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ANNUAL REPORT 2021

Financial Key Figures

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

in EUR million	12M 2021	12M 2020	Variance absolute	Variance in percent
Revenues and earnings 11 88 0 Solutions Group				
Revenues	56.5	50.8	5.7	11.3 %
EBITDA[1]	5.8	3.0	2.9	96.5 %
Net income (loss)	1.0	-2.3	3.4	>100 %
Details segments				
Revenues Digital	43.7	38.3	5.4	14.2 %
EBITDA[1] Digital	5.6	2.8	2.8	>100 %
Revenues Directory Assistance	12.8	12.5	0.3	2.4 %
EBITDA[1] Directory Assistance	0.2	0.2		
Statement of financial position[2]				
Total assets	29.0	31.4	-2.4	-7.7 %
Cash and cash equivalents[3]	2.0	3.7	-1.7	-45.5 %
Equity	10.9	9.8	1.1	11.3 %
Equity ratio	37.5 %	31.1%		
Cash Flow				
Cash Flow from operating activities	4.2	2.5	1.8	71.7 %
Cash Flow from investment activities	-4.1	-3.6	-0.6	-15.5 %
Cash Flow from financing activities	-1.7	-0.1	-1.7	>100 %
Net Cash Flow[4]	-1.6	-1.2	-0.5	-41.0 %
Key figures for the 11 88 0 share				
Earnings per share (in EUR)	0.04	-0.10	0.14	>100 %
Share price (in EUR)[5]	1.57	1.56	0.01	0.6 %
Market capitalisation	39.1	38.9	0.2	0.6 %
Other KPIs				
Digital cancellation rate (in percent)	26.0	26.0		
Revenue per call (in EUR)	4.10	4.17	-0.07	-1.7 %
Number of employees[6] group	560	608	-48	-7.9 %

1 Earnings before interest, tax, depreciation and amortisation
2 Comparison value as of 31 December 2020
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 31 December 2021
6 Headcounts as of 31 December 2021 (excluding the Managment Board, trainees and dormant employment contracts)

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

Letter of the Management Board

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

Our company successfully navigated the highly challenging 2021 financial year and met all of the financial targets set at the start of the year. Despite further far-reaching restrictions prompted by the global coronavirus crisis and the massive cyberattack in the fourth quarter, we were able to generate further growth in both segments in 2021. We are very proud of this achievement. We also took important steps in our operating business to ensure that we can continue to develop successfully in the years ahead. We completed the comprehensive implementation of new IT systems, further optimised our product range and redefined the SEO and SEA strategy for our own brand.

We can now look ahead to an exciting 2022 financial year, and have once again set ambitious targets for ourselves.

The digital transformation of our company that began in 2015 has proven successful. While the Digital segment only accounted for around 25 percent of revenues in 2011, the situation had been completely reversed by 2021, with 77 percent of total revenue attributable to the Digital segment and 23 percent to the Directory Assistance segment, which also includes the call centre services business developed four years ago.

We focused on enhancing customer value in the Digital segment during 2021. While the total number of contract customers remained virtually unchanged, the value of each individual customer rose considerably.

Many small companies once again chose our online solutions in 2021 to enable them to market their products and services to a wider audience online without having to use their own resources. Our own team also successfully raised the profile of our brand with intelligent SEO and SEA measures during the past financial year to make more companies aware of our services.

Our measures proved effective, as they were highly successful in increasing traffic to our portals and improving their Google visibility index scores. In 2021, 11880.com recorded exceptional growth for a classified directory, increasing its visibility points from 32.5 in 2020 to 85.5! This tremendous growth in visibility has been recognised by several digital experts in online forums.

The werkenntdenBESTEN.de review search engine and the wirfindendeinenJOB.de job portal also recorded considerable user growth. We will add further value to this positive performance in the coming 2022 financial year with product expansions and innovative updates.

During the past financial year, we began repositioning the Cologne-based online marketing agency FAIRRANK GmbH that we acquired in 2020 to ensure that we can provide more tailored and comprehensive support to corporate customers in the future. As FAIRRANK's customers are larger companies than 11 88 0's customers, they require a higher level of service.

We successfully stabilised, and in some cases slightly increased, revenues in the Directory Assistance segment in 2021. The collaboration with FRED 11811 agreed in 2020 compensated for some of the market-related decline in the directory assistance business due to higher volumes. Revenues rose in the call centre services business due to the acquisition of new customers and the expansion of existing order volumes. We laid a vital foundation for further growth in the Directory Assistance segment by introducing a new quality management system that enables us to obtain the certifications required to participate in public tenders.

Like many other German companies, 11 88 0 Solutions AG was the victim of a massive cyberattack at the end of October 2021 that affected our entire IT infrastructure. As a result, we were forced

to rebuild parts of our infrastructure to enable the operating business to resume as quickly as possible. We were able to do this within a few days.

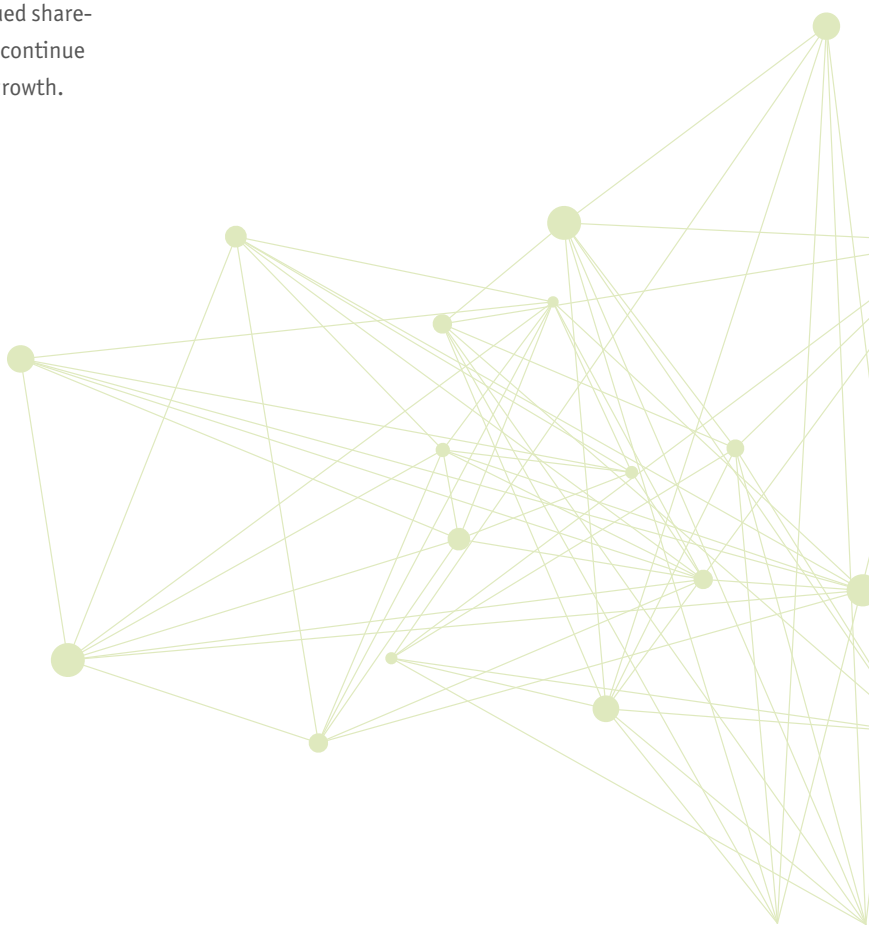
Although 2021 was by no means an easy year for our company, we managed to achieve success and grow our business further despite all of the setbacks. Our entire team worked with tremendous commitment to realise our vision. In the medium term, we want to become Germany's No.1 provider of online marketing products and services to small and medium-sized businesses by reaching 100,000 customers. To achieve this, we will continue to expand our product portfolio and round off our value chain with innovative solutions for our customers.

