recommendations published in the official section of the Federal Gazette on 27 June 2022 by the Government Commission on the German Corporate Governance Code dated 28 April 2022 ("GCGC 2022") have been complied with since the last declaration of compliance was issued on 30 March 2022 and will continue to be complied with in the future, with the exception of the deviations listed in the full declaration of compliance on the website of 11 88 0 Solutions AG.

All declarations of compliance issued since the 2002 financial year are permanently available on our website.

Remuneration system and remuneration report

According to Section 162 AktG, the Management Board and Supervisory Board of a listed company must prepare a clear and understandable report each year on the remuneration granted and owed to each individual current and former member of the Management Board and Supervisory Board of the company and other companies within the same group (Section 290 of the German Commercial Code (HGB)) over the past financial year.

The remuneration report describes the individual remuneration granted and owed to members of the Management Board (Section I) and Supervisory Board (Section II) of 11 88 0 Solutions AG in the 2022 financial year, i.e. in the period from 1 January to 31 December 2022.

Full descriptions of the 2021 and 2022 remuneration systems for the Management Board are publicly available on the website at https://ir.11880.com/verguetung-vorstand-und-aufsichtsrat.

Code of Conduct

Appropriate conduct by each individual employee of the 11 88 0 Solutions Group is essential for maintaining a relationship of trust with our business partners, shareholders, employees and the public. Trust can only be established by strict compliance with the and our internal company guidelines.

The 11 88 0 Solutions Group has a responsibility towards society and conducts itself accordingly. In recognition of the shared responsibility of the 11 88 0 Solutions Group and its employees, the 11 88 0 Solutions Group summarises the basic binding rules that apply to all of its employees in this Code of Conduct, providing each individual employee with guidance designed to help them when acting independently and in the interests of the Company. This individual responsibility involves many rights and obligations.

Every employee is responsible for ensuring that their conduct always complies with the rules contained in this Code of Conduct when carrying out their role. We expect our executives to not only communicate these rules in an appropriate way but also demonstrate them by setting a good example and demand the same from their employees.

The regulations in the Code of Conduct form part of our risk management system, which aims to protect the interests of the 11 88 0 Solutions Group and, in particular, each individual employee within it. The Code of Conduct sets a minimum standard that can be amended by supplements in individual cases. Where other Group guidelines are issued in addition to this Code of Conduct, these guidelines will apply in addition to or as a supplement to the Code of Conduct. All Group guidelines can be viewed on the Intranet at all times.

The Code of Conduct is effective for all employees of the 11 88 0 Solutions Group. The 11 88 0 Solutions Group also expects all other individuals employed by the Company (such as interns or consultants) to comply with all of the rules and principles set out in the Code of Conduct.

The Code of Conduct must be observed in relations between the companies of the 11 88 0 Solutions Group and all employees; it expressly does not substantiate the rights and claims of third parties. Please contact the Compliance Committee with any questions regarding ambiguities or interpretation.

The latest version of the full Code of Conduct is available to all employees of the 11 88 0 Solutions Group via the Intranet.

Essen, 28 March 2023

The Management Board

Christian Maar

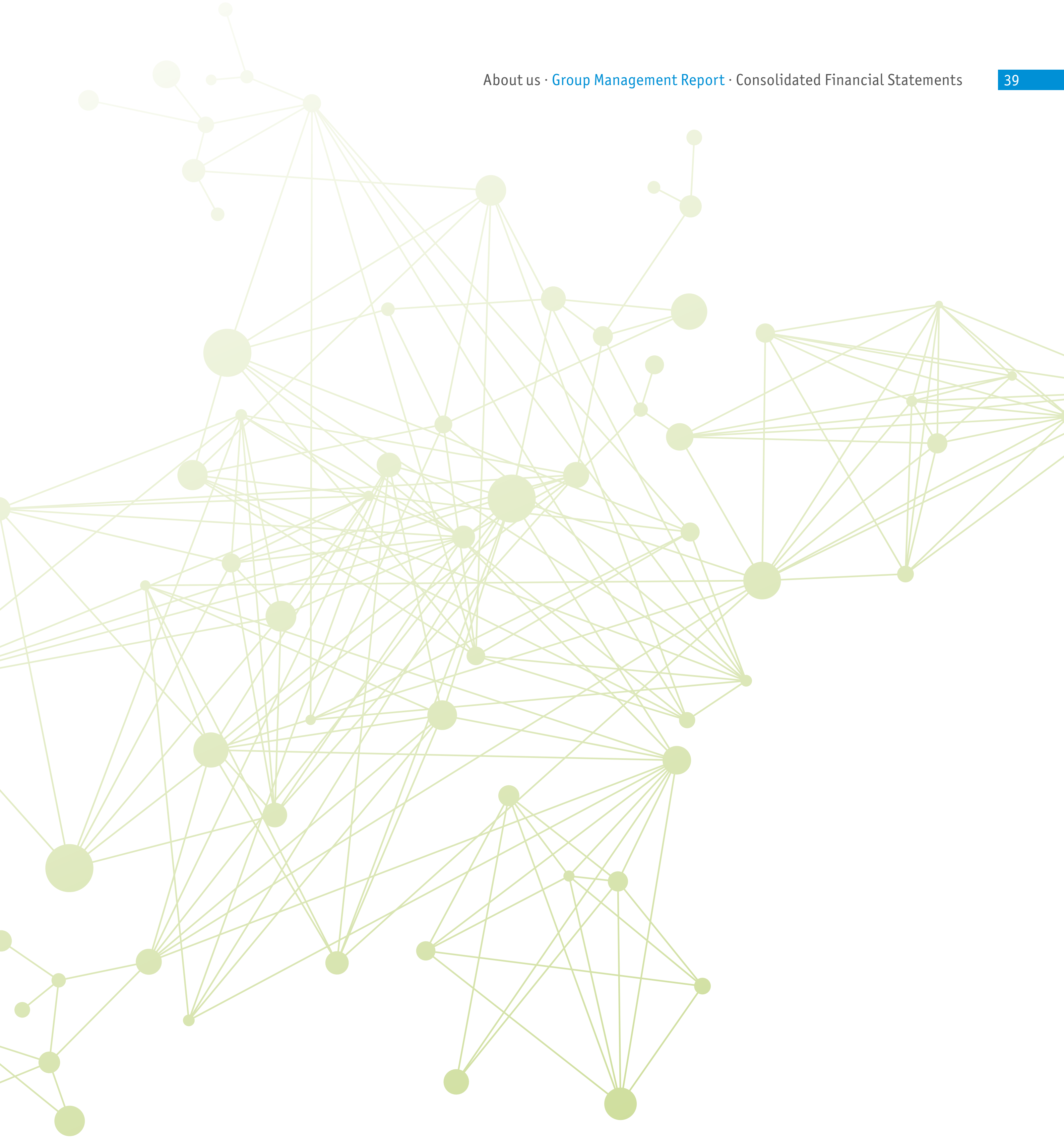
Responsibility statement

“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, 28 March 2023

The Management Board

Christian Maar



Consolidated Financial Statements

Consolidated Financial Statements

Consolidated Statement of Financial Position (IFRS)

in kEUR	Notes	31 December 2022	31 December 2021 adjusted (*)	1 January 2021 adjusted (*)
ASSETS				
Current assets				
Cash and cash equivalentes	B1	1,382	1,274	2,922
Restricted cash	B1	134	134	134
Trade accounts receivable	B2	8,516	8,467	9,086
Current tax assets		5	5	4
Financial assets at fair value through profit or loss	B3	0	588	610
Other financial assets	B4	38	39	180
Other current assets	B5	575	596	663
Total current assets		**10,650**	**11,103**	**13,598**
Non-current assets				
Goodwill	B6	3,717	3,717	3,717
Intangible assets	B7	5,578	6,215	6,666
Property and equipment	B8	707	810	1,034
Capitalized right of use (IFRS 16)	B9	3,666	4,443	5,360
Other non-current assets	B10	405	452	483
Deferred tax assets	B11	1,674	1,384	0
Total non-current assets		**15,746**	**17,021**	**17,259**
Total assets		**26,396**	**28,124**	**30,857**

in kEUR	Notes	31 December 2022	31 December 2021 adjusted (*)	1 January 2021 adjusted (*)
LIABILITIES AND EQUITY				
Current liabilities				
Trade accounts payable	B12	641	275	713
Accrued liabilities	B13	4,791	5,344	5,458
Income tax liabilities	G10	72	64	0
Short-term lease liabilities (IFRS 16)	B15	1,403	1,514	1,541
Other liabilities due to related parties	B19	44	0	0
Other current liabilities	B16	6,514	5,956	6,765
Total current liabilities		**13,465**	**13,152**	**14,478**
Non-current liabilities				
Provisions	B14	465	228	839
Provisions for retirement benefits	B17	0	495	581
Other non-current liabilities	B18	281	469	656
Other liabilities to Group companies	B19	2,000	0	0
Long-term lease liabilities (IFRS 16)	B15	3,070	3,739	4,653
Deferred tax liabilities	B11	502	271	648
Total non-current liabilities		**6,318**	**5,202**	**7,377**
Total liabilities		**19,783**	**18,354**	**21,855**
Equity				
Share capital	B20.1	24,915	24,915	24,915
Additional paid in capital	B20.2	34,473	34,473	34,473
Accumulated deficit	B20.3	-52,776	-49,285	-49,989
Other components of equity	B20.4	1	-333	-397
Equity attributable to owners of the parent		**6,613**	**9,770**	**9,002**
Total equity		**6,613**	**9,770**	**9,002**
Total liabilities and equity		**26,396**	**28,124**	**30,857**

(*) The amounts presented in this column correspond to the amounts after correction of erros and changes in accounting estimates (see section 6).
B: See corresponding section in the notes to the consolidated statement of financial statements.

Consolidated Income Statement (IFRS)

in kEUR	Notes	1.1. – 31.12.2022	1.1. – 31.12.2021 adjusted (*)
Revenues	G1	56,017	56,139
Cost of revenues	G2	-32,909	-32,410
Gross profit		**23,108**	**23,729**
Selling and distribution costs	G3	-13,059	-13,125
General administrative expenses	G4	-10,426	-9,797
Impairment losses from receivables	G7	-2,958	-1,515
Other operating expense	G8	-32	-8
Operating income (loss)		**-3,367**	**-716**
Interest income		21	19
Interest expense		-100	-38
Interest expenses from lease liabilities (IFRS 16)		-236	-266
Gain (loss) from marketable securities		-21	-21
Gain (loss) on foreign currency translation		1	0
Financial income (loss)	G9	**-335**	**-306**
Income (loss) before income tax		**-3,701**	**-1,023**
Current income tax		-8	-64
Dereferred income tax		218	1,790
Income tax	G10	**210**	**1,726**
Net income (loss)		**-3,491**	**703**
Attributable to:			
Owners of the parent		-3,491	703
Earnings per share for net income (loss) for the reporting period attributable to ordinary equity holders of the parent (in euro)	G11	-0.14	0.03

(*) The amounts presented in this column correspond to the amounts after correction of erros and changes in accounting estimates (see section 6).

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

Consolidated Statement of Comprehensive Income (IFRS)

in kEUR	Notes	1.1. – 31.12.2022	1.1. – 31.12.2021 adjusted (*)
Net income (loss)		**-3,491**	**703**
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss			
Actuarial gains (losses) from pensions and similar obligations, net		493	92
Deferred tax on acturial gain (losses) from pensions and similar obligations, net		-159	-29
Items that can be reclassified subsequently to profit or loss			
Other comprehensive income (loss) after tax	**B20.4**	**334**	**63**
Other comprehensive income (loss) after tax		**-3,157**	**766**
Attributable to:			
Owners of the parent		-3,157	766

(*) The amounts presented in this column correspond to the amounts after correction of erros and changes in accounting estimates (see section 6).
B: See corresponding section in the notes to the consolidated statement of financial statements.

Consolidated Statement of Shareholders Equity (IFRS)

	Equity attributable to owners of the parent				
in kEUR	Share capital	Additional paid in capital	Accumulated deficit	Other components of equity	Total equity
Balance at January 1, 2022	**24,915**	**34,473**	**-49,285**	**-333**	**9,770**
Net income (loss)			**-3,491**		**-3,491**
Actuarial gains (losses) from pensions and similar obligations				493	493
Deferred tax on acturial gains (losses) from pensions and similar obligations				-159	-159
Other comprehensive income (loss)				**334**	**334**
Total comprehensive income (loss)			**-3,491**	**334**	**-3,157**
Balance at December 31, 2022	**24,915**	**34,473**	**-52,776**	**1**	**6,613**
Balance at January 1, 2021 before IAS 8 adjustments	**24,915**	**34,473**	**-49,240**	**-397**	**9,752**
IAS 8 adjustments			**-749**		**-749**
Balance at January 1, 2021 adjusted (*)	**24,915**	**34,473**	**-49,989**	**-397**	**9,002**
Net income (loss)			**703**		**703**
Actuarial gains (losses) from pensions and similar obligations				92	92
Deferred tax on acturial gains (losses) from pensions and similar obligations				-29	-29
Other comprehensive income (loss)				**63**	**63**
Total comprehensive income (loss)			**703**	**63**	**766**
Balance at December 31, 2021 adjusted (*)	**24,915**	**34,473**	**-49,285**	**-333**	**9,770**

(*) The amounts presented in this column correspond to the amounts after correction of erros and changes in accounting estimates (see section 6).

Consolidated Statement of Cash Flows (IFRS)

in kEUR	Notes	1.1. – 31.12.2022	1.1. – 31.12.2021 adjusted (*)
Cash flow from operating activities			
Income (loss) before income tax		-3,701	-1,023
Adjustments for::			
Amortisation and impairment of intangible assets	G6	4,158	4,481
Amortisation and impairment of capitalized-rights-of-use IFRS 16	G6	1,302	1,357
Depreciation and impairment of property and equipment	G6	283	327
Gain (loss) on disposal of property and equipment		14	8
Interest income	G9.1	-21	-19
Interest expense	G9.1	336	304
Gain (loss) from marketable securities	G9.2	21	21
Gain (loss) on foreign currency translation	G9.3	-1	0
Valuation allowance for trade accounts receivable	B2	1,324	225
Gain (loss) from pension provision	B17	-12	-23
Impairment of other non-current assets	G2	302	261
Changes in non-current provisions	B14	246	-611
Changes in non-current other and financial assets		-255	-229
Payments for contract acquisition costs (customer contracts) (*)		-3,304	-3,573
Cash inflows before changes in operating assets and liabilities (*)		**692**	**1,506**
Changes in operating assets and liabilities:			
Trade accounts receivable	B2	-1,373	393
Miscellaneous current assets	B5	22	208
Trade accounts payable	B12	368	-437
Accrued expenses and other current liabilities	B13	-9	-1,003
Income taxes received / paid		3	-1
Cash outflows / inflows from operating activities (*)		**-296**	**666**

in kEUR	Notes	1.1. – 31.12.2022	1.1. – 31.12.2021 adjusted (*)
Cash flow from investing activities			
Purchase of intangible assets excl. customer contracts		-233	-460
Proceeds from the disposal of intangible assets		1	0
Purchase of property and equipment		-179	-112
Interest received		4	4
Disposal of financial assets at fair value through profit and loss	B3	565	0
Cash inflows / outflows from investing activities		**158**	**-568**
Cash flow from financing activities			
Interest paid		-25	-12
Outflows from the repayment of loans	B18	-188	-94
Interest expenses for leases in accordance with IFRS 16		-236	-266
Payments from the repayment of liabilities lease liabilities (IFRS 16)		-1,305	-1,374
Proceeds from loans received related parties	B19	2,000	0
Cash inflows / outflows from financing activities		**246**	**-1,746**
Change in cash		**108**	**-1,648**
Cash at the beginning of the reporting period		**1,274**	**2,922**
Cash and cash equivalents for the purpose of the cash flow statement at the end of the period		**1,382**	**1,274**
Cash at the end of the reporting period		**1,382**	**1,274**
Cash and cash equivalentes with and without restricted cash as well as financial assets at fair value through profit or loss at the end of reporting period		1,516	1,996

(*) The amounts presented in this column correspond to the amounts after correction of erros and changes in accounting estimates (see section 6).

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.

For further information, see notes to the consolidated financial statements.

Notes to the consolidated financial statements of 11 88 0 Solutions AG, Essen, for financial year 2022

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 mainly comprise the provision of online marketing services (Digital segment) for small and medium-sized enterprises (SMEs). They provide companies with an online presence with products such as corporate websites, Google Ads or Microsoft Advertising, search engine optimisation (SEO), online advertising, search engine advertising (SEA) usability optimisation, website analyses, 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). We are also offering packages for active review management via the search engine for online reviews werkenntdenBESTEN.de.

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

The Directory Assistance segment comprises 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 services in the 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 has been registered in the Commercial Register of the Essen Local Court, Germany, under registration number HRB 29301.

The consolidated financial statements of 11 88 0 Solutions AG and its subsidiaries were prepared in accordance with the International Financial Reporting Standards (IFRS) – as applicable in the European Union – as of 31 December 2022.

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 315e 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 2022 were submitted with the publisher of the Company Register and published electronically. 11 88 0 Solutions AG is included in the consolidated financial statements of united vertical media GmbH, Nuremberg, which are published in the Federal Gazette.

The consolidated financial statements of 11 88 0 Solutions AG for the 2022 financial were released for publication by the Management Board on 28 March 2023.

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 2022 – using uniform accounting principles in accordance with IFRSs.

Below is a statement of the shareholdings of the Group as of 31 December 2022 in accordance with section 313 (2) HGB (German Commercial Code):

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

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

1.2 Consolidation methods

Acquisition accounting was based on the acquisition method in accordance with IFRS 3 Business Combinations. This involved measuring the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values. The cost of a business combination is the sum total of the consideration assigned, which is measured at the acquisition-date fair value. Costs incurred in connection with a business combination are recognised as an expense. Goodwill as of the acquisition date is measured as the difference which is the excess of the consideration assigned over the Group's identifiable assets acquired and liabilities assumed. If this consideration is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised in profit or loss.

Subsidiaries are companies which are directly or indirectly controlled by 11 88 0 Solutions AG. According to IFRS 10, control applies where an investor has decision-making rights and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The consolidation of a subsidiary begins on the date on which the Group obtains control over this subsidiary. It ends when the Group loses control over this subsidiary. Assets, liabilities, income and expenses of a subsidiary which is acquired or disposed of during the reporting period are recognised in the consolidated financial statements from the date on which the Group obtains control over this subsidiary up to the date on which this control ends. The subsidiaries' financial statements are prepared as of the same reporting date as the financial statements of the parent company, subject to uniform accounting policies. Where necessary, the accounting policies applied in the subsidiaries' financial statements are adapted in line with those applied for the Group's financial statements. Receivables and liabilities, expenses and income as well as interim earnings between the group companies are eliminated within the scope of consolidation in accordance with IFRS 10.B86.

Upon loss of control, a gain or loss on disposal of the subsidiary is recognised in the consolidated statement of comprehensive income for the difference between (i) the proceeds from the disposal of the subsidiary, the fair value of interests retained, the carrying amount of non-controlling interests and the cumulative amounts of other comprehensive income attributable to the subsidiary, and (ii) the carrying amount of the subsidiary's disposed net assets

2. Summary of significant accounting policies

The significant accounting policies used for the preparation of these consolidated financial statements are explained below. The policies described were applied consistently to the reporting periods covered by these notes. Exceptions to this are the amendments to International Financial Reporting Standards required to be applied by the Group as at 1 January 2022 listed in section 4 "Changes in accounting policies". Accounting and measurement were carried out on going concern basis.

2.1 Revenue from contracts with customers

Disclosures on revenue recognition by the 11 88 0 Group are provided below.

Digital revenues, which make up the majority of revenues produced, include the Media and Software segments and are generated in a mass market with a large number of small and medium-sized enterprises. Revenues generated in the Directory Assistance segment relate mainly to directory assistance services and the third-party call centre business.

The 11 88 0 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 promises 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 (IFRS 15.27). Furthermore, the contractual promises 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 performance 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 contract term, 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 the date access to the software transfers to the customer. Target groups in this segment are generally 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 11 88 0 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 in the call centre third-party business generally include phone 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 amounts 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 end of the reporting period, 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 are translated using the exchange rate at the date when the fair value was determined.

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 AG 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 and measuring 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 party to the contractual provisions of 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 provide for the delivery of the assets within a period determined by market provisions or conventions.

Financial assets or financial liabilities are initially recognised at their fair value (IFRS 9.5.1.1) – Incidental acquisition costs are only recognised as an asset 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 the IFSR 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 reported at fair value (derivatives).

11 880 Solutions AG invested 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.

In the previous year, the securities held by 11 880 Solutions AG were 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: Inputs are quoted (unadjusted) prices in active markets accessible to the Company for identical assets and liabilities. The securities allocated to level 1 concern 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 11 880 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).

Because the carrying amount of the financial assets represents a suitable approximation of the fair value, no additional information is provided about fair value.

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.

Because the carrying amount of the financial liabilities represents a suitable approximation of the fair value, no additional information is provided about fair value.

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.

2.6.2.5 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 interest revenue 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 to 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 or continues to be recognised are not included in a portfolio-based assessment of impairment.

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 gain.

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 accordance with IFRS 9.3.3.1, a financial liability is derecognised upon performance, cancellation or expiration, and therefore satisfaction, of the underlying obligation. 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 Business combinations and goodwill

Business combinations are recognised on the basis of the acquisition method according to IFRS 3. This entails recognition of all identifiable assets and liabilities of the acquired business at fair value.

If the initial accounting for a business combination has not yet been completed at the end of a reporting period, provisional amounts will be indicated for items thus accounted for. If new information becomes known during the measurement period of not more than one year from the date of acquisition which provides greater clarity regarding the situation as of the date of acquisition, the amounts recognised on a provisional basis will be corrected or additional assets or liabilities will be recognised.

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 to sell 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 use internally or sale;
- the intention and the ability to complete the intangible asset and use or sell it;
- how the intangible asset will generate probable future economic benefits;
- the availability of technical, financial and other resources to complete the development and 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 inflow of economic benefits.

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

The company only has 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 on 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. Furthermore, capitalised costs for which the amortisation period would be less than a year are recognised as an expense as outlined in 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.

Property and equipment will be derecognised upon disposal or if the continued use or disposal of the asset can no longer be expected to provide any economic benefit. The gains or losses resulting from the disposal of the asset will be recognised through profit or loss.

For property and equipment acquired through company acquisitions, their remaining useful life will be determined, in particular, on the basis of the above-mentioned useful lives as well as the useful lives which have already elapsed as of the date of acquisition.

2.13 Costs to fulfil a contract

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. Costs are capitalised in the amount outlined in IFRS 15.97 and mainly include direct labour and material costs, 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 expense is recognised in profit or loss (IFRS 15.101).

2.14 Impairment of non-financial assets

Non-financial assets are tested for impairment on each closing date 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 item 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 costs to sell 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 profit or loss 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. They are reported in the statement of financial position under other current liabilities. Contract liabilities are recognised as revenue as soon as the Group has met its contractual obligations.

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. Due to the insignificance of the amount of right of return assets relating exclusively to software in the Digital segment at the reporting date, no further information is provided.

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 Employee benefits (pension and semi-retirement 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. 11 88 0 Solutions AG signed semi-retirement agreements based on the so-called "block model".

Two different types of obligation arise in this respect. These are measured at their present value in accordance with actuarial principles and accounted for separately from one another.

- Settlement amount: relates to the cumulative outstanding settlement amount which is recognised pro rata during the active (employment) phase. The cumulative outstanding settlement amount is based on the difference between the employee's remuneration prior to the start of the semi-retirement agreement and the reduced level of remuneration during the employment phase. The settlement arrears are treated as other long-term benefits according to IAS 19.8 and must be recognised at their present value using the actuarial methodology. The provision made for the settlement arrears will be used during the passive phase, when the employee is no longer working but is continuing to receive remuneration.
- Top-up payments: Top-up payments are generally hybrid in nature, i.e. although the agreement is often considered to be a form of compensation for terminating the employment relationship at an earlier date, payments to be made at a later date are subject to the future performance of work. Despite having the characteristics of severance payments, top-up payments must be recognised on a pro rata basis over the vesting period, due to their dependency on the future performance of work. The vesting period for top-up payments begins when the employee is granted the entitlement to participate in the semi-retirement programme and ends upon this employee entering the passive phase (leave from work).

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, other office equipment and IT equipment. Leases are generally entered into for fixed periods of between 1 and 8 years, but may include extension options. The 11 88 0 Group recognises leases on the basis of the 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.

Vehicle leases which the Group enters into with external leasing companies are recognised in accordance with IFRS 16. In case of contracts which are subsequently entered into between the 11 88 0 Solutions Group 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.

The 11 88 0 Solutions Group makes use of the exemptions provided for in IFRS 16 for short-term leases (12 months or less) as well as the exemption for leases where the underlying asset has a low value. 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.

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

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. This is usually not the case.

2.23 Income taxes

Income taxes comprise current taxes and deferred taxes. Their calculation is based on the tax rates and tax laws that are expected to apply to the period when the asset is realized or the liability is settled. The tax rates used are those that are enacted or substantively enacted at the reporting date and are expected to apply to the year when the asset is realized or the liability is settled.

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 taxes are recognized for all taxable temporary differences, unless

- the deferred tax liability results from the initial recognition of goodwill or an asset or a liability arising through a transaction which is not a business combination and which, on the date of this transaction, does not affect either the net profit or loss for the period pursuant to IFRSs or the taxable profit or loss, and
- the deferred tax liability results from taxable temporary differences which result in connection with interests held in subsidiaries, if the timing of the reversal of the temporary differences can be controlled and these temporary differences are not likely to be reversed in the foreseeable future.

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.

The carrying amount of the deferred tax assets will be reviewed on each reporting date and reduced insofar as it is no longer probable that a sufficient taxable profit will be available against which the deferred tax asset can be at least partially used. Unrecognised deferred tax assets will be reviewed on each reporting date and will be recognised insofar as it is now probable that future taxable income will enable the realisation of the deferred tax asset.

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 deferred tax liabilities will be offset against one another if the Group has an enforceable right to set off its actual tax refund claims against its actual tax liabilities and these relate to income taxes levied on the same taxable entity by the same tax authority.

2.24 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.

2.25 Statement of cash flows

The 11 88 0 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.