I would like to express my sincere thanks to you, our valued shareholders, for trusting in our work, and hope that you will continue to support our company's journey towards sustainable growth.

Sincerely,

Christian Maar
Chief Executive Officer

Essen, 30 March 2022



Report of the Supervisory Board

for the financial year from 1 January 2021 to 31 December 2021

Like that of every other company around the world, 11 88 0 Solutions AG's 2021 financial year again was dominated by the coronavirus pandemic. However, the Company came through the crisis well despite challenging circumstances, once again recording growth both inside and outside the operating business. In the 2021 financial year, the Supervisory Board of 11 88 0 Solutions AG monitored the Management Board's business activities in compliance with its legal advisory and supervisory function and was on hand at all times to offer advice.

Supervisory Board activities in the 2021 financial year

In the 2021 financial year, the Supervisory Board of 11 88 0 Solutions AG carried out its duties, as provided by law and the Company's Articles of Association. The Supervisory Board seamlessly monitored CEO Christian Maar's management of 11 88 0 Solutions AG. To do this, it was kept continually and extensively informed about general business developments, financial figures, pandemic-related issues and potential risks. The Supervisory Board was also on hand to continually advise the Management Board, who kept the Supervisory Board informed about financial developments and discussed all strategic and commercial business decisions with them. The Supervisory Board also met regularly without the Management Board.

When 11 88 0 Solutions AG fell victim to a massive cyberattack at the end of October 2021, the Supervisory Board was on hand to offer advice throughout. By working together, the Company was able to restore its IT infrastructure within a few days to ensure that the business could continue operating without restrictions. Nonetheless, most of the Company's IT infrastructure had to be rebuilt, a process that dominated the fourth quarter and was closely monitored by the Supervisory Board.

The Supervisory Board's also monitored management in relation to the following business activities in particular: During the 2021 financial year, the Company focused on optimising its range of products and enhancing customer value. It also successfully completed the replacement of the internal IT infrastructure. In the Directory Assistance segment, the collaboration with the FRED 11811 directory assistance service compensated for the market-related decline in call volumes. In the call centre third-party business, the Company once again positioned itself as a high-quality provider of call centre services by adding new customers and expanding existing customer orders.

The Audit Committee reviewed the accounting and monitored the financial reporting process and 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 during the 2021 financial year. The Committee also addressed the efficiency of the Company's internal compliance processes in depth as well as pending legal disputes and associated potential risks. The Audit Committee reported to the Supervisory Board on these activities.

After thoroughly reviewing the auditor's independence and qualifications, the services provided to date and the audit fees billed, the Supervisory Board commissioned PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Essen, to audit the 2021 annual and consolidated financial statements and the remuneration report.

Organisation of the Supervisory Board's work

A reliable flow of information helps the Supervisory Board to perform its duties effectively. To do this, the full Supervisory Board obtains regular reports from the Audit Committee, the Nomination

Committee and the Personnel Committee. The Audit Committee monitors the Company's accounting, internal control system and audit of the financial statements. It also identifies current issues for discussion and prepares Supervisory Board resolutions.

Within the context of monitoring the auditor's independence, the Supervisory Board of 11 88 0 Solutions AG had an approval process developed in 2016 that ensures the release of permissible non-audit services by the auditor in accordance with EU Regulation 537/2014, which took effect on 17 June 2016.

Composition and personnel of the 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) and 4 of the German One-Third Employee Participation Act (Drittelbeteiligungsgesetz). Pursuant to Item 4.1 (1) of the Articles of Association of 11 88 0 Solutions AG, the Supervisory Board comprises four members elected by the Annual General Meeting and two elected by employees. The objective of the Supervisory Board is to effectively support the Company in its quest to become Germany's leading provider of online marketing services for small and medium-sized enterprises. With this in mind, personal experience and professional expertise in business and digitalisation are taken into account when determining the composition of the Supervisory Board to ensure that its members are familiar with the sector in which 11 88 0 Solutions AG operates.

In the 2021 financial year, the Supervisory Board of 11 88 0 Solutions AG comprised the following members: Dr. Michael Wiesbrock (Chairman), Helmar Hipp (Deputy Chairman), Michael Amtmann, Ralf Ruhrmann, Sandy Jurkschat and Leonard Kiedrowski. Both Dr. Michael Wiesbrock and Ralf Ruhrmann have expertise in the areas of accounting and auditing. The other members of the Audit Committee chaired by Dr. Michael Wiesbrock were Ralf Ruhrmann and Sandy Jurkschat. The Nomination Committee members were Dr. Michael Wiesbrock and Helmar Hipp, whereas the Personnel Committee included Dr. Michael Wiesbrock and Michael Amtmann.

Meetings and attendance

The Supervisory Board held four regular meetings in the 2021 financial year, one in each quarter, with some held virtually due to the pandemic. All of its members participated in all meetings. The Supervisory Board also adopted four written circular resolutions in which all members again participated.

The Audit Committee also met four times in the 2021 financial year with the participation of all members. The Personnel Committee met five times, with all members taking part in the meetings. The Nomination Committee did not meet during the past financial year due to a lack of agenda items.

Corporate governance and remuneration of the Management Board

On 30 March 2022, the Supervisory Board unanimously adopted the joint declaration of compliance by the Management Board and Supervisory Board of 11 88 0 Solutions AG in accordance with Section 161 AktG. In this declaration, the Management Board and Supervisory Board of 11 88 0 Solutions AG declare that they did and do comply with all of the recommendations of the German Corporate Governance Code as published in the Federal Gazette on 20 March 2020, with the exception of the deviations listed in the declaration of compliance. The current declaration of compliance is permanently and publicly available on the Company's website at https://ir.11880.com/corporate-governance/entsprechenserklaerung.

The remuneration systems for the Management Board and Supervisory Board approved by the 2021 Annual General Meeting are also available on the Company's website at https://ir.11880.com/verguetung-vorstand-und-aufsichtsrat. The Supervisory Board, together with the Management Board, also prepared a remuneration report for the 2021 financial year in accordance with Section 162 AktG. The remuneration report will be audited by the auditor of the company and provided with an audit certificate according to § 162 paragraph 3 of the German Stock Corporation Act. After approval of the prepared and audited remuneration report of the Executive Board and the Supervisory Board by the Annual General Meeting 2022, this report will also be made available at the aforementioned internet address.

Audit of the 2021 annual and consolidated financial statements

Based on a resolution adopted by the Annual General Meeting on 16 June 2021, the Supervisory Board commissioned PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Essen, to audit the financial statements. The Company's annual financial statements in accordance with German commercial law, the management report, the IFRS consolidated financial statements and the Group management report for the 2021 financial year were audited by PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Essen. The annual

financial statements, management report and Group management report of 11 88 0 Solutions AG were prepared in accordance with the requirements of German law. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and pursuant to the additional requirements of German commercial law under Section 315e (1) of the German Commercial Code (HGB). An unqualified auditor's report was issued for the annual financial statements, management report, consolidated financial statements and Group management report as of 31 December 2021. The financial statement documents and audit reports were made available to members of the Audit Committee as well as all members of the entire Supervisory Board. The Company's annual financial statements and management report in accordance with German commercial law, the IFRS consolidated financial statements and the Group management report as well as the auditor's reports were reviewed by the Audit Committee and the entire Supervisory Board and extensively discussed with the auditor in the Audit Committee. The auditor participated in the concluding discussion of the Company's annual and consolidated financial statements at the Supervisory Board meeting held via a combination of in-person and virtual attendance on 30 March 2022, explaining the audit process, presenting the main results of the audit, answering questions and being available to provide additional information during the discussion. The Chairman of the Audit Committee also reported on the audit of the financial statements performed by the Audit Committee at this plenary session.

The Supervisory Board examined the annual financial statements and the management report of 11 88 0 Solutions AG in detail. The audit did not give rise to any objections. The Supervisory Board agreed with the auditor's findings.

The Supervisory Board approved the Company's 2021 annual financial statements prepared by the Management Board, which are hereby adopted. The Supervisory Board also examined the IFRS consolidated financial statements of 11 88 0 Solutions AG and the Group management report in detail. This audit did not give rise to any objections, either. The Supervisory Board agreed with the auditor's findings. It approved the 2021 consolidated financial statements of 11 88 0 Solutions AG prepared by the Management Board.

Dependent company report

PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Essen, also examined the report on relations with affiliated companies in financial year 2021 ("**dependent company report**"), which was prepared by the Management Board in accordance with section 312 AktG. The dependent company report in accordance under section 313 (3) sentence 1 AktG was issued the following unqualified auditor's report:

"In accordance with our dutifully performed audit and assessment, we confirm that

1. the factual statements in the report are correct,
2. the payments made by the Company in connection with the legal transactions referred to in the report were not unduly high."

The dependent company report was made available to members of the Supervisory Board for review. The auditor participated in the discussion of the report by the Supervisory Board, reporting on the performance of the audit and furnishing information. The Supervisory Board found the report to be correct. The Supervisory Board also approved the audit results provided by the auditor and, based on the final result of their audit, did not raise any objections to the final declaration of the Management Board included in the dependent company report.

The actions brought before the Dortmund District Court to set aside the resolution passed under item 3 of the agenda at the Annual General Meeting on 16 June 2021 concerning the formal approval of the actions of members of the Supervisory Board for the 2020 financial year were ended by a judgement based on the defendant's acknowledgement. This legal action was brought due to the fact that the report of the Supervisory Board for the 2020 financial year did not contain a statement by the Supervisory Board on the dependent company report itself or the audit thereof by the auditor. Likewise, the results of the audit were not explicitly announced by the auditor. The actions to set aside the resolution were therefore acknowledged, and the resolution passed concerning the formal approval of the actions of members of the Supervisory Board for the 2020 financial year was declared null and void. However, as the Supervisory Board had reviewed both the dependent company report for the 2020 financial year and the audit report on the dependent company report and only failed to mention it in the Supervisory Board due to a technical oversight, the formal approval of the actions of members of the Supervisory Board for the 2020 financial year is once again being proposed at the 2022 Annual General Meeting.

Risk early warning system / control and risk management system

In accordance with Section 91 (2) AktG, the Management Board of 11 88 0 Solutions AG established a monitoring system to identify potential risks to the Company and its subsidiaries at an early stage. The result of the auditor's audit showed that the Management Board fulfilled all of its duties as required under Section 91 (2) AktG. The Supervisory Board agrees with the auditor's report. According to Section 91 (3) AktG, the Management Board of a listed company must also set up an effective internal control and risk management system appropriate to the scope of the Company's business activities and its risk situation. As part of its monthly jours fixes, the Supervisory Board was kept regularly informed by the Management Board of the Company's material opportunities and risks and the working methods of the internal control and risk management systems. The effectiveness of these systems was also monitored by the Supervisory Board and in particular the Audit Committee, and was approved without any complaints.

Separate non-financial report (corporate social responsibility)

The Supervisory Board dealt extensively with the combined separate non-financial report on corporate social responsibility (published at https://ir.11880.com/corporate-governance/csr-bericht) with regard to 11 88 0 Solutions AG and the Group, examined it in detail and approved it unanimously.

Closing declaration

We approve the findings of the auditors, PricewaterhouseCoopers, GmbH, Wirtschaftsprüfungsgesellschaft, Essen, and raise no objection after conferring on this with the Audit Committee and based on our own examinations of the annual financial statements, management report, consolidated financial statements and Group management report of 11 88 0 Solutions AG. We approved the annual financial statements for the year ended 31 December 2021 prepared by the Management Board, which are hereby adopted. We also approved the IFRS consolidated financial statements for the year ended 31 December 2021 prepared by the Management Board.

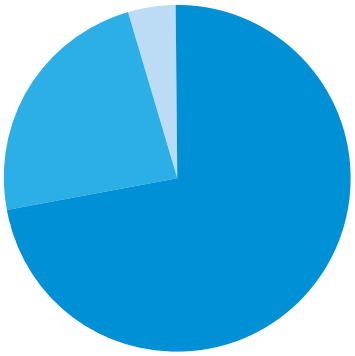
On behalf of the entire Supervisory Board, I would like to thank Christian Maar and all employees of 11 88 0 Solutions AG for their efforts and dedication in what has been a very challenging 2021 financial year. The performance of both the Management Board and the entire team enabled the Company to have a successful financial year, even during the Covid crisis.

Essen, 30 March 2022

Dr. Michael Wiesbrock
Chairman of the Supervisory Board

11 88 0 Solutions AG on the capital market

Shareholder structure on 31 December 2021



Although the 2021 financial year was heavily influenced by the effects of the global coronavirus pandemic, low interest rates meant this had little impact on the equity markets. Investing in equities remained a highly attractive investment opportunity in 2021.

The shares of 11 88 0 Solutions AG were once again the subject of increased interest from private shareholders, institutional investors and financial journalists in 2021. This was primarily due to rising confidence in the Company and its leadership as a result of 11 88 0 Solutions AG's consistently strong performance and the fact that it met all of the forecasts set by the Management Board. This increasing focus on the Company meant that the Management Board and IR team held numerous discussions with existing and potential investors during the 2021 financial year.

The average price of the 11 88 0 Solutions AG share was EUR 1.58 during the past financial year. The share price largely remained stable between EUR 1.50 and EUR 1.57 in the first three quarters of 2021 before oscillating between EUR 1.60 and EUR 1.80 during the fourth quarter. On 28 October 2021, the share closed at an annual high of EUR 1.82.

The shareholder structure of 11 88 0 Solutions AG did not change in the 2021 financial year compared with the previous year.

Investor relations activities

The Management Board and commercial directors of 11 88 0 Solutions AG held a conference call with analysts and investors on the publication of the annual financial statements for 2020 and another for the publication of each of the quarterly results during the 2021 financial year. The Company's business performance, financial figures and future strategy were presented on these conference calls and then discussed in detail in a Q&A session.