2.26. Summary of measurement policies

The asset and liability items in the consolidated statement of financial position are measured as follows, provided there are no impairments:

Item on the statement of financial position	Measurement
ASSETS	
Cash	At amortised cost
Restricted cash	At amortised cost
Trade accounts receivable	At amortised cost
Current tax assets	Expected receipt of payments from tax authorities based on tax rates that have been enacted or substantively enacted by the reporting date
Financial assets measured at fair value	At fair value through profit or loss
Other financial assets	At amortised cost
Other assets	At amortised cost
Goodwill	Impairment-only approach
Intangible assets	At amortised cost
Property and equipment	At amortised cost
Capitalised right-of-use assets (IFRS 16)	At amortised cost
Deferred tax assets	Measurement based on the tax rates expected to be valid for the period in which an asset is realised or a liability is settled, using tax rates those that are enacted or substantively enacted at the reporting date.
LIABILITIES	
Trade accounts payable	At amortised cost
Accrued current liabilities	At amortised cost
Provisions	Best estimate of the expenditure required to settle the future obligation at the reporting date
Liabilities to related parties	At amortised cost
Lease liabilities (IFRS 16)	At amortised cost
Other liabilities	At amortised cost
Provisions for retirement benefits	Best estimate of the expenditure required to settle the future obligation at the reporting date
Income tax liabilities	Expected payment to tax authorities based on tax rates that have been enacted or substantively enacted by the reporting date
Deferred tax liabilities	Measurement based on the tax rates expected to be valid for the period in which an asset is realised or a liability is settled, using tax rates those that are enacted or substantively enacted at the reporting date.

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 military confrontations between Russia and Ukraine and the COVID-19 pandemic have affected the uncertainty relating to assumptions and estimates in connection with the measurement of assets and liabilities. No estimates or underlying discretionary decisions with a significant impact in connection with the COVID-19 pandemic arose for the 11 88 0 Group in the 2022 financial year. In view of the fact that the 11 88 0 Group does not have any material business relationships with customers or suppliers from Russia and Ukraine, the 11 88 0 Group still does not expect the war between Russia and Ukraine to have a material adverse effect on its estimates and assumptions based on currently available information.

Environmental and social concerns can have an impact on the recoverability of the Group's assets in various ways. These risks include, in particular, rising energy prices. The 11 88 0 Group currently assumes that the effects of environmental and social issues will not have a material impact on its consolidated financial statements.

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 performance 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 that must be selected is the one with which the Group can most reliably determine the consideration owed.

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 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 credit risk, historical default and loss rates are determined that 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. efault of trade receivables if contractual payments are overdue by 360 days. In the previous year, a default was assumed if contractual payments were overdue by 450 days. For changes in loss allowances, see section 2. under the notes to the consolidated 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 Property and equipment and intangible assets

Property and equipment and intangible assets are initially measured at cost. Property and equipment and intangible assets with a limited useful life are depreciated and amortised on a straight-line basis over their assumed economic life following their initial recognition. Their assumed economic life is based on past experience and is subject to significant uncertainty, in particular in relation to unforeseen technological development.

Purchase price allocation carried out upon the initial consolidation of FAIRRANK GmbH resulted in the identification of customer contracts as intangible assets and their recognition at fair value. Based on management's assessment, the amortisation period was fixed at up to 4 years and the straight-line method of amortisation was chosen. Determining the amortisation period was based on the estimate of probable future cash flows from these intangible assets and the discounting rate to be used for determining the present values of these cash flows. As of 31 December 2022, the carrying amounts of these acquired customer contracts amounted to EUR 47 thousand (previous year: EUR 164 thousand).

3.5 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.

3.6 Deferred taxes on tax loss carryforwards

In accordance with IAS 12.34, 11 88 0 Solutions AG also recognises deferred taxes on unused tax loss carryforwards. These are to be recognised to the extent that it is probable there will be taxable profit or sufficient deferred tax liabilities 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 deferred tax assets on tax loss carryforwards amounted to EUR 4,353 thousand as of the reporting date (2021: EUR 4,219 thousand); see also section 11 in the notes to the consolidated statement of financial position.

3.7 Provisions

A provision will only be established if the Group has a legal or constructive obligation due to a past event, the outflow of resources embodying economic benefits is probable in order to fulfil this obligation and the amount of this obligation can be reliably estimated. Such estimates are subject to significant uncertainty.

3.8 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 section 5 in other notes and disclosures.

3.9 Employee benefits (pension and semi-retirement obligations)

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

The Group determines the appropriate discount rate at the end of each financial year. The discount rates applied to pension obligations 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.

3.10 Leases

3.10.1 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.

To determine the incremental borrowing rate of interest, reference interest rates for a period of up to 8 years are derived from maturity-matched risk-adjusted interest rates. On the basis of the above criteria, interest rates of between 1.4 % and 7.4 % are applicable.

3.10.2 Extension, termination and purchase options n

Some of the leases for buildings entered into by the 11 88 0 Group are subject to automatic contract extensions unless notice of termination is given by one of the two parties to the lease. Therefore, an enforceable contract exists only for the period until the next termination date. Further options do not exist.

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.

3.11 Accounting for business combinations

Business combinations are accounted for using the acquisition method. Goodwill resulting from a business combination is initially recognised at cost, which is the excess of the cost of the company's acquisition over the fair values of the acquired identifiable assets, liabilities and contingent liabilities.

Determination of the fair values of the acquired assets and liabilities as of the date of acquisition is subject to significant estimation uncertainty. For the identification of intangible assets, depending on the type of intangible asset and the complexity of the process for determining its fair value either independent opinions published by external valuers will be used or else the fair value will be determined internally by means of an appropriate valuation method for the respective intangible asset, which is normally based on the forecast of the overall cash which is expected to be generated in future. These valuations are closely linked with the assumptions and estimates which the management has made regarding the future development of the respective assets as well as the applicable discount rate.

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 2021 financial year, except for the changes explained below.

New standards and amendments to standards - effective from 1 January 2022:

Title		Changes	Application in annual periods beginning on or after	Anticipated effects on the presentation of the 11 88 0 Group's net assets, financial position and results of operations
IFRS 3	Reference to the Conceptual Framework	Updating a reference to the newly amended conceptual framework.	01.01.2022	No material effects
IAS 16	Proceeds before intended use	Amendment to accounting for the cost of property, plant and equipment in relation to the treatment of sales proceeds from test runs.	01.01.2022	No material effects
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	Specification of which costs an entity needs to include when assessing whether a contract is onerous or loss-making.	01.01.2022	No material effects
IFRS 1, IFRS 9, IFRS 16, IAS 41	Annual improvements (2018-2020 cycle)	Clarifications of individual IFRSs.	01.01.2022	No material effects

5. Future changes in accounting policies

Adoption of the following standards newly issued or amended or amendments issued by the IASB is not yet mandatory as at the reporting date. For this reason, they were not applied to these consolidated financial statements for the period ended 31 December 2022. 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.

	Title	Changes	Application mandatory in annual periods beginning on or after	Anticipated effects on the presentation of the 11 88 0 Group's net assets, financial position and results of operations
IFRS 17	Accounting for insurance contracts	IFRS 17 governs the accounting treatment of insurance contracts and replaces IFRS 4.	01.01.2023	The 11 88 0 Group does not act as an insurer.
IAS 1 and IFRS Practive Statement 2	Disclosures on accounting policies	Clarification that entities must disclose all material accounting policies. Previously, the standard referred to significant accounting policies.	01.01.2023	No material effects
IAS 8	Definition of accounting estimates	Clarification of how to distinguish between changes in accounting policies and accounting estimates.	01.01.2023	No material effects
IAS 12	Deferred taxes on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences	Entities are required to recognise deferred taxes for transactions that give rise to equal amounts of taxable and deductible temporary differences on initial recognition.	01.01.2023	No material effects
IFRS 10 and IAS 28	Sales or Contributions of Assets between an Investor and its Associate or Joint Venture	Clarification that the full gain or loss on the transfer of assets to an associate or joint venture must be recognised when a business as defined in IFRS 3 is transferred.	n/a	No material effects
IAS 1	Classification of debt by maturity	Clarification of the classification of debt as short- and long-term.	01.01.2024	No material effects
IFRS 16	Lease liability in a sale to leaseback	Subsequent measurement of a lease liability in a sale and leaseback transaction	01.01.2024	No material effects

6. IAS 8 corrections of errors

6.1 IAS 8 corrections of errors in the recognition of revenue on an accrual basis

An error in relation to the recognition of revenue was identified in the Media unit (Digital-segment). In the Media unit, contractual performance obligations are generally satisfied over time based on the consistent provision of services over the contract term. However, revenue from contracts was recognised on a monthly basis at the same amount rather than after the actual service commencement date. The effects of recognising revenue after the service commencement date are presented below.

6.1.1 Effects on the statement of financial position

The corrections of errors affect the amount of trade accounts receivable and, in the case of prepayments, the amount of other current liabilities (contract liabilities) and income tax liabilities. The associated effects are presented below.

in EUR thousand	1.1.2021 before restatements	Restatements	1.1.2021 restated
ASSETS			
Current assets			
Trade accounts receivable	9,614	-528	9,086
EQUITY AND LIABILITIES			
Current liabilities			
Other current liabilities	6,545	220	6,765
Equity			
Accumulated deficit	-49,240	-749	-49,989

in EUR thousand	31.12.2021 before restatements	Restatements	31.12.2021 restated
ASSETS			
Current assets			
Trade accounts receivable	9,312	-845	8,467
EQUITY AND LIABILITIES			
Current liabilities			
Other current liabilities	5,664	292	5,956
Income tax liabilities	114	-50	64
Equity			
Accumulated deficit	-48,199	-1,087	-49,285

6.1.2 Effects on earnings

The corrections of errors also affect the amount of the consolidated earnings after tax by EUR 338 thousand for the 2021 reporting period. The associated effects are presented below.

Consolidated income statement (IFRSs)

in EUR thousand	01.01. - 31.12.2021 before restatements	Restatements	01.01. - 31.12.2021 restated
Revenues	56,528	-388	56,139
Gross profit	**24,272**	**-388**	**23,883**
Operating result	**-329**	**-388**	**-716**
Income before income tax	**-635**	**-388**	**-1,023**
Current income tax	-114	50	-64
Deferred income tax	1,790	0	1,790
Net income	**1,041**	**-338**	**703**
Of which are attributable to:			
Owners of the parent	1,041	-338	703
Earnings per share based on the net income attributable to ordinary shareholders of the parent (in euros)	0.04	-0.01	0.03

Consolidated statement of comprehensive income (IFRSs)

Profit or loss for the period	**1,041**	**-338**	**703**
Other comprehensive income after tax	**63**	**0**	**63**
Comprehensive income	**1,104**	**-338**	**766**
Of which are attributable to:			
Owners of the parent	1,104	-338	766

6.1.3 Effects on segment reporting

The corrections of errors also affect the segment reporting on the Digital segment for the 2021 reporting period. The associated effects are presented below.

Digital segment

in EUR thousand	01.01. - 31.12.2021 before restatements	Restatements	01.01. - 31.12.2021 restated
Revenues			
Revenues from transactions with external customers	43,691	-388	**43,302**
Of which over periods of time	42,527	-388	**42,138**
Of which relating to points in time	1,164	0	**1,164**
Total revenues	**43,691**	**-388**	**43,302**
Operating result	**-129**	**-388**	**-516**
EBITDA	5,594	-388	**5,206**
Earnings before income taxes	-397	-388	**-785**

6.2 IAS 8 corrections of errors – reclassifications of the costs of obtaining contracts in the statement of cash flows

In previous years, cash outflows relating to the costs of obtaining contracts (contracts with customers) were presented under cash flows from investing activities rather than under cash flows from operating activities. This was corrected accordingly in financial year 2022. The resulting transfers in the statement of cash flows for 2021 are as follows:

- Cash inflows before changes in working capital: EUR -3,573 thousand
- Cash inflows / outflows from operating activities: EUR -3,573 thousand
- Cash inflows / outflows from investing activities: EUR 3,573 thousand

6.3 IAS 8 corrections of errors - reclassifications in the consolidated income statement in accordance with IAS 1

In previous years, impairment losses on receivables were presented under selling and distribution costs rather than separately in the consolidated income statement in accordance with IAS 1.82 (ba). This has been corrected accordingly. In addition, expenses (such as costs for the finance department) that were not allocable to selling and distribution costs based on their actual cause were presented under selling and distribution costs. These issues have also been corrected. The changes in presentation shown have no impact on prior-year earnings. The restatements are shown in the following table.

Consolidated income statement (IFRSs)

in EUR thousand	01.01. - 31.12.2021 before restatements	Restatements	01.01. - 31.12.2021 restated
Cost of revenues	-32,256	-154	-32,410
Selling and distribution costs	-16,538	3,412	-13,125
General administrative expenses	-8,055	-1,743	-9,797
Impairment losses on receivables	0	-1,515	-1,515

6.3.1 Effects on segment reporting

The corrections of errors also affect the segment reporting for the 2021 reporting period. The associated effects are presented below.

Digital segment

in EUR thousand	01.01. - 31.12.2021 before restatements	Restatements	01.01. - 31.12.2021 restated
Cost of revenues	-21,733	-154	**-21,887**
Selling and distribution costs	-15,913	2,924	**-12,988**
General administrative expenses, other operating income & expenses	-6,175	-1,520	**-7,694**
Impairment losses on receivables	0	-1,250	**-1,250**

Directory Assistance segment

in EUR thousand	01.01. - 31.12.2021 before restatements	Restatements	01.01. - 31.12.2021 restated
Selling and distribution costs	-625	488	**-137**
General administrative expenses, other operating income & expenses	-1,888	-223	**-2,111**
Impairment losses on receivables	0	-265	**-265**

6.4 Previous year's figures

Based on the corrections of errors made in previous years as presented in this section in any reference to previous year's figures in all of the following components of the notes to the consolidated financial statements uses these corrected figures.

Notes to the Consolidated Income Statement

1. Revenues

Consolidated revenues in the 2022 financial year amounted to EUR 56,017 thousand (2021: EUR 56,139 thousand after IAS 8 restatements / before IAS 8 restatements: EUR 56,528 thousand). For further explanatory notes on the restatements in accordance with IAS 8, please refer to note 6 IAS 8 corrections of errors.