The Annual General Meeting was again held virtually on 16 June 2021. All agenda items were approved with majorities of between 97.83 and 99.99 percent.

The Management Board and the IR team remained in regular contact with investors and private shareholders throughout the 2021 financial year, updating investors and private shareholders regularly with information, and answering questions and discussing business development in one-on-one meetings.

On 23 November 2021, Chief Executive Officer Christian Maar and commercial director Dr. Michael Nerger presented 11 88 0 Solutions AG at the Deutsche Börse Equity Forum. In addition to the company presentation, they also held numerous one-on-one meetings with interested investors during the forum, which was held in a virtual format. On 7 December 2021, Christian Maar and Dr. Michael Nerger also presented the Company at the 2021 Munich Capital Markets Conference, where they also held individual meetings with investors and financial journalists after the presentation.

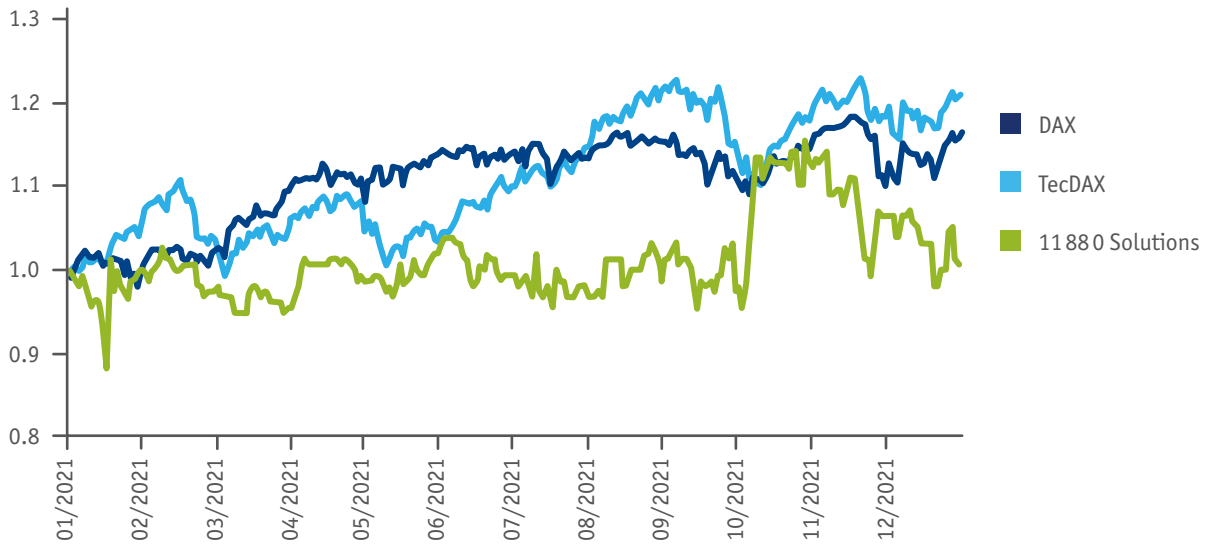
Analysts at Mainz-based Solventis AG continued to monitor the performance of 11 88 0 Solutions shares and published three research updates during the 2021 financial year. In the first two

updates after the first quarterly results and the half-year figures, the analysts issued a buy recommendation for the shares of 11 88 0 Solutions AG, citing a price target of EUR 1.90. After the publication of the 2021 nine-month figures, the buy recommendation was confirmed again, but the price target was raised to EUR 2.00 due to the Company's positive performance.

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

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

01.01.2021 – 31.12.2021



Key figures for the 11 88 0 share		2016	2017	2018	2019	2020	2021
Number of shares	pcs.	19,111,091	19,111,091	19,111,091	21,022,200	24,915,200	24,915,200
Share in capital	EUR	19,111,091	19,111,091	19,111,091	21,022,200	24,915,200	24,915,200
Share price at year-end	EUR	0.68	0.874	1.00	1.56	1.56	1.57
Highest share price[1]	EUR	1.17	1.283	1.285	1.895	1.63	1.82
Lowest share price[1]	EUR	0.68	0.422	0.946	0.962	1.09	1.38
Market capitalisation at year-end	M EUR	13.0	16.7	19.0	32.8	38.9	39.1
Earnings per share	EUR	-0.77	-0.50	-0.16	-0.16	-0.10	0.04

[1] Xetra closing prices

[2] based on the respective Xetra closing price

Group Management Report

Group Management Report of 11 88 0 Solutions AG, Essen, for the 2021 financial year

1. Fundamental information about the Group

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

In the Digital segment the 11 88 0 Solutions Group offers online packages to give small and medium-sized enterprises (SMEs) an extensive and efficient online presence. In addition to an entry in the 11880.com classified directory and an appropriate 11 88 0 specialist portal, these packages include listing services in additional directory portals, Google Ads and Microsoft Advertising, the production of websites or a telephone secretarial service. We are also offering packages for active review management via our search engine for online reviews werkenntdenBESTEN.de. The 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 primarily 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 division also provide customer services as part of the call centre third-party business.

Basis of presentation

In its Digital and Directory Assistance operating segments, the 11 88 0 Solutions Group uses a system of key figures 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 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.

In addition, employee satisfaction is measured as a non-financial 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 cus-

tomer 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 CD-ROM and as an intranet solution, as well as database solutions. The acquisition of FAIRRANK GmbH and Seitwert GmbH in financial year 2020 has enabled the Group to serve medium-sized enterprise customers with solutions, especially in the area of search engine optimisation 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 Company's financial health, among others. This information enables the 11 88 0 Solutions Group to assess, manage and optimise its financial position and net assets.

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

Non-financial key figures

The development of new and existing customers as well as the churn rate as key figures measuring customer loyalty and satisfaction in the Digital segment
A high level of customer loyalty and satisfaction is of particular importance for the development of the Digital segment. This basically involves making use of a support concept 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 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
The COVID-19 pandemic has shown how, out of the blue, companies and their employees can be faced with new and significant challenges which strongly accelerate the pace of digitalisation. Hybrid workplaces are set to become ever more important, as is a better work-life balance.

In 2021 our activities focused even more on our employees, since satisfied employees play a key role in the Group's long-term success. 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, supporting their willingness to experiment and their readiness to learn and helping them to develop a growth mindset.

The 11 88 0 Solutions Group can rely on its dedicated staff. We believe that the staff's commitment is evident from their enthusiasm for their work, motivation and overall attachment to our Company. Due to a cyberattack which we suffered in October 2021, we were unable by the end of the financial year to complete our evaluation of the employee survey which we had carried out in the autumn of 2021, since restoring our IT systems was and remains a priority. We aim to have drawn up our Happy Employee Index based on the results of this survey at the beginning of the second quarter of 2022. The next employee survey will be conducted in 2022.

In fiscal year 2021, a Sounding Board was established and tasked with reviewing the 11 88 0 Solutions Group's corporate values to ensure they are up to date, after the internal and external guardrails for the Company were last defined in 2014. 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.

Further information on the goals we pursue in the areas of corporate governance, the environment, employees, social issues, human rights, and combating corruption, and what we have already achieved in these areas, can be found in our combined separate non-financial report pursuant to Section 315b (3) HGB and Section 289b (3) HGB. For fiscal year 2021, this publication will be published on our website in March 2022. The report can be accessed at https://ir.11880.com/corporate-governance/csr-bericht.

2. Macroeconomic and sector-specific environment

Macroeconomic environment

Global gross domestic product (GDP) rose 6.0 % in the 2021 financial year and is thus significantly higher than in the previous year, which had registered a drop of 3.0 %. Having plunged sharply in the previous year, in the third quarter of 2021 the advanced economies' gross domestic product returned its pre-crisis level for the first time. Europe especially saw strong economic growth over the summer of 2021, which marked a recovery from the pandemic-related stagnation of the previous winter. On the other hand, the US economy was scarcely affected by the pandemic in the 2020 - 2021 winter, but weakened in the third quarter of the current year as the rate of infection picked up. Outbreaks also curbed growth in Japan over the summer months. The emerging markets had already surpassed their pre-crisis gross domestic product level a year earlier. Above all, this reflected China's rapid recovery. However, since the extensive shutdowns implemented in the spring of 2020 global industrial output is now only marginally contingent on the development of infection. The strong and rapid recovery in worldwide demand for goods gave rise to supply bottlenecks which prompted strong rises in the prices of commodities, primary products and finished goods. Independently of the high level of demand for goods, geographic disparities arose in the global shipping sector which widened the gap between the levels of supply and demand for goods around the world. Besides further difficulties such as the closure of ports in China, this caused global industrial output to stagnate for much of the current year and commodities trading to decline. Measured against the index of the Hamburg Institute of International Economics (HWWI), commodities prices are around 60 % higher than they were prior to the crisis; they have gone far beyond making up for their sharp drop in the first half of 2020. In general, the pandemic situation is quite predominantly heterogeneous worldwide. While the USA and parts of southeast Asia were affected over the summer, the rate of infection then picked up in Europe as the winter drew in. Despite this, however, corporate sentiment is generally optimistic in most countries. The in some cases very high order volumes are likely to cause the level of investment activity to pick up significantly. The current inflation momentum will drop off as the volume of surplus demand is worked off and will thus not have any significant impact on monetary policy. All in all, the world's gross domestic product is likely to rise by 4.4 % in 2022 and by 3.2 % in 2023.

Real GDP in the euro zone is expected to grow by 4.9 % this year, indicating a considerable gain of economic momentum compared to the previous year. Europe saw strong economic growth over the summer of 2021, which marked a recovery from the previous winter's pandemic-related stagnation. Most countries once again implemented public health measures beginning in autumn which are restricting economic and social activities. These restrictions are likely to be less pronounced in countries with high vaccination levels such as Portugal, Malta and Spain, provided that boosters are taken up to compensate for waning levels of vaccine protection. The resulting lower increase in economic activity in Europe is likely to be followed by a strong recovery, as seen in previous waves of the pandemic. GDP is therefore expected to increase by 3.9 % in the euro zone in 2022. A rise of 3.0 % is anticipated for 2023.

The continuing supply bottlenecks and the fourth COVID-19 wave are clearly putting the brakes on the German economy. The strong recovery which had been envisaged for 2022 is still some way off. Overall, gross domestic product is likely to rise by 2.5 % this year, by 3.7 % next year and by 2.9 % in 2023. A temporary rise in the rate of inflation is likely, from 3.1 % in this year to 3.3 % in the next year. The rising costs which are associated with the supply bottlenecks and the delay in adjusting to the higher energy and commodities prices are a core factor here. Only in 2023 is the rate of increase in consumer prices expected to return to normal and fall to 1.8 %. Unemployment will decline from an anticipated

5.7 % in 2021 to an average of 5.2 % in 2022 and 4.9 % in 2023. In the current year, Germany is expected to register a budget deficit of EUR 162 billion. The country's public finances will then stage a recovery over the remainder of the forecast period. The deficit is expected to amount to a good EUR 80 billion in 2022 and then EUR 20 billion in 2023.

The aforementioned data is taken from the ifo Economic Forecast for Winter 2021, ifo Schnelldienst 2021, December Special Edition. Anticipated effects in the context of the Ukraine-Russia war are not included, as these cannot yet be reliably predicted in macroeconomic terms either.

Sector-specific environment

The years 2020 and 2021 are a challenging year behind us, which has brought stress tests for us as a society, but also for each individual. The COVID-19 pandemic has brought far-reaching changes to our work and private lives and has accelerated the process of digitalisation. As a result, the digital display advertising market experienced significant growth in 2020 and ultimately reached a net advertising volume of EUR 4.106 billion. The fourth quarter of 2020 in particular registered record results.

This growth continued in the first half of 2021 and was unaffected by the shutdowns of businesses, educational establishments and workplaces. The shift in media usage and consumer habits to the digital world and the transfer of advertising budgets to digital media are sustained trends. This positive development is apparent in virtually every industry and for almost every form of advertising. However, online video advertising and content placed on mobile devices have benefited particularly strongly. These growth trends are predicted to have slowed slightly in the third and fourth quarters, but double-digit growth rates are nonetheless higher than the level which had been originally assumed for 2021.

The trend can be summarised as follows in numerical terms: in 2020, net advertising revenues for digital advertising (online and mobile) totalled EUR 4.1 billion and were thus around 14 % higher than in 2019 (EUR 3.6 billion). For 2021, a net advertising revenue volume of EUR 5.1 billion is expected. This represents a growth rate of around 23 % year-on-year.

The picture for gross advertising investments confirms this trend. The industries which were worst hit by coronavirus last year are now registering the strongest growth rates. Personal care, media and retail were the fastest-growing core economic sectors. This trend was driven by the opening-up and easing of coronavirus restrictions in Germany. Services, the automotive sector and retail are still the sectors of the economy with the highest spending volumes. Services remains the sector generating the highest volume of advertising investment revenue. The automotive market is second-placed, closely followed by retail. The "other advertising" category accounts for most gross advertising investment in the display advertising segment. This broad category includes advertising placed by companies advertising products in a variety of different economic sectors. It thus forms part of the "business advertising" category.

The above data is taken from the "OKV Online Report 2021 / 2022" published by the German Digital Media Association (Bundesverband Digitale Wirtschaft e. V. - BVDW).

3. Course of business

The worldwide coronavirus pandemic once again resulted in a difficult environment in the 2021 financial year. In the first few months of 2021, a further lockdown in Germany meant that many 11 88 0 corporate customers were likewise forced to shut down their businesses. 11 88 0's media consultants used the lockdown phase to fine-tune existing contracts with our customers. The Company thus achieved its strategic objective of enhancing the value of each contract of its customers in the 2021 financial year.

In the past financial year, we successfully completed the necessary extensive transformation of our CRM system after a period of two years. This modernisation was a key prerequisite in order to successfully realise 11 88 0 Solutions Group growth target, since its new CRM system especially enables rapid and transparent customer management, even in case of high capacities.

In late October 2021, 11 88 0 Solutions AG fell victim to a huge cyberattack which necessitated the reconstruction of part of the Company's IT infrastructure. Thanks to the huge dedication shown by our workforce, our business operations were able to resume within the space of a few days. The impact on the net assets, financial position and results of operations for the 2021 financial year is expected to be minor.