In the financial year, revenue of EUR 4,849 thousand after IAS 8 restatements / before IAS 8 restatements: EUR 4,557 thousand was recognised from contract liabilities existing as of 31 December 2021 (2021: EUR 5,618 after IAS 8 restatements / before IAS 8 restatements: EUR 5,398 thousand).

Revenues showed a slight year-on-year decline of 0.2 % after IAS 8 restatements. While revenues in the digital business rose by 0.8 % after IAS 8 restatements, revenues in the Directory Assistance segment fell by 3.7 % due to changes in consumer usage patterns.

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

The cost of services rendered in order to generate revenues of EUR 32,909 thousand (2021: EUR 32,410 thousand after adjustments IAS 8 / before adjustments IAS 8: EUR 32,256 thousand) primarily consisted of capacity and infrastructure costs of the Digital and Directory Assistance segments, for example personnel and IT infrastructure costs. For further explanations regarding the adjustments according to IAS 8, please refer to note 6 "IAS 8 error corrections".

The 1.5 % increase in cost of revenues was mainly due to an increase in variable costs for third-party services used.

In the past financial year, EUR 255 thousand (2021: EUR 229 thousand) in cost of revenues was capitalised as costs to fulfil a contract for the creation of websites for customers, which resulted in an equivalent decrease in cost of revenues. In return, capitalised costs to fulfil a contract were amortised over a period of 36 months and thus charged to cost of revenues in the year under review in the amount of EUR 302 thousand (2021: EUR 261 thousand).

3. Selling and distribution costs

The selling and distribution costs of EUR 13,059 thousand (2021: EUR 13,125 thousand after IAS 8 restatements / before IAS 8 restatements: EUR 16,538 thousand) mainly included the costs of the Company's own staff in the digital business and amortisation of capitalised costs to obtain a contract. For further explanatory notes on the restatements in accordance with IAS 8, please refer to note 6 IAS 8 corrections of errors.

The slight decrease of around 0.5 % after IAS 8 restatements is mainly due to decreased staff costs.

EUR 3,304 thousand in selling and distribution costs (2021: EUR 3,573 thousand) for obtaining customer contracts were capitalised in the past financial year, reducing cost of revenues by that same amount. Conversely, amortisation attributable to the costs to obtain a contract increases selling and distribution costs by EUR 3,602 thousand (2021: EUR 3,655 thousand).

4. General administrative expenses

The general administrative expenses in the amount of EUR 10,426 thousand (2021: EUR 9,797 after IAS 8 restatements / before IAS 8 restatements: EUR 8,055 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. For further explanatory notes on the restatements in accordance with IAS 8, please refer to note 6 IAS 8 corrections of errors.

5. Staff costs

The following employee benefit expenses were included in the costs of corporate services:

in EUR thousand	2022	2021
Wages and salaries	18,885	19,588
Social security costs	3,908	3,946
Pension costs	3	27
Multi-year variable remuneration	320	15
Total	**23,116**	**23,576**

The reduction in wages and salaries compared with the previous year resulted primarily from the decrease in the number of employees and the lower bonus accruals. The average number of employees decreased by 26 year-on-year. Further explanations can be found in section 6 under Other notes and disclosures.

6. Depreciation

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 to 31 December 2022:

in EUR thousand	Cost of revenues	Selling and distribution costs	Other administrative expenses	Total
Amortisation of intangible assets	338	3,758	62	**4,158**
Depreciation of property and equipment	33	41	209	**283**
Depreciation of capitalised right-of-use assets	317	531	454	**1,302**
Total	688	4,331	725	**5,744**

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 to 31 December 2021:

in EUR thousand	Cost of revenues	Selling and distribution costs	Other administrative expenses	Total
Amortisation of intangible assets	551	3,700	230	**4,481**
Depreciation of property and equipment	48	39	241	**327**
Depreciation of capitalised right-of-use assets	326	573	458	**1,357**
Total	925	4,312	929	**6,166**

7. Impairment losses on receivables

Impairment losses on trade accounts receivable amounting to EUR 2,958 thousand (2021: EUR 1,515 thousand) include expenses from additions to loss allowances on trade accounts receivable, income from the reversal of those loss allowances and expenses from the derecognition of such receivables. Losses on receivables in the previous year were presented under selling and distribution costs in the previous year and are shown separately in accordance with IAS 1 in financial year 2022. For further explanatory notes on the restatements in accordance with IAS 8, please refer to note 6 IAS 8 corrections of errors.

For information on impairment losses, please refer to note 2.6.2.5 Impairment of financial assets and Notes to the consolidated statement of financial position note 2 Trade accounts receivable.

8. Other operating expenses

in EUR thousand	2022	2021
Loss on disposal of non-current assets	14	8
Other	18	0
Other operating expenses	**32**	**8**

Other operating expenses mainly relate to donations.

9. Net financial income

9.1 Net interest income

in EUR thousand	2022	2021
Other interest and similar income	21	19
Interest and similar income	**21**	**19**
Interest expense from lease liabilities	-236	-266
Interest expense from loan liabilities	-55	-15
Interest expense for bank overdrafts and guarantees	-3	-3
Other interest and similar expenses	-42	-20
Interest and similar expenses	**-336**	**-304**
Net interest income	**-315**	**-285**

Interest income results mainly from compounding of lease liabilities.

9.2 Net income from marketable securities

in EUR thousand	2022	2021
Gain on sale of marketable securities and from fair value measurement	-21	-21
Net income from marketable securities	**-21**	**-21**

The profit / loss from the sale of securities results from the sale and measurement of investment fund units. sales are recognised in the statement of financial position on the trade date.

9.3 Net income from foreign currency translation

in EUR thousand	2022	2021
Gains on foreign currency translation	1	0*
Loss on foreign currency translation	0	0
Net income from foreign currency translation	**1**	**0**

* The amounts are less than EUR 1 thousand

9.4 Net gains / losses on financial instruments by measurement category

in EUR thousand	2022	2021
Financial assets at amortised cost:		
Trade accounts receivable	-2,954	-1,510
Financial assets at fair value through profit or loss:		
Financial assets measured at fair value	-21	-21
Financial liabilities at amortised cost:		
Trade accounts payable	-12	0
Other current and non-current liabilities	-11	-15
Liabilities due to Group companies	-44	0
Leasing liabilities	-236	-266
Total	**-3,278**	**-1,812**

Net income from trade accounts receivables loans and receivables mainly included changes in loss allowances, losses from derecognition, gains from subsequent payments received within interest income and the reversal of valuation allowances previously recognised on trade accounts receivable. Net Income from financial assets at fair value through profit or loss resulted from the sale of investment fund units. Net income from financial liabilites resulted in particular from interest expense.

10. 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 % (2021: 31.6 %). There is a slight discrepancy in the trade tax rate for 11 88 0 Internet Services AG, and for FAIRRANK GmbH and Seitwert GmbH, which is due to different rates of assessment.

in EUR thousand	2022	2021 restated*	2021
Current income taxes	-8	-64	-114
Deferred income taxes	218	1,790	1,790
Recognised income from income taxes	**210**	**1,726**	**1,676**

* This column contains restatements in accordance with IAS 8 due to the effects on earnings arising from recognising revenue on an accrual basis. For details see 6 IAS 8 corrections of errors.

The following fiscal reconciliation shows why the tax income 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 2022 financial year (2021: 31.6 %):

in EUR thousand	2022	2021 restated*	2021
Net loss before taxes	**-3,701**	**-1,023**	**-635**
Applicable tax rate	**31,6 %**	**31,6 %**	**31,6 %**
Expected income from income taxes	**1,170**	**323**	**200**
Increase / reduction by:			
Change in loss allowance on deferred taxes	-1,196	-224	-151
Tax effects loss carryforwards for which no deferred tax assets were recognised in the past	312	1,706	1,706
Income tax rate differences	11	-14	-14
Tax effects on expenses (permanently) non-deductible for tax purposes / tax-free income	-81	-60	-60
Other	-6	-5	-5
Recognised income tax income	**210**	**1,726**	**1,676**

Calculated as the ratio of recognised income tax income to the net loss for the period before taxes, the effective tax rate decreased sharply compared with the previous year. The change in the effective tax rate was mainly the result of prior-year tax effects on loss carryforwards at 11880 Internet Services AG amounting to EUR 1,706 thousand, for which no deferred tax assets were recognised in the past. Taking into account substantial taxable (liability-side) temporary differences, the realisation of benefits from loss carryforwards is due in particular to significant positive earnings forecasts at 11880 Internet Services AG. At 11880 Solutions AG and FAIRRANK GmbH, deferred tax assets are only recognised for corporate and trade tax loss carryforwards taking into account taxable temporary differences.

As of 31 December 2022, the current tax assets totalled EUR 5 thousand (2021: EUR 5 thousand) and mainly comprised receivables from the tax authorities related to withholding tax on investment and the solidarity surcharge on withholding tax on investment.

As of 31 December 2022, the 11880 Solutions Group shows deferred tax assets after offsetting in the amount of EUR 1,674 thousand (2021: EUR 1,384 thousand) and deferred tax liabilities in the amount of EUR 502 thousand (2021: EUR 271 thousand).

11. Earnings per share

Financial year ended on 31 December, in EUR	**2022**	2021 restated*	2021
Earnings per share based on the net income	-0.14	0.03	0.04

Financial year ended on 31 December, in EUR thousand	**2022**	2021 restated*	2021
Net income for calculating earnings per share	-3,491	703	1,041

Financial year ended on 31 December, in thousands of shares	**2022**	2021	2021
Weighted average number of ordinary shares for calculating earnings per share	24,915	24,915	24,915

* This column contains restatements in accordance with IAS 8. For further explanatory notes, please refer to note 6 IAS 8 corrections of errors.

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	2022	2021
Bank balances and cash	1,382	1,274
Restricted cash	134	134
Total	**1,516**	**1,408**

As of the reporting date, bank balances were exclusively kept with renowned German financial institutions. Restricted cash serve to collateralise rental guarantees.

The fair value of cash and cash equivalents amounted to EUR 1,516 thousand (2021: EUR 1,408 thousand) and thus corresponded to their carrying amount.

The 11880 Solutions Group had credit facilities of EUR 1,000 thousand (2021: EUR 1,000 thousand) with financial institutions at its disposal as of 31 December 2022. Use of these facilities is not restricted.

2. Trade accounts receivable

The amounts presented in the statement of financial position are amounts after impairment charges that were recognised in order to account for potential expected losses over the remaining term.

in EUR thousand	31.12.2022	31.12.2021 restated*	31.12.2021	01.01.2021 restated*	01.01.2021
Trade accounts receivable, gross	11,985	10,612	11,457	11,005	11,533
Less loss allowances	-3,469	-2,145	-2,145	-1,919	-1,919
Trade accounts receivable, net	**8,516**	**8,467**	**9,312**	**9,086**	**9,614**

* This column contains restatements in accordance with IAS 8 due to recognition of revenue on an accrual basis. For details see note 6 IAS 8 corrections of errors.

As a rule, trade receivables were due within 8 to 90 days.

The following trade accounts receivable were impaired with an amount of EUR 3,469 thousand (2021: EUR 2,145 thousand) as of 31 December 2022. Changes in the allowance account were as follows:

in EUR thousand	2022	2021
Loss allowances on 1 January	**2,145**	1,919
Expected losses according to IFRS 9	159	108
Valuation allowances	3,084	1,617
Utilisation / derecognition	-1,488	-1,188
Reversal	-431	-311
Loss allowances on 31 December	**3,469**	**2,145**

Expenses from the recognition and income from the reversal of loss allowances are reported under impairment losses on receivables.

Recoveries of the authorised collection agency are included in the item "Reversal of loss allowances" under impairment losses on receivables.

The maximum credit risk as of the balance sheet date corresponds to the net carrying amount of trade receivables. Receivables past due are reviewed for impairment. The calculation of loss allowances is mainly based on the receivables' age structure. For further general information on the recognition of expected credit risks and risk management, see section 8 under "Other notes and disclosures".

As of 31 December, the age structure of trade receivables after taking into account the aforementioned loss allowances is as follows:

31 December 2022	Gross carrying amount in EUR thousand	Expected default rate for the remaining term of the receivables	Impairment in EUR thousand
Not overdue	3,615	4.4 %	159
1–90 days past due	2,260	10.8 %	244
91–180 days past due	1,203	15.9 %	191
> 180 days past due	2,522	19.4 %	490
Default	2,385	100.0 %	2,385
Total	**11,985**		**3,469**

31 December 2021 after IAS 8 restatements	Gross carrying amount in EUR thousand	Expected default rate for the remaining term of the receivables	Impairment in EUR thousand
Not overdue	5,162	2.1 %	108
1–90 days past due	1,579	6.5 %	102
91–180 days past due	748	19.2 %	144
> 180 days past due	2,028	34.3 %	696
Default	1,095	100.0 %	1,095
Total	**10,612**		**2,145**

As of 31 December 2021, the age structure of trade receivables after taking into account the aforementioned loss allowances before IAS 8 restatements was as follows:

31 December 2021 before IAS 8 restatements	Gross carrying amount in EUR thousand	Expected default rate for the remaining term of the receivables	Impairment in EUR thousand
Not overdue	6,007	1.8 %	108
1–90 days past due	1,579	6.5 %	102
91–180 days past due	748	19.2 %	144
> 180 days past due	2,028	34.3 %	696
Default	1,095	100.0 %	1,095
Total	**11,457**		**2,145**

3. Financial assets at fair value through profit or loss

The investment fund units were sold in financial year 2022. The fair value corresponds to the nominal value multiplied by the quoted (redemption) price on the reporting 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.