At the operational level, important SEO and SEA measures were initiated to make 11 88 0's products and services even easier to find online and to strengthen our new business development activities. These measures brought the desired success and ensured

a positive trend for traffic on all of 11 88 0 Solutions AG's portals in the past financial year. This provided a stable foundation enabling us to realise even stronger financial value through these portals in the 2022 financial year. In addition, 11 88 0's specialist portals were given a new look. These portals bring together consumers making searches in the key sectors with a suitable provider in their local area. The rating portal werkenntdenBESTEN.de was also given a more user-friendly design, and an accompanying smartphone app was launched.

In the Company's second business segment, Directory Assistance, which includes call centre third-party business, its partnership with the directory assistance service FRED 11811 generated an increased call volume in the 2021 financial year. At the same time, several new e-sharing customers were acquired in the call centre third-party business. In Cologne, Krefeld and Düsseldorf, all customer service calls relating to the local municipal utilities' e-sharing services are now received and handled by 11 88 0 employees. Moreover, long-standing customers whose customer service calls are handled by 11 88 0 Solutions AG increased their order volumes in the 2021 financial year.

A realignment process was initiated in the past financial year for the online marketing agency FAIRRANK, which the Company acquired in September 2020. The goal is to stabilise its existing business, while at the same time opening up new growth areas.

Consolidated revenues increased by 11 % compared to the prior-year period. The actual revenue volume of EUR 56.5 million sits comfortably within the range of EUR 54.8 million to EUR 60.6 million projected at the start of the year.

Consolidated EBITDA amounted to EUR 5.8 million, an increase of EUR 2.9 million on the previous year. The range of EUR 3.1 to 4.3 million which had been expected at the start of the year was clearly exceeded. As well as strict cost discipline, this was due to adjustments made to provisions which affected profit or loss. The forecast originally provided in an ad hoc announcement of 31 January 2022 was thus revised to between EUR 5.6 and 6.1 million. This range was achieved.

The consolidated EBITDA for the financial year of EUR 5.8 million (previous year: EUR 3.0 million) results from the operating result of EUR -0.3 million (previous year: EUR -2.7 million) plus depreciation and amortisation reported within the cost of revenues totalling EUR 0.9 million (previous year: EUR 1.3 million), depreciation and amortisation within selling and distribution costs amounting to EUR 4.3 million (previous year: EUR 3.7 million) as well as depreciation and amortisation reported within general administrative expenses of EUR 0.9 million (previous year: EUR 0.7 million).

Cash and cash equivalents and available for sale financial assets decreased by EUR 1.7 million to EUR 2.0 million in the last financial year (previous year: EUR 3.7 million; cash flow previous year: EUR -1.0 million). For the 2021 financial year, the Company forecast cash holdings of between EUR 1.5 million and EUR 2.3 million, a range it was able to reach.

In 2021, the average churn rate in the Digital segment was unchanged year-on-year at 26 %. This rate had been expected to increase slightly, relative to the 2020 financial year. A low level of customer growth had been predicted for 2021 as an optimal scenario. Instead, the Company lost a small number of customers (950).

The negative trend in caller volume in the traditional business of Directory Assistance segment continued as expected. The Group expected the decline in call volume in 2021 to match that of the previous year (2020: 21 %). The call volume actually declined by just 15 % in 2021. Revenue per call trended slightly downward by 2 % in 2021.

4. Financial situation

The expenses and income of the Group companies FAIRRANK GmbH and Seitwert GmbH, which were first consolidated as of 30 September 2020, have been recognised since October 2020. The comparative figures for the previous year in the income statement shown below therefore do not include the figures for the first three quarters of these two companies. The statement of financial position figures of the two companies, on the other hand, are fully included in the previous year's figures.

Results of operations

Consolidated revenues in the 2021 financial year were EUR 56.5 million, compared to EUR 50.8 million in the previous year. This represents revenue growth of 11 % (previous year: 7 %). This significant increase once again mainly reflected stronger revenue in the Digital segment. The revenue volume per customer clearly increased here in the past financial year. Revenue also rose slightly year-on-year in the Directory Assistance segment.

This was mainly due to partnerships as well as the expansion of existing order volumes in our call centre third-party business.

The corresponding cost of revenues in the 2021 financial year totalled EUR 32.3 million (previous year: EUR 29.2 million). This figure represents an increase of around 10 % compared to the previous year. In addition to the significant proportion of the cost of revenues provided by the newly acquired companies FAIRRANK and Seitwert, this rise is mainly attributable to third-party services used, in line with the higher revenue levels generated in both segments.

Selling and distribution costs grew by 3 % from EUR 16.1 million in the previous year to EUR 16.5 million (previous year: 11 % increase). The increase is primarily attributable both to higher depreciation of contract acquisition costs in line with the increased level of customer contracts capitalised due to the positive business performance of the Digital segment and to the year-on-year increase in the share of FAIRRANK GmbH and Seitwert GmbH in selling and distribution costs.

As in the previous year, general administrative expenses came to EUR 8.1 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.

Consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA) was up considerably year-on-year at EUR 5.8 million (previous year: EUR 3.0 million). Non-operational reversals of personnel provisions and strict cost discipline are the main reasons for this development.

Net financial income in 2021 ended the year with net expenses of EUR 0.3 million as in the previous year.

In 2021, there was again a positive result from income taxes of EUR 1.7 million (previous year: income of EUR 0.6 million). As in the previous year, this development is primarily due to an increase in additions to deferred tax assets on tax loss carryforwards.

The net income / loss for the period amounted to EUR 1.0 million compared to EUR -2.3 million in the previous year.

Segment report

Revenues in the Digital segment rose by EUR 5.4 million from EUR 38.3 million in the previous year to EUR 43.7 million. EBITDA improved considerably from the previous year at EUR 5.6 million (previous year: EUR 2.8 million). Both FAIRRANK GmbH and Seitwert GmbH were allocated to the Digital segment.

In the financial year ended, revenues in the Directory Assistance segment amounted to EUR 12.8 million, up slightly compared with the previous year (previous year: EUR 12.5 million). At EUR 0.2 million, EBITDA was up on the previous year's figure.

Net assets and financial position

Capital expenditures

The total investments in intangible assets and property and equipment as of the reporting date excluding capitalised right-of-use assets in accordance with IFRS 16 were EUR 4.1 million (previous year: EUR 4.5 million).

This figure mainly includes capitalised costs to obtain a contract (commissions) in the amount of EUR 3.6 million in line with the positive business trend in the Digital segment (previous year: EUR 3.8 million). There were also capital expenditures of EUR 0.2 million in internally generated intangible assets in order to make 11 88 0's product portfolio in the Digital segment competitive.

Only insignificant investments were made for the "Directory Assistance" segment.

As in the previous year, the 11 88 0 Solutions Group as of 31 December 2021 had no noteworthy open obligations from capital expenditures which will be incurred in financial year 2022.

Statement of financial position

As of the reporting date, total assets amounted to EUR 29.0 million, down by EUR 2.4 million compared to prior-year figure of EUR 31.4 million.

Assets

On the assets side of the statement of financial position, current assets decreased from EUR 14.1 million to EUR 11.9 million. This decline is primarily attributable to a decrease in cash by EUR 1.6 million reflecting the trend shown in the statement of cash flows. Trade accounts receivable fell by EUR 0.3 million from EUR 9.6 million in the previous year to EUR 9.3 million, mainly

as a result of stronger indications of impairment. As of 31 December 2021, the 11 88 0 Solutions Group continued to have investments in short-term money market and bond funds that were reported as financial assets measured at fair value. The fair value of these investments remained unchanged at EUR 0.6 million compared with the previous year.

The Company had unutilised overdraft facilities of EUR 1.0 million (previous year: EUR 1.0 million) with financial institutions at its disposal as of 31 December 2021.

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

As of the reporting date, the Group had non-current assets worth EUR 17.0 million (previous year: EUR 17.3 million). The decrease of EUR 0.2 million resulted primarily from significantly reduced carrying amounts of capitalised right-of-use assets due to contractual adjustments. Furthermore, fewer internally generated intangible assets requiring capitalisation were created compared with previous years. This compares with deferred tax assets of EUR 1.4 million.

Equity and liabilities

On the liabilities side, current liabilities decreased by EUR 1.3 million to EUR 12.9 million (previous year: EUR 14.3 million). Trade accounts payable fell by EUR 0.4 million to EUR 0.3 million, mainly as a result of good cash management. Accrued current liabilities amounted to EUR 5.3 million as of the reporting date, a decrease of EUR 0.1 million compared to the previous year. This item mainly includes amounts for obligations to employees and for outstanding invoices. Other current liabilities of EUR 5.7 million decreased by EUR 0.9 million (previous year: EUR 6.5 million) in the year under review. The decline is mainly attributable to contract liabilities that become due immediately. Current lease liabilities are unchanged from the previous year at EUR 1.5 million.

Non-current liabilities of EUR 5.2 million declined by EUR 2.2 million year-on-year (EUR 7.4 million). This decrease is especially attributable to a one-off reversal for personnel provisions. Furthermore, non-current lease liabilities decreased significantly, partly due to the lower reduction effect in the previous year resulting from the addition of lease liabilities in connection with the acquisition of FAIRRANK GmbH.

Equity increases by EUR 1.1 million year-on-year to EUR 10.9 million (previous year: EUR 9.8 million). The change is mainly attributable to the positive result for the period in the financial year. In addition, the actuarial losses reported in other components of equity fell by EUR -0.1 million year-on-year to EUR -0.3 million.

Cash flow & financing

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

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

Cash flows from operations in the past financial year showed inflows of EUR 4.2 million compared to EUR 2.5 million in the previous year. This change mainly resulted due to an improvement year-on-year in the net income / loss for the period before taxes and, on this basis, increased amortisation of intangible assets and depreciation of capitalised right-of-use assets pursuant to IFRS 16 in particular. In addition, there was an increase in loss allowances on trade accounts receivable which required adjustment in respect of cash flow. The decrease in liabilities in the past financial year was significantly lower than in the previous year.

Cash outflows from investing activities at the 31 December 2021 reporting date amounted despite lower investments to EUR 4.1 million (previous year: cash outflow of EUR 3.6 million). The difference is mainly due to the liquid assets presented in the previous year's cash flow from the addition of the new companies FAIRRANK GmbH and Seitwert GmbH.

Cash flows from financing activities amounted to EUR -1.7 million (previous year: EUR -0.1 million). The change resulted from the capital increase implemented in the previous year and the related proceeds from the issue of shares.

Net Cash Flow amounted to EUR -1.6 million as of the reporting date (previous year: EUR -1.2 million).

The portfolio of cash and cash equivalents as well as financial assets available for sale amounted to EUR 2.0 million (previous

year: EUR 3.7 million) as at December 31, 2021. This figure includes restricted cash totalling EUR 0.1 million at the reporting date, unchanged from the previous year. Financial assets of EUR 0.6 million measured at fair value can be sold short-term and are available to the Company with no restrictions.

5. Research and development

As a service provider, the 11 88 0 Solutions Group does not carry out basic research in the original sense, and therefore no research costs were incurred. However, the Company did recognise development costs for internal software generation that serve to generate revenue in the Digital and Directory Assistance segments. In 2021, the 11 88 0 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 0.3 million). Amortisation of capitalised development costs in the reporting period amounted to EUR 0.5 million (previous year: EUR 0.8 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.

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.

Digitalisation has completely reshaped our lives and thus also the way we work. In a trend accelerated by the pandemic, we are already seeing new forms of collaboration and virtual networking, innovative business models and a greater degree of automation of activities. As a result, it is essential for us to equip our senior executives and employees with digital skills. Ultimately, they provide the foundation for our success – both now and in the future. This means 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. The Company's management also underwent changes in 2021: it is now more participatory in nature and also more virtual; in future, decisions will need to be made even more quickly. 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 2021 the 11 88 0 Solutions Group had 560 employees Group-wide as defined by Section 267 of the HGB (headcount; excluding the Management Board, trainees, interns and dormant employment contracts), 48 less than a year ago (previous year: 608). The decline is mainly attributable to the operating areas.

The 11 88 0 Group and its Group companies are not bound by collective bargaining agreements, as there is no collective agreement for the call centre industry. The company complies with the statutory minimum wage requirements. The collaboration with those representing the interests of employees in the 11 88 0 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.

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.

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.

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.

Management board
(Vision, strategy, objectives, control environment, specification of reporting structures)

Performance management	Compliance management	Internal control system and internal audit	Risk management system
Controlling / Operational areas	Compliance Committee / Operational areas	Accounting / IT / Operational areas	Controlling / Operational areas
• Ongoing reporting on key KPIs • Budget • Forecast • Target-actual analyses • Investment controlling • Performance management • Special analyses	• Guidelines / 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	• Risk identification • Risk assessment • Risk control • Risk monitoring • Risk avoidance • Risk management process • Risk report

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 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 in May 2018 and the EU Payment Services Directive (PSD II) in January 2018, the Company introduced relevant legal requirements.

Internal control system and internal audit

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

There is no legal definition of the internal control and risk management system with respect to the accounting process and the consolidated accounting process. 11 88 0 Solutions AG under-

stands the internal control and risk management system to be a comprehensive system and bases it on the definitions provided by the Institute of Public Auditors in Germany e. V., Düsseldorf, for the internal control system relevant to the financial reporting system (IDW PS 261 new version subsection 19 f.) 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 held once every two weeks with the department and division heads are held for this purpose to discuss all relevant key performance indicators of the operating business.

The departments and divisions involved in the accounting process are appropriately equipped, both in terms of quantity and quality. Accounting data that has been received or passed on is regularly reviewed for completeness and correctness. Dedicated software performs programmed plausibility checks using a document management system, for example. As of the end of October 2021, the electronic document management system could no longer be used until the end of the year due to the cyber attack and was immediately replaced by adapting processes.

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, the 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 by means of a document management system to ensure that these are factually and arithmetically correct. As an alternative to the document management system, the manual approval process was temporarily introduced during the downtime without any restrictions on the dual control principle. 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.

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

The aim of the internal control and risk management system 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 already known risks has increased slightly, not least due to the rise in cybercrime, no material risks have been added compared with the previous year.

Overall, the 11 88 0 Solutions Group has only been moderately affected by the negative impact of the coronavirus pandemic so far 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. The measures introduced since the outbreak of the pandemic are taking effect, and the simulations conducted since the second quarter of 2020 to predict the scope of the coronavirus pandemic's potential effects have so far proven to be accurate overall.

Despite the market risks caused by the global coronavirus pandemic, 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 the coronavirus pandemic, which was still ongoing at the time the financial statements were prepared, could have a more pronounced impact than before on the business activities of the 11 88 0 Solutions Group, in particular on the acceptance of products and services offered on the market as well as the creditworthiness of existing customers. This applies to both the risks to the 11 88 0 Solutions Group associated with the pandemic as well as the potential opportunities that could result from the increasing trend towards digitalisation.

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	Significant	Significant
Financial and liquidity risks	Low	Low
Personnel risks	Low	Low
Litigation risks	Low	Low
Regulatory risks	Very low	Very low
Legal risks	Very low	Very low
Technology risks	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 2021, 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.

As a result of structural process and organizational changes, existing customer management in the Digital segment has improved steadily in recent years. As a result of increased customer satisfaction and thus increased customer loyalty, the churn rate has been successively reduced in recent years and in 2021 was at the level of the previous year. For the financial year 2022, a churn rate comparable to the financial year 2021 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.

The acquisition of FAIRRANK GmbH presents an additional opportunity to focus increasingly on serving larger medium-sized enterprises with individual product offerings and thus substantially expand the 11 88 0 Group's business model and relevant market.

Market development, risks and opportunities in the Directory Assistance

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 2022 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. First, it should be noted that all individual risks are in the "low" or "very low" risk clusters in their own right. Individual risks with a risk level of less than EUR 50 thousand are only mentioned if they relate to FAIRRANK GmbH, which we acquired in 2020.

Market risks

At present, the most significant individual risk is the potential impact on revenue and earnings that may arise for the 11 88 0 Group as a result of the coronavirus pandemic. In particular, these risks result from the fact that sales performance in new customer business could decline in several sectors or contract extensions and upselling initiatives among existing customers could be less successful than planned. There is also the risk of an increase in coronavirus-related insolvencies or business shutdowns among the Group's existing customers, which would then have an indirect negative impact on the churn rate in the 11 88 0 Solutions Group's Digital segment. As it is not currently possible to reliably determine the level and probability of occurrence of these coronavirus-related risks, the Group's risk management efforts place a particular focus on analysing the corresponding key figures and leading indicators on an ongoing basis.

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 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. As part of the ongoing integration of 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.

As in the previous year, market risks are considered to be significant 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 2021, the Group continued to initiate suitable countermeasures in the form of structural measures and sustainable cost discipline and implemented a system aimed at continually monitoring outgoing and incoming payments.

As of 31 December 2021, the 11 88 0 Solutions Group had **cash and cash equivalents** and short-term money market and bond funds of **EUR 2.0 million** (previous year: EUR 3.7 million) at its disposal to finance its further business activities. The 11 88 0 Solutions Group also has an overdraft facility with financial institutions of EUR 1.0 million (previous year: EUR 1.0 million).

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 2021 (Authorised Capital 2020), the Company has **authorised capital totalling up to EUR 12,457,564** as of 31 December 2021. 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.

In addition, 11 88 0 Solutions AG's main shareholder, united vertical media GmbH (uvm), Nuremberg, made a binding commitment in July 2020 to provide the principal bank of 11 88 0 Internet Services AG with **EUR 2 million as security** for a credit line of at least the same amount for the benefit of 11 88 0 Internet Services AG and for the purposes of ensuring liquidity. uvm provided this security by pledging a time deposit account. According to the bank, the loan can be set up at any time under the agreed conditions without any major lead time. Based on the ongoing discussions with the principal bank, it is planned to set up the loan in the second quarter of 2022. 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.

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

In the previous year, there was the risk that the share purchase completed by united vertical media GmbH during the 2019 financial year could mean that the tax loss carryforwards are not recoverable or are not fully recoverable. The measures taken by the 11 88 0 Group in the previous year to minimize the risk (including an IDW S 1 opinion by a globally operating auditing firm on the hidden reserves of 11 88 0 Internet Services AG) have proved effective. In the tax assessment notice now issued for 11 88 0 Internet Services AG for 2019, the Company's tax loss carryforwards as of December 31, 2019 have been granted in full. The Company therefore considers the risk that the tax loss carryforwards of 11 88 0 Internet Services AG will not be fully recognised by the tax authorities in the future to be minimal.

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 would, in particular, lead to cost risks associated with the need to fill vacancies and, where necessary, outsource work to external providers. Overall, this risk to the 11 88 0 Group, including FAIRRANK, is currently classified as being "low".

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 FAIRRANK integration will exceed the amounts budgeted for 2022.

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.

A further litigation risk is that the ongoing integration process for FAIRRANK could be delayed if, for example, any technical or procedural restrictions identified are more significant than is currently known and was assumed when preparing the budget. As a result, this risk could cause expenses, particularly those relating to the procurement of necessary consulting services, to exceed current expectations. This risk is currently classified 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. This includes regulations concerning the mandatory provision of subscriber data and the obligation to announce prices for chargeable calls. Changes to existing rules on maximum fee levels are also possible. The German Act Modernising Telecommunications (TKMoG) which came into force on 1 December 2021 has introduced a number of provisions – in particular, in the revised Telecommunications Act (TKG) and the new Telecommunications Telemedia Data Protection Act (TTDSG) – which might adversely affect the 11 88 0 Solutions Group's business models. The Group's specialist departments are working closely with associations and external advisors to analyse the potential economic impact of these new provisions (such as an obligation to announce prices for Directory Assistance services) and to optimally adapt the Company's business models in line with these new statutory provisions. Fears that future procurement of subscriber data might disadvantage 11 88 0 Solutions AG, due to the changes made to regulatory requirements, have not been realised for the time being. However, we are continuing to monitor this issue, since the possibility of individual players deviating from the current model remains a risk in the medium term. Based on current **estimates**, the risks potentially associated with the new provisions of the TKG will not have a material negative impact on the 11 88 0 Group until 2022 at the earliest. The abolition of the exemption for price announcements in traditional directory assistance valid until December 2021 was taken into account in the budgeting process on the basis of the information available to date in the form of an additional decrease in volume in directory assistance business. However, a final assessment of the volume effects is not yet possible. Likewise, it cannot yet be conclusively assessed whether and to what extent possible volume effects can be compensated by planned price increases. Corresponding data will be analysed in the course of the financial year and appropriate measures will be derived to deal optimally with the new regulatory environment.

In addition, the German Federal Network Agency (Bundesnetzagentur) is pushing forward with requiring uniform prices for calls with the 118 prefix. Financial risks thus apply, in the event of an adverse outcome to renegotiations with the network operators.

Another regulatory risk results from applicable regulations governing specific advance payments currently made by Deutsche Telekom (DTAG) for 11 88 0 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, charging the current (regulated) fee until the end of 2022. 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 acceding companies. Measures to reduce the risk for the as-yet-unregulated period from 2025 onwards are already being developed.

Technology risks

Irrespective of the measures taken to improve the security of the Group infrastructure, there is a risk of a cyber attack as a result of the increasingly frequent and professional hacker attacks worldwide. Based on current experience, this would result in an estimated immediate loss of sales and revenue of five days in the Digital and Directory Assistant segments. In addition, costs would be incurred for rebuilding the infrastructure. Overall, the risk is classified as "very low" in accordance with the above overview of risk characteristics, although the risk has been significantly upgraded compared with the previous