As of 31 December 2022, the 11 88 0 Group no longer holds financial assets measured at fair value through profit or loss. The fair value of the Group's monetary investments in investment fund units as of 31 December 2021 was EUR 588 thousand. The investments denominated in euros were neither past due nor impaired.

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 2021	**610**
Measurement loss recognised in profit or loss	-21
As of 31 December 2021	**588**
Disposal / sale	-567
Measurement loss recognised in profit or loss	-21
As of 31 December 2022	**0**

The effect from the measurement of securities for the 2022 financial year amounts to EUR -21 thousand.

4. Other financial assets

As in the previous year, current other financial assets mainly include creditors with debit balances.

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

5. Other current assets

Other current financial assets consisted of the following items:

in EUR thousand	31.12.2022	31.12.2021
Prepayments made	465	529
Receivables from collection service providers	61	32
Other current assets	49	35
Other current assets	**575**	**596**

Prepayments made related primarily to deferred maintenance expenses and rent for technical equipment. Other current assets mainly include receivables from employees.

6. Goodwill

Please see the following tables for details of accumulated cost, accumulated impairment and accumulated carrying amounts of goodwill for the cash-generating units.

Cost

in EUR thousand	Goodwill
As of 31 December 2022	**10,092**
As of 31 December 2021	**10,092**

Accumulated impairment

in EUR thousand	Goodwill
As of 31 December 2022	**6,375**
As of 31 December 2021	**6,375**

Carrying amounts

in EUR thousand	Goodwill
Carrying amount as of 31 December 2022	**3,717**
Carrying amount as of 31 December 2021	**3,717**

Goodwill acquired as part of business combinations was assigned to cash-generating units (CGUs) for the purpose of impairment testing.

In order to test the carrying amount of the goodwill of 11 88 0 Internet Services AG acquired as part of a business combination for impairment, it was fully allocated to the directory assistance business of 11 88 0 Internet Services AG as a cash-generating unit ("CGU AKL / IS-AG") in accordance with IAS 36.80.

The goodwill arising from the 2020 acquisition of FAIRRANK GmbH was allocated in full to the FAIRRANK CGU ("FAIRRANK CGU"). It is not appropriate to allocate the goodwill pro rata to other CGUs from the Digital segment, as there were no real synergies or other positive effects on the Group's digital units in existence at the acquisition date when inferring the purchase price for FAIRRANK GmbH.

The goodwill of 11 88 0 Solutions AG is tested for impairment once a year and in case of relevant indications of potential impairment. On the basis of the findings as of the reporting date and expectations regarding the future development of the market and competitive environment as well as the cash-generating units – each of which has been allocated goodwill – as of 31 December 2022 no indication of impairment resulted, as in the previous year.

An indication of impairment will be established by comparing the recoverable amount of the CGU to which the respective goodwill relates with its carrying amount. The recoverable amounts of relevance for these impairment tests have been established on the basis of the value in use. Appropriate measurement models are used for the CGU-specific determination of the recoverable amounts. 11 88 0 Solutions AG uses income approach techniques (DCF models) for this purpose. The key assumptions of management regarding the determination of a CGU's recoverable amount include assumptions concerning the revenue, cost and margin trends in the detailed planning period as well as the discount rate, and assumptions regarding the sustainable growth rate and the long-term EBIT/EBITDA margin.

The expected future cash flows of the CGUs are determined on the basis of the budget approved by the Supervisory Board of 11 88 0 Solutions AG. The expected cash flows are calculated over a period of three to five years on this basis. The first three years represent detailed planning, while the following two years – if required – represent the extrapolation of trends. Beyond this period, management assumes in each case a CGU-specific long-term growth rate. Please see the following table for details of the goodwill of the cash-generating units as of 31 December 2022 and 31 December 2021, as well as the material parameters for the DCF models used.

CGU	Year	Carrying amount Goodwill (EUR thousand)	Discount interest rate before tax	Discount interest rate after tax	Long-term growth rate p. a. Ø in %	Sustainable EBIT margin p. a. Ø in %
CGU AKL / IS-AG	2022	416	21.21 %	9.00 %	-20.0 %	20.0 %
	2021	416	21.47 %	7.58 %	-20.00 %	20.0 %
CGU FAIRRANK	2022	3,301	14.05 %	9.53 %	1.5 %	12.5 %
	2021	3,301	14.24 %	8.33 %	1.00 %	12.5 %

The discount rates were inferred on the basis of conservative assumptions and using the capital asset pricing model. With regard to the growth opportunities and the potential market trend, we consider an annual rate of growth in free cash flows and thus a growth discount of 1.5 % for the terminal value to be appropriate for the FAIRRANK CGU, bearing in mind current interest rate expectations. For the terminal value for the FAIRRANK CGU, a long-term EBIT margin of 12.5 % is expected. On the basis of the generic decline in the call volume in traditional directory assistance business, for the CGU AKL / IS-AG we expect free cash flows to decline by 20 % per annum for the terminal value, resulting in a corresponding markup on the discount rate for the terminal value. For the terminal value for the AKL / IS-AG CGU, a long-term EBIT margin of 20 % is expected.

Sensitivity of the assumptions made

The sensitivity of the recoverable amounts to changes in key assumptions differs for the individual cash-generating units. As in the previous year, material parameters have been varied and in particular considered the following parameters:

- 1.5 percentage point increase in discount rates
- 1.0 percentage point reduction in long-term growth rate for the terminal value for the FAIRRANK CGU 0.5 % and more 10 percentage to -30 % for the AKL / IS-AG CGU
- 20 % reduction in the long-term EBIT margin

Even on the basis of these assumptions, this would not establish any indication of impairment.

7. Intangible assets

7.1 Cost

in EUR thousand	Initial carrying out 1.1.2022	Additions	Reclassifica-tions	Disposals	As of 31.12.2022
Software	**11,402**	1	77	-3,675	**7,805**
Licenses	**13,355**	0	0	-1,021	**12,333**
Internally generated database	**2,073**	0	0	-2,073	**0**
Acquired customer bases	**30,301**	0	0	-30,301	**0**
Acquired klickTel brand	**997**	0	0	-997	**0**
Acquired customer contracts, FAIRRANK	**359**	0	0	0	**359**
Internally generated intangible assets	**9,819**	232	0	-14	**10,037**
Costs to obtain a contract (customer contracts)	**27,395**	3,304	0	0	**30,698**
Other intangible assets	**8**	0	0	0	**8**
Intangible assets being developed / with prepayments	**123**	0	-77	0	**46**
Total	**95,833**	**3,536**	**0**	**-38,082**	**61,286**

in EUR thousand	Initial carrying out 1.1.2021	Additions	Reclassifica-tions	Disposals	As of 31.12.2021
Software	**14,844**	219	0	-3,661	**11,402**
Licenses	**13,374**	1	0	-20	**13,355**
Internally generated database	**2,073**	0	0	0	**2,073**
Acquired customer bases	**30,301**	0	0	0	**30,301**
Acquired klickTel brand	**997**	0	0	0	**997**
Acquired customer contracts, FAIRRANK	**359**	0	0	0	**359**
Internally generated intangible assets	**9,579**	240	0	0	**9,819**
Costs to obtain a contract (customer contracts)	**23,822**	3,573	0	0	**27,395**
Other intangible assets	**8**	0	0	0	**8**
Intangible assets being developed / with prepayments	**123**	0	0	0	**123**
Total	**95,481**	**4,033**	**0**	**-3,681**	**95,833**

The Group acquired the bizhero.de specialist company comparison portal in the last quarter of 2021. The capitalised acquisition costs for the backend and frontend amounting to EUR 130 thousand were shown under software. The useful life for the backend is 5 years and for the frontend 3 years.

7.2 Accumulated amortisation

in EUR thousand	As of 1.1.2022	Amortisation	Disposals	As of 31.12.2022
Software	11,113	129	-3,674	7,568
Licenses	13,305	40	-1,021	12,325
Internally generated database	2,073	0	-2,073	0
Acquired customer bases	30,301	0	-30,301	0
Acquired klickTel brand	997	0	-997	0
Acquired customer contracts, FAIRRANK	196	117	0	313
Internally generated intangible assets	9,527	271	-1	9,796
Costs to obtain a contract (customer contracts)	22,103	3,602	0	25,705
Other intangible assets	0	0	0	0
Intangible assets being developed / with prepayments	0	0	0	0
Total	**89,615**	**4,158**	**-38,067**	**55,707**

in EUR thousand	As of 1.1.2021	Amortisation	Disposals	As of 31.12.2021
Software	14,668	107	-3,661	11,113
Licenses	13,260	64	-20	13,305
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
Acquired customer contracts, FAIRRANK	50	146	0	196
Internally generated intangible assets	9,017	510	0	9,527
Costs to obtain a contract (customer contracts)	18,448	3,655	0	22,103
Other intangible assets	0	0	0	0
Intangible assets being developed / with prepayments	0	0	0	0
Total	**88,814**	**4,481**	**-3,681**	**89,615**

7.3 Carrying amounts

in EUR thousand	Carrying amounts as of 31 December 2022	Carrying amounts as of 31 December 2021
Software	236	288
Licenses	8	50
Internally generated database	0	0
Acquired customer bases	0	0
Acquired klickTel brand	0	0
Acquired customer contracts, FAIRRANK	47	164
Internally generated intangible assets	240	292
Costs to obtain a contract (customer contracts)	4,992	5,291
Other intangible assets	8	8
Intangible assets being developed / with prepayments	46	123
Total	**5,578**	**6,215**

The useful life of intangible assets was determined in as follows in the 2022 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
Acquired customer contracts, FAIRRANK	2 to 4 years
Internally generated intangible assets	2 to 5 years
Costs to obtain a contract (customer contracts)	3 years
Other intangible assets	3 years

Amortisation was calculated based on the straight-line method over the established useful lives. As in the previous years, there were no impairment as of 31 December 2022. particular the capitalised contract initiation costs, was carried out. Taking into account the sales and costs resulting from the customer base as at 31 December 2022 in the following years as well as the current churn rate and conservative discount rates, there was no impairment in the financial year.

Amortisation was included in the costs of sales, selling and distribution costs and general administrative expenses proportionately based on use.

Internally generated intangible assets were capitalised development costs for creating or enhancing software. In the year under review, development costs of EUR 2.2 million (2021: EUR 2.2 million) not qualifying for capitalisation were expensed within cost of revenues.

Sales commission was capitalised as the cost to obtain a contract and amortised over the average customer retention period of 3 years on a straight-line basis.

8. Property and equipment

8.1 Cost

in EUR thousand	As of 1.1.2022	Additions	Reclassifications	Disposals	As of 31.12.2022
Technical equipment	4,741	76	0	-174	4,643
Other equipment, fixtures, furniture and office equipment, and low-value assets	2,317	103	46	-57	2,409
Equipment being purchased / with prepayments	46	0	-46	0	0
Total	**7,103**	**179**	**0**	**-231**	**7,052**

in EUR thousand	As of 1.1.2021	Additions	Reclassifications	Disposals	As of 31.12.2021
Technical equipment	8,197	41	0	-3,497	4,741
Other equipment, fixtures, furniture and office equipment, and low-value assets	2,545	26	0	-254	2,317
Equipment being purchased / with prepayments	0	46	0	0	46
Total	**10,742**	**112**	**0**	**-3,751**	**7,103**

8.2 Accumulated depreciation

in EUR thousand	As of 1.1.2022	Depreciation	Disposals	As of 31.12.2022
Technical equipment	4,394	124	-174	4,345
Other equipment, fixtures, furniture and office equipment, and low-value assets	1,898	159	-57	2,000
Total	**6,292**	**283**	**-231**	**6,345**

in EUR thousand	As of 1.1.2021	Depreciation	Disposals	As of 31.12.2021
Technical equipment	7,717	170	-3,492	4,394
Other equipment, fixtures, furniture and office equipment, and low-value assets	1,991	157	-251	1,898
Total	**9,708**	**327**	**-3,743**	**6,292**

8.3 Carrying amounts

in EUR thousand	Carrying amounts as of 31 December 2022	Carrying amounts as of 31 December 2021
Technical equipment	298	346
Other equipment, fixtures, furniture and office equipment, and low-value assets	409	419
Equipment being purchased / with prepayments	0	46
Total	**707**	**810**

The useful life of property and equipment was determined in as follows in the 2022 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 established useful lives of the items and included in the cost of revenues, selling and distribution costs and general administrative expenses proportionately based on use. As in the previous year, there were no impairment as of 31 December 2022.

The disposals mainly resulted from the scrapping of technical equipment, other equipment, and operating and office equipment as well as leasehold improvements.

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 (IFRS 16)

9.1 Cost

in EUR thousand	As of 1.1.2022	Additions	Disposals	As of 31.12.2022
Buildings	7,278	471	-814	6,935
Motor vehicles	601	102	-121	582
IT equipment	0	92	0	92
Total	7,879	**665**	**-935**	7,609

in EUR thousand	As of 1.1.2021	Additions	Disposals	As of 31.12.2021
Buildings	7,133	145	0	7,278
Motor vehicles	515	296	-210	601
Total	7,648	**441**	**-210**	7,879

9.2 Accumulated depreciation

in EUR thousand	As of 1.1.2022	Additions	Disposals	As of 31.12.2022
Buildings	3,177	1,097	-695	3,579
Motor vehicles	259	187	-101	345
IT equipment	0	18	0	18
Total	3,436	**1,302**	**-796**	3,942

in EUR thousand	As of 1.1.2021	Additions	Disposals	As of 31.12.2021
Buildings	2,024	1,153	0	3,177
Motor vehicles	264	205	-210	259
Total	2,288	**1,357**	**-210**	3,436

The depreciation of capitalised right-of-use assets is included in cost of revenues in the amount of EUR 317 thousand (previous year: EUR 326 thousand), in selling and distribution costs in the amount of EUR 531 thousand (previous year: EUR 573 thousand) and in general administrative expenses in the amount of EUR 454 thousand (previous year: EUR 458 thousand).

9.3 Carrying amounts

in EUR thousand	Carrying amounts as of 31 December 2022	Carrying amounts as of 31 December 2021
Buildings	3,356	4,101
Motor vehicles	237	342
IT equipment	74	0
Total	**3,666**	**4,443**

The useful life of capitalised right-of-use assets is as follows in the 2022 financial year:

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

Depreciation is calculated based on the straight-line method over the established useful lives of the items and included in the cost of revenues, selling and distribution costs and general administrative expenses proportionately based on use.

10. Other non-current assets

Other non-current assets were composed as follows as of the reporting date:

Financial year ended on 31 December, in EUR thousand	2022	2021
Costs to fulfil a contract	401	448
Other	4	4
Total	**405**	**452**

The costs to fulfil a contract (capitalised 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 as well as FAIRRANK GmbH and Seitwert GmbH, which is due to different rates of assessment.

The deferred taxes consisted of the following:

in EUR thousand	31.12.2022	31.12.2021
Deferred tax assets:		
Tax loss carryforwards	4,353	4,219
Intangible assets	36	213
Other assets	46	51
Provisions	184	316
Lease liabilities	1,390	1,664
Deferred tax assets before netting of which in other comprehensive income EUR 41 thousand (2021: EUR 193 thousand)	**6,009**	**6,463**
Netting	-4,335	-5,079
Deferred tax assets after netting	**1,674**	**1,384**
Less deferred tax liabilities:		
Property and equipment	-60	-74
Intangible assets	-1,687	-1,847
Right-of-use assets	-1,127	-1,411
Other assets	-1,962	-2,019
Deferred tax liabilities before netting of which in other comprehensive income EUR 46 thousand (2021: EUR 39 thousand))	**-4,836**	**-5,350**
Netting	4,335	5,079
Deferred tax liabilities after netting	**-502**	**-271**

As of 31 December 2022, the Group companies' accumulated corporate income tax loss carryforwards amounted to EUR 39,339 thousand (2021: EUR 35,743 thousand after adjustments IAS 8 / before adjustments IAS 8 EUR: 34,761 thousands). As of 31 December 2022, the Group companies' accumulated trade tax loss carryforwards amounted to EUR 38,201 thousand (2021: EUR 34,879 thousand after adjustments IAS 8 / before adjustments IAS 8 EUR: 33,897 thousands).

Corporate income tax loss carryforwards that were not applied as a result of insufficient usability amounted to EUR 26,162 thousand (2021: EUR 23,133 thousand after adjustments IAS 8 / before adjustments IAS 8: 22,151 TEUR) as of the reporting date. Trade tax loss carryforwards that were not applied as a result of insufficient usability amounted to EUR 24,835 thousand (2021: EUR 21,776 thousand after adjustments IAS 8 / before adjustments IAS 8: 20,794 TEUR) as of 31 December 2022.

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	**2022**	2021
Deferred tax assets		
Current	476	655
Non-current	5,532	5,808
Deferred tax liabilities		
Current	-908	-1,101
Non-current	-3,928	-4,249

Deferred tax assets on corporate and trade tax loss carryforwards are allocated to non-current deferred tax assets.

12. Trade accounts payable

The trade accounts payable shown as of the reporting date amounted to EUR 641 thousand (2021: EUR 275 thousand).

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 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	**2022**	**2021**
Obligations to employees	1,419	2,606
Invoices outstanding	3,237	2,623
Other accrued liabilities	135	115
Total	**4,791**	**5,344**

Obligations to employees included in particular wage and salary payments incl. bonuses that are not due until the 2023 financial year.

14. Provisions

As of the 31 December 2022 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 changes in non-current provisions for the 2022 financial year were as follows:

in EUR thousand	Long Term Incentive (LTI)	Other	Total
	Non-current		
As of 1 January 2022	**75**	**153**	**228**
Reversal	-75	0	-75
Use	0	-39	-39
Addition	320	31	351
As of 31 December 2022	**320**	**145**	**465**

The changes in provisions for the 2021 financial year were as follows:

in EUR thousand	Long Term Incentive (LTI)	Other	Total
	Non-current		
As of 1 January 2021	**637**	**202**	**839**
Reversal	-600	-80	-680
Use	0	-30	-30
Addition	38	61	99
As of 31 December 2021	**75**	**153**	**228**

The significant risks included the facts and circumstances presented below.

Other non-current provisions consisted of obligations arising for future tax audits in the amount of EUR 34 thousand (2021: EUR 31 thousand), semi-retirement obligations in the amount of EUR 38 thousand (2021: EUR 17 thousand) as well as provisions for share-based payments to be made in the future (see also note 3 under other notes and disclosures) for the period from 2020 to 2022, in the amount of EUR 73 thousand (2021: EUR 105 thousand). The long-term incentive (LTI) contains obligations associated with long-term variable remuneration for managers.

The management expects a liquidity outflow in the amount of approx. EUR 38 thousand in 2023, approx. EUR 69 thousand in 2024, approx. EUR 38 thousand in 2025 and approx. EUR 320 thousand from 2026. Considerable uncertainty applies in relation to the time of payment of the provision for future tax audits as well as the level of target achievement in terms of the obligation resulting from long-term variable remuneration.

15. Lease liabilities

in EUR thousand	31.12.2022	31.12.2021
Current lease liabilities	**1,403**	**1,514**
Buildings	1,236	1,380
Motor vehicles	149	134
Other IT	18	0
Non-current lease liabilities	**3,070**	**3,739**
Buildings	2,929	3,520
Motor vehicles	83	219
Other IT	58	0
Total	**4,473**	**5,253**

The non-current lease liabilities have a term of more than 1 year and less than 5 years.

Lease liabilities do not include short-term leases and leases with assets of low value. In the 2022 financial year, this resulted in expenses of EUR 74 thousand and EUR 94 thousand, respectively. For 2023, the Group expects expenses of EUR 58 thousand and EUR 43 thousand, respectively.

16. Other current liabilities

Other current liabilities were comprised as follows:

in EUR thousand	31.12.2022	31.12.2021 restated*	31.12.2021	01.01.2021 restated*	01.01.2021
Contract liabilities	5,028	4,849	4,557	5,618	5,398
VAT liabilities	603	398	398	542	542
Loan liabilities to banks	188	188	188	94	94
Other liabilities	696	521	521	511	511
Total	**6,514**	**5,956**	**5,664**	**6,765**	**6,545**

* This column contains restatements in accordance with IAS 8 under contract liabilities due to recognition of revenue on an accrual basis. For details see note 6. IAS 8 corrections of errors.

Contract liabilities relate exclusively to payments received from customers prior to performance 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. In the financial year, revenue of EUR 4,849 thousand after IAS 8 restatements / before IAS 8 restatements: EUR 4,557 thousand was recognised from contract liabilities existing as of 31 December 2021 (2021: EUR 5,618 after IAS 8 restatements / before IAS 8 restatements: EUR 5,398 thousand). The increase in this item results mainly from the higher revenue with customers that have 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

There are defined contribution plans for retirement benefit plans for employees of the 11 88 0 Solutions Group and 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 %	2022	2021
Actuarial interest rate	4.20	1.30
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	2022	2021
Current service cost	-	-
Interest expense	-23	-20
Interest income	17	14
Expenses for defined benefit post-employment benefits recognised in net income	**-6**	**-6**
Revaluations of defined benefit post-employment benefits recognised in other comprehensive income	**-502**	**92**

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 showed the following development:

in EUR thousand	2022	2021
Present value of the defined benefit obligations as of 1 January	**1,797**	**1,844**
Current service cost	0	0
Interest expense	23	20
Actuarial gains (-) or losses (+) from changes in financial assumptions	-709	-73
Actuarial gains (-) or losses (+) from changes in demographic assumptions	0	0
Actuarial gains (-) or losses (+) from experience adjustments	-2	6
Present value of the defined benefit obligations as of 31 December	**1,109**	**1,797**

The share of the present value of the defined benefit obligations attributable to beneficiaries no longer with the Company totalled EUR 1,109 thousand (2021: EUR 1,797 thousand).

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

in EUR thousand	2022	2021
Fair value of plan assets as of 1 January	**1,302**	**1,262**
Interest income	17	14
Actuarial gains (+) or losses (-) from experience adjustments excluding the amounts shown in interest income	23	25
Contributions by the employer	-	-
Fair value of plan assets (before assset ceiling) as of 31 December	**1,342**	**1,302**

The plan assets constituted pension liability insurance policies with benefit entitlements pledged to beneficiaries. The insurance company holds 20 % of its investments in government bonds from industrialised countries, 18 % in corporate bonds, 27 % in Pfandbriefe and other secured loans, 5 % in shares, 13 % in real estate, 11 % in infrastructure / renewable energies / private equity 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	**2022**	2021
Present value of the defined benefit obligation (DBO)	1,109	1,797
Fair value of plan assets	-1,342	-1,302
Net assets (-) / debt (+)	**-233**	**495**
Effects of the limit from IAS 19.57 (b) - Asset ceiling	233	0
Net assets (+) / liabilities (+) recognised in the statement of financial position	**0**	**495**

The provision shown in the statement of financial position in the previous year under the item "Provisions for retirement benefits" corresponds to the present value of the defined benefit obligation, less the fair value of the plan assets. In the 2022 financial year, due to the so-called asset ceiling IAS 19.57 (b), the net assets / liabilities recognised in the balance sheet amount to EUR 0 thousand.

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 asset EUR thousand
1 January 2022	**-1,797**	**1,302**	**-495**
Interest expense (-) / interest income (+)	-23	17	-7
Total amount recognised in profit or loss	**-23**	**17**	**-7**
Return on plan assets without amounts included in interest (income)	-	23	23
Actuarial loss from the change in demographic assumptions	-	-	-
Actuarial loss from the change in financial assumptions	709	-	709
Experience adjustments	2	-	2
Effects of the limit from IAS 19.57 (b) - Asset ceiling	-	-233	-233
Total amount recognised in other comprehensive income	**711**	**-210**	**502**
31 December 2022	**-1,109**	**1,109**	**-**

	Present value of pension obligation EUR thousand	Fair value of plan assets EUR thousand	Net obligation EUR thousand
1 January 2021	**-1,844**	**1,262**	**-581**
Interest expense (-) / interest income (+)	-20	14	-6
Total amount recognised in profit or loss	**-20**	**14**	**-6**
Return on plan assets without amounts included in interest (income)	-	25	25
Actuarial loss from the change in demographic assumptions	-	-	-
Actuarial loss from the change in financial assumptions	73	-	73
Experience adjustments	-6	-	-6
Total amount recognised in other comprehensive income	**67**	**25**	**92**
31 December 2021	**-1,797**	**1,302**	**-495**

11 88 0 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 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 88 0 Solutions Group did not change its risk management process from the previous year.

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

As of 31 December 2022		Effects on the obligation	
Assumptions	**Change in the assumption**	**Increase in the assumption**	**Decrease in the assumption**
Actuarial interest rate	0.50 %	Decrease by 7.26 %	Increase by 8.12 %

As of 31 December 2021		Effects on the obligation	
Assumptions	**Change in the assumption**	**Increase in the assumption**	**Decrease in the assumption**
Actuarial interest rate	0.50 %	Decrease by 9.30 %	Increase by 10.63 %

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 2022 (previous year: up to 31 December 2021).

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 2022.

The weighted average term of the defined benefit plans is 19 years. 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 88 0 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 19 thousand (2021: EUR 20 thousand), EUR 3 thousand (2021: 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 1,800 thousand in the financial year (2021: EUR 1,807 thousand).

18. Other non-current liabilities / liabilities to banks

The liabilities to banks consist of the following:

in EUR thousand	31.12.2022	31.12.2021
Bank loans		
Current	188	188
Non-current	281	469
Total	**469**	**656**

Current liabilities to banks are reported under the other current liabilities item on the statement of financial position.

Other non-current liabilities in the amount of EUR 281 thousand as of 31 December 2022 (2021: EUR 469 thousand) only include long-term loan liabilities to banks. In the reporting period, EUR 188 thousand (2021: EUR 94 thousand) was repaid and EUR 11 thousand (2021: EUR 15 thousand) was incurred as interest expense. The interest rate is 2 % per annum and is fixed for the entire term of the agreement until 30 June 2025.

19. Non-current liabilities to related parties

In the 2022 financial year, the 11 88 0 Solutions Group took out an unsecured loan of EUR 2 million from the parent company, united vertical media GmbH, Nuremberg, with a term of five years. The loan was reported in the balance sheet under liabilities to related parties. The loan was taken out at an interest rate of 6.1 per cent p.a. in line with the market and is due in one sum on 31 May 2027. The interest expense amounted to EUR 44 thousand in the 2022 financial year (2021: EUR 0 thousand) and is due for payment in the 2023 financial year.

20. Equity

20.1 Subscribed capital

The share capital of 11 88 0 Solutions AG was divided into 24,915,200 (2021: 24,915,200) 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 2022, the number of shares outstanding amounted to 24,915,200 (2021: EUR 24,915,200).

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 11 88 0 Solutions AG in accordance with the provisions of the German Commercial Code.

A resolution passed by the Annual General Meeting on 16 June 2021 authorised the Management Board to increase the Company's share capital, with the approval of the Supervisory Board, once or several times by up to a total of EUR 9,590,900 until 15 June 2026 (Authorised Capital 2021). Taking into account the authorised capital of up to EUR 2,866,664 that was resolved by the 2020 Annual General Meeting and was still outstanding as of 31 December 2022 (Authorised Capital 2020), the Company has authorised capital totalling up to EUR 12,457,564 as of 31 December 2022. The Company also has the option to implement a conditional capital increase of up to EUR 2,000,000.00 (Conditional Capital 2020) to service bonds (convertible bonds and/or options or participation rights) that may be issued by 17 June 2025 in accordance with the authorising resolution under agenda item 8 letter (a) of the Annual General Meeting on 18 June 2020.

20.2 Additional paid in capital

The additional paid in capital as of 31 December 2022 was unchanged at EUR 34,473 thousand.

20.3 Accumulated deficit

The change in the Group's accumulated deficit after IAS 8 restatements was as follows:

in EUR thousand	
Accumulated deficit as of 1 January 2021 before IAS 8 restatement	**-49,240**
Restatement, IAS 8	-749
Accumulated deficit as of 1 January 2021 after IAS 8 restatement	**-49,989**
Net income (loss) for the 2021 financial year before IAS 8 restatements	1,041
Accumulated deficit as of 31 December 2021 before IAS 8 restatements (plus adjustments IAS 8 from 1 January 2021)	**-48,948**
Net income (loss) for the 2021 financial year after IAS 8 restatements	703
Accumulated deficit as of 31 December 2021 after IAS 8 restatements	**-49,285**
Net income (loss) for the 2022 financial year	-3,491
Accumulated deficit as of 31 December 2022	**-52,776**

20.4 Other components of equity

As of the reporting date, the other components of equity totalled EUR 1 thousand (2021: EUR -333 thousand). The changes were as follows:

in EUR thousand	
Other components of equity as of 1 January 2021	**-397**
Actuarial losses from pensions and similar obligations in the amount of EUR 92 thousand less deferred taxes totalling EUR -29 thousand	63
Other components of equity as of 31 December 2021	**-333**
Actuarial losses from pensions and similar obligations in the amount of EUR 493 thousand less deferred taxes totalling EUR -159 thousand	334
Other components of equity as of 31 December 2022	**1**

For changes in the presentation of actuarial gains and losses in other components of equity, see section 17.1.

Other notes and disclosures

1. Statement of cash flows

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

in EUR thousand	1 January 2022	of which cash**	of which non-cash	31 December 2022
Lease liabilities	5,253	-1,541	762	4,473
Liabilities to banks*	656	-188	0	468
Liabilities to the group companies	0	2,000	44	2,044
31 December 2022	**5,909**	**271**	**806**	**6,985**

* In addition, interest of EUR 11 thousand was paid.

** The remaining interest payments of EUR 14 thousand resulted from financial liabilities.

in EUR thousand	1 January 2021	of which cash	of which non-cash	31 December 2021
Lease liabilities	6,194	-1,640	699	5,253
Liabilities to banks*	750	-94	0	656
31 December 2022	**6,944**	**-1,734**	**699**	**5,909**

* In addition, interest of EUR 12 thousand was paid.

2. Operating segments

The Management Board of 11 88 0 Solutions AG, as the Group's main decision-making entity, reviews the Group's results based on weekly and monthly reporting and makes significant business decisions on this basis.

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

In the Digital segment, the 11 88 0 Solutions Group generates revenues with small and medium-sized companies. In Germany, the Group provides online marketing services. The core services of the in 2020 acquired subsidiary FAIRRANK GmbH, Cologne, include search engine optimisation (SEO), online advertising and usability optimisation. For the purpose of internal reporting and management control, these activities were allocated to the Digital segment. The Digital segment also includes the software solutions business, which comprises digital telephone books and yellow pages on CD-ROM and as intranet and database solutions.

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 call centre third-party business. Here also, users (customers in our third-party business) 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 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 were 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 2022 in EUR thousand	**Digital**	**Directory Assistance**	**Group**
Revenues			
Revenues from transactions with external customers	43,657	12,360	**56,017**
Of which over periods of time	42,715	106	**42,821**
Of which relating to points in time	942	12,254	**13,196**
Total revenues	**43,657**	**12,360**	**56,017**
Cost of revenues	-21,903	-11,006	**-32,909**
Selling and distribution costs	-12,812	-247	**-13,059**
Impairment losses on receivables	-2,843	-115	**-2,958**
General administrative expenses, other operating income & expenses	-9,185	-1,272	**-10,457**
Operating result	**-3,086**	**-280**	**-3,367**
Depreciation and amortisation	5,391	353	**5,744**
EBITDA	2,305	73	**2,378**
Interest income	19	2	**21**
Interest expense	-293	-43	**-336**
Other finance income	0	0	**0**
Income / expense from marketable securities	-19	-2	**-21**
Gains / losses on foreign currency translation	1	0	**1**
Earnings before taxes	-3,378	-323	**-3,701**
Assets and liabilities			
Segment assets			**26,396**
Segment liabilities			**19,783**
Other segment information			
Depreciation of property and equipment	259	24	**283**
Amortisation of intangible assets	4,144	14	**4,158**
Depreciation of capitalised right-of-use assets	988	314	**1,302**

Financial year ended on 31 December 2021 in EUR thousand after IAS 8 restatements*	**Digital**	**Directory Assistance**	**Group**
Revenues			
Revenues from transactions with external customers	43,302	12,837	**56,139**
Of which over periods of time	42,138	65	**42,203**
Of which relating to points in time	1,164	12,772	**13,936**
Total revenues	**43,302**	**12,837**	**56,139**
Cost of revenues	-21,887	-10,523	**-32,410**
Selling and distribution costs	-12,988	-137	**-13,125**
Impairment losses on receivables	-1,250	-265	**-1,515**
General administrative expenses, other operating income & expenses	-7,694	-2,111	**-9,805**
Operating result	**-516**	**-200**	**-716**
Depreciation and amortisation	5,722	443	**6,166**
EBITDA	5,206	243	**5,449**
Interest income	16	3	**19**
Interest expense	-266	-38	**-304**
Other finance income	0	0	**0**
Other finance costs	-18	-3	**-21**
Gains / losses on foreign currency translation	0	0	**0**
Earnings before income taxes	-785	-238	**-1,023**
Assets and liabilities			
Segment assets			**28,124**
Segment liabilities			**18,354**
Other segment information			
Depreciation of property and equipment	252	75	**327**
Amortisation of intangible assets	4,453	28	**4,481**
Depreciation of capitalised right-of-use assets	1,017	340	**1,357**

* For the restatements in accordance with IAS 8, please refer to note 6 IAS 8 corrections of errors.

Financial year ended on 31 December 2021 in EUR thousand before restatements	**Digital**	**Directory Assistance**	**Group**
Revenues			
Revenues from transactions with external customers	43,691	12,837	**56,528**
Of which over periods of time	42,527	65	**42,592**
Of which relating to points in time	1,164	12,772	**13,936**
Total revenues	**43,691**	**12,837**	**56,528**
Cost of revenues	-21,733	-10,523	**-32,256**
Selling and distribution costs	-15,913	-625	**-16,538**
General administrative expenses, other operating income & expenses	-6,175	-1,888	**-8,063**
Operating result	**-129**	**-200**	**-329**
Depreciation and amortisation	5,722	443	**6,166**
EBITDA	5,594	243	**5,837**
Interest income	16	3	**19**
Interest expense	-266	-38	**-304**
Other finance income	0	0	**0**
Other finance costs	-18	-3	**-21**
Gains/losses on foreign currency translation	0	0	**0**
Earnings before income taxes	-397	-238	**-635**
Assets and liabilities			
Segment assets			**28,969**
Segment liabilities			**18,113**
Other segment information			
Depreciation of property and equipment	252	75	**327**
Amortisation of intangible assets	4,453	28	**4,481**
Depreciation of capitalised right-of-use assets	1,017	340	**1,357**

3. Share-based payment

The Management Board of 11 88 0 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 88 0 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 88 0 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 value of the phantom stocks will be determined and paid out 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 88 0 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 2022 financial year, a personnel expense in the amount of EUR 0 thousand (2021: EUR 39 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 88 0 Solutions AG share on the measurement date.

The fair value of the (47,154) phantom stocks granted in 2020 and 2021 was estimated as of the 31 December 2022 reporting date based on the reporting date closing rate and taking into account the cap and amounted to EUR 73 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 2022 Obligations under			As of 31 December 2021 Obligations under		
Maturity	rental and lease contracts	marketing and IT service contracts	consulting and other service contracts	rental and lease contracts	marketing and IT service contracts	Advisory and other services contracts
Up to 1 year	822	204	1,619	766	808	700
Between 1 and 5 years	911	17	1,384	1,118	105	2,230
More than 5 years	0	0	0	0	0	0
Total	**1,733**	**221**	**3,003**	**1,884**	**913**	**2,930**

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 Group expects short-term leases to result in cash outflows of EUR 58 thousand for 2023. The Group expects leases of low-value assets to result in payments with an overall volume of approx. EUR 43 thousand. Cash outflow is expected to occur in 2023.

5. Contingent liabilities

A contingent liability is a possible obligation whose existence depends on the occurrence of one or more uncertain events, or a present obligation whose payment is not probable or the amount of the obligation cannot be measured with sufficient reliability.

As of the reporting date, the Group companies were involved both as the claimant and defendant in various legal disputes. For details, please refer to note 14 “Provisions”.

As of the reporting date, there are no material contingent liabilities.

6. Number of employees

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

2022 financial year	As of 31 December 2022		Annual average	
11 88 0 Solutions Group	absolute	in full-time equivalents	absolute	in full-time equivalents
Total	545	486	545	486
of which operators and sales	318	268	324	273
of which administration	227	218	221	213

2021 financial year	As of 31 December 2021		Annual average	
11 88 0 Solutions Group	in full-time equivalents	in Vollzeit-äquivalenten	absolute	in full-time equivalents
Total	560	500	571	510
of which operators and sales	338	286	353	300
of which administration	222	214	218	210

7. Auditors' fees

The expenses for the fees of the auditors (PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Essen) recognised in the income statement were comprised as follows:

in TEUR	2022	2021
Audits of financial statements	211	200
Incidental costs of audits of financial statements	7	9
Total	**218**	**209**

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, liabilities to Group companies, other current and non-current liabilities (liabilities to banks) and the available overdraft facilities, which were not utilised during the 2022 financial year.

For information on existing lines of credit, see note 1 in the notes to the consolidated statement of financial position, and for information on existing credit lines of the parent company, united vertical media GmbH, Nuremberg, please see note 10 Related party transactions under Other disclosures in these notes to the consolidated financial statements.

In the course of its business activities, the 11 88 0 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 360 years overdue. Due to the increased individual value adjustments in the reporting year 2022, the overdue period was adjusted to 360 days (previous year: 450 days). 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 11 88 0 Solutions Group's cash and cash equivalents are denominated 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 11 88 0 Solutions Group pursues as conservative an investment approach as possible in order to minimise the risk of losses. Excess funds were 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. With regard to the counterparty credit risk item trade accounts receivable, please see the disclosures under note 2 Trade accounts receivable.

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.

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. 11 88 0 Solutions AG terminated the factoring agreement for the directory assistance business in the previous year. As of the reporting date, there are no obligations to or receivables from the factoring company.

Customers in the digital business comprise in particular small and medium-sized enterprises. This business entails a considerably higher credit risk 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 360 days (450 days in the previous year).

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 2022 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 11 88 0 Solutions AG. 11 88 0 Solutions AG uses BT as a transit carrier for all calls within the traditional directory assistance business and the call centre third-party business. BT safeguards and complies with all standardised safety and emergency plans. Deutsche Telekom AG 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 the financial year under review, the financial liabilities reported by the Group were trade accounts payable, liabilities to the group companies, and current and non-current liabilities (liabilities to banks). These amounted to EUR 3,154 thousand as of 31 December 2022 (2021: EUR 932 thousand). The trade accounts payable due in full within a period of between 14 and 60 days. The non-current financial liabilities have a due date of 30 June 2025 and must be repaid quarterly at a rate of EUR 47 thousand. The non-current financial liabilities to Group companies have a due date of 31 May 2027 and is due in one lump-sum payment of EUR 2 million. Fore more information on trade accounts payable see note 12, for information on non-current financial liabilities see note 18, and for information on non-current liabilities to Group companies see note 10 Related party transactions under Other disclosures in the notes to the consolidated 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. To ensure that 11 88 0 Solutions AG has sufficient liquidity, the parent, united vertical media GmbH, Nuremberg, granted a further short-term credit facility of EUR 2 million. If necessary, the credit line can be drawn down in the short term to the extent required until 31 March 2024 and is repayable by 31 December 2026. 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 2022:

Cash outflow in EUR thousand > 1 – 5 years	Cash outflow in EUR thousand > 5 years
5,351	0

The expected cash outflow of the next 12 months can be derived from the current liabilities (lease liabilities and other liabilities to group companies) in the amount of EUR 1,447 thousand, plus EUR 188 thousand from loans.

8.3 Price risk

The investment fund units were sold in financial year 2022. As a result, the fair value of the Group's monetary investments in investment fund units as of 31 December 2022 was EUR 0 thousand. As of the reporting date, the 11 88 0 Solutions Group is therefore not exposed to any price risk. More information on financial instruments is provided under note 3 Financial assets at fair value through profit or loss.

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 2022, the equity ratio (equity as a percentage of total assets) was 25.1% (2021: 34.7% after IAS 8 restatements / before IAS 8 restatements: 37.5%).

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 2022, 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. In financial year 2020, 11 88 0 Solutions AG directly acquired 100% of the equity interest in FAIRRANK GmbH, Cologne, and indirectly 100% of the equity interest in its subsidiary Seitwert GmbH, Cologne. United vertical media GmbH, Nuremberg (Nuremberg Local Court, registration number HRB 28744) in turn holds a 72.3% interest in 11 88 0 Solutions AG and includes this entity as a fully consolidated company in its HGB consolidated financial statements (largest basis of consolidation). The consolidated financial statements are published in the Company Register.

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.

In financial year 2022, the 11 88 0 Internet Services AG took out an unsecured loan of EUR 2 million from the parent, united vertical media GmbH, Nuremberg, with a term of five years. The loan was reported in the statement of financial position under liabilities to the group companies. The loan was taken out at an interest rate of 6.1 percent p.a. in line with market terms and is due in one lump-sum payment on 31 May 2027. The interest expense amounted to EUR 44 thousand in financial year 2022 (2021: EUR 0 thousand).

Additionally, in March 2023, the parent, united vertical media GmbH, granted the 11 88 0 Internet Services AG a further credit facility of EUR 2 million so as to ensure that it has sufficient liquidity. The credit facility can be drawn down until the 31 March 2024 when necessary and is repayable by 31 December 2026. The further terms are the same as those agreed for the existing loan.

10.1 Transactions with related parties (persons)

Related parties 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 2022 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 financial year 2022 in the amount of EUR 21 thousand (previous year: EUR 16 thousand), which was recognised accordingly as a current liability.

10.2 Remuneration of individuals in key management positions and the Supervisory Board

The management comprises the sole member of the Management Board.

The expenses for the remuneration of the Management Board recognised in the income statement are shown below:

	Management Board	
in EUR thousand	**2022**	2021
Fixed remuneration – short-term remuneration	430	401
Fringe benefits	36	35
Total	**466**	**436**
One-year variable remuneration (excluding deferral), bonus Short-term variable remuneration	63	106
Multi-year variable remuneration (deferral – 2 years) – share-based payment	0	39
LTI (annual share, at least 3 years)	320	0
Total	**383**	**145**
Total remuneration	**849**	**581**

The total remuneration for the members of the Management Board of 11 88 0 Solutions AG consists basically of monetary remuneration components, which are divided into non-performance-related and performance-related components. The non-performance-related components consist of fixed remuneration components and fringe benefits, and pension commitments. Performance-related components include variable 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 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.

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.

The variable, performance-related remuneration components consist of short-term variable components in the form of an annual bonus and long-term variable components in the form of bonuses based on long-term performance criteria ("**LTI bonus**"). Variable remuneration components are capped 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. Of the short-term annual variable remuneration, 60 % consists of a performance bonus for the achievement of financial targets ("performance bonus") and 40 % of a bonus for the achievement of non-financial targets ("qualitative bonus"). For further information on share-based payment, please refer to the disclosures in 3. Share-based payment under Other notes and disclosures in the notes to the consolidated financial statements. Provisions for share-based payments payable at a future date for the years 2020 to 2022 amounted to EUR 73 thousand as at 31 December 2022 (2021: EUR 105 thousand) and were reported under other non-current provisions.

The LTI bonus is intended to promote the Management Board's commitment to the Company and its sustainable growth. The LTI bonus has a term of five years and is payable in full within thirty business days of approval of the audited consolidated financial statements, provided all the necessary conditions are met.

No remuneration was paid to former members of the Management Board in financial year 2022.

A total of EUR 1,109 thousand was recognised as of 31 December 2022 (2021: EUR 1,797 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 consolidated statement of financial position.

The Supervisory Board members received remuneration totalling EUR 136 thousand in the 2022 financial year (2021: EUR 143 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 standard market practice.

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. Helmar Hipp	Vice Chairman of the Supervisory Board from 12 June 2018 to 13 June 2022 (resigned), Member of the Management Board (Marketing, Sales and Product Development) of Zwilling J.A. Henckels AG, Solingen	none
Mr. Michael Amtmann	Member of the Supervisory Board since 12 June 2019 and Vice Chairman of the Supervisory Board since 14 June 2022, Managing Director of united vertical media GmbH, Nuremberg	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	• AHRB AG, Zurich, Switzerland - Member of the Board of Directors • ARH Resort Holding AG, Zurich, Switzerland - Member of the Board of Directors • AHRA AG, Zurich, Switzerland - Member of the Board of Directors
Dr. Silke Feige	Member of the Supervisory Board since 14 June 2022, Head of for staff and committee work at ZBI GmbH, Erlangen	none
Ms. Sandy Jurkschat (*)	Member of the Supervisory Board since 12 June 2019, Senior Project & Process Manager, 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) AktG 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	Member of the Management Board Since 24 June 2015, Business manager, Essen	none

12. Report on post-balance sheet date events

In March, united vertical media GmbH, Nuremberg, granted the 11 88 0 Solutions Group a further credit line of EUR 2.0 million to ensure sufficient liquidity. If necessary, the credit line can be used at short notice until 31 March 2024 to the extent required and must be repaid by 31 December 2026. For further details, please refer to the other disclosures in the notes to the consolidated financial statements under 10 "Related party transactions".

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 16 December 2019. 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 March 2023 (pursuant to GCGC 2017 for the past and GCGC 2019 for the future). The exact wording of the declaration can be retrieved under https://ir.11880.com/corporate-governance/entsprechenserklaerung.

Essen, 28 March 2023

Christian Maar
Member of the Management Board

Independent auditor's 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 2022, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of shareholders equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2022, and 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 2022. In accordance with German legal requirements, we have not audited the content of the subsection "Overall statement of the Executive Board on the risk management system of 11 88 0 Solutions-Group" of the section "7. Opportunity and risk management" of the group management 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 § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2022, and of its financial performance for the financial year from 1 January to 31 December 2022, 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 the above-mentioned subsection.

Pursuant to § 322 Abs. 3 Satz [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 § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") 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) point (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 judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2022. 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 as follows:

1 Revenue recognition

Our presentation of this key audit matter has been structured as follows:

(1) Matter and issue
(2) Audit approach and findings
(3) Reference to further information

Hereinafter we present the key audit matter:

1 Revenue recognition

(1) In the consolidated financial statements of 11 88 0 Solutions AG, revenue of EUR 56.0 million is recognized in the consolidated income statement. The key streams of revenue presented in the consolidated financial statements stem from services the Company offers to give small and medium-sized enterprises an online presence and to provide access to data in digital telephone book and yellow pages, directory assistance services, and call center and secretarial services. This significant item in terms of its amount is subject to a particular risk of an accounting misstatement due to the complexity of the systems required for accurately recognizing and deferring various streams of revenue. In addition, IFRS 15 "Revenue from Contracts with Customers" requires the executive directors to make estimates and judgments in certain areas and contains extensive disclosure requirements. Against this background, the recognition of various streams of revenue was of particular significance in the context of our audit.

(2) In the knowledge that the complexity and the need to make estimates and assumptions give rise to an increased risk of accounting misstatements, as part of our audit we initially assessed the processes and controls put in place by the Group, including the IT systems used for the purposes of revenue recognition. Our audit approach included testing of the controls and verification procedures. This included an assessment of the IT system environment for invoicing and measurement, other relevant systems supporting the accounting treatment of revenue, and the invoicing and measurement systems up to entries in the general ledger. We then reviewed customer invoices and receipts of payment on a test basis and obtained balance confirmations for business customers. Based on a review of customer contracts, we verified the identification of performance obligations and assessed whether these services are performed over time or at a point in time. We assessed the appropriateness of the procedures used and the estimates and judgments made by the executive directors with respect to the recognition and deferment of revenue, and assessed whether the disclosures in the notes to the financial statements were complete and appropriate. We were able to satisfy ourselves that the systems, processes and controls in place are appropriate and that the estimates and assumptions made by the executive directors are sufficiently documented and substantiated to ensure that revenue is properly accounted for.

(3) The Company's disclosures relating to revenue as presented in 11 88 0 Solutions AG's consolidated financial statements are contained in the sections "Summary of significant accounting policies", "Material estimates and discretionary decisions" and in section "1. Revenues" of the chapter "Notes to the Consolidated Income Statement" of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the subsection "Overall statement of the Executive Board on the risk management system of 11 88 0 Solutions-Group " of the section "7. Opportunity and risk management" of the group management report as non-audited parts of the group management report.

The other information comprises further

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB
- the separate non-financial report to comply with §§ 289b to 289e HGB and with §§ 315b to 315c HGB
- all 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

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 mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are 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 § 315e Abs. 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 financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.
In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are 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 executive directors are responsible for the preparation of the group 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 executive directors are responsible for such arrangements and measures (systems) as they have 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 § 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 judgment and maintain professional skepticism 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 controls.

- 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 executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' 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 § 315e Abs. 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 executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors 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, actions taken to eliminate threats or safeguards applied.

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

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file 11880_Solutions_AG_KA_KLB_ESEF-2022-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2022 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 14 June 2022. We were engaged by the supervisory board on 21 December 2022. We have been the group auditor of the 11 88 0 Solutions AG, Essen, without interruption since the 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).

Reference to an other matter – use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Philip Meyer zu Spradow.

Essen, 28 March 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Michael Preiß	Philip Meyer zu Spradow
German Public Auditor	German Public Auditor

Corporate Information

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Fax: +49 (0)201 8099-999

Legal Form: Aktiengesellschaft
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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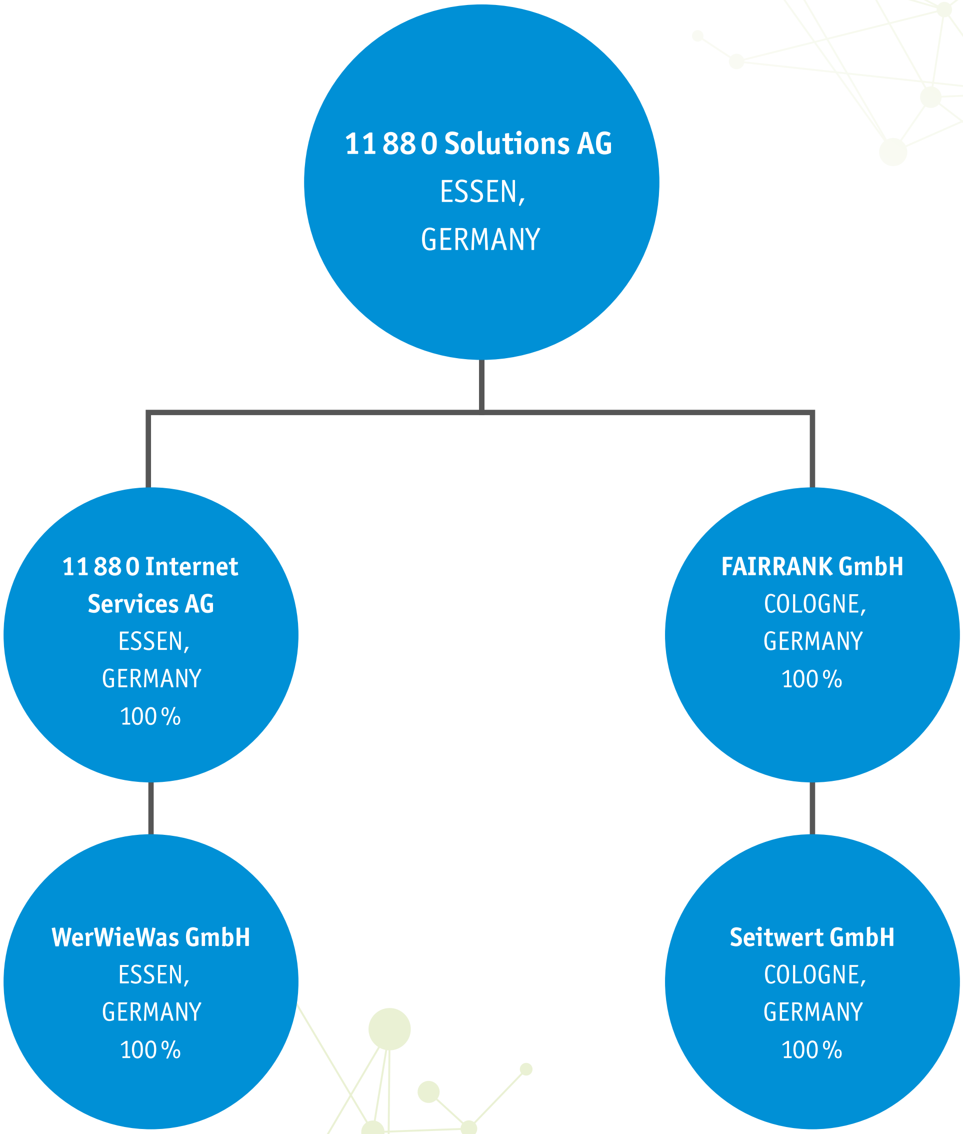
Mail: Investor.Relations@11880.com

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 11 88 0 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. 11 88 0 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 2023

30 March 2023
Publication of the annual report 2022

10 May 2023
Publication of the interim report for the 1st quarter 2023

13 June 2023
Annual general meeting 2023

10 August 2023
Publication of the financial report of the 1st half year 2023

09 November 2023
Publication of the interim report for the 3rd quarter 2023

Imprint

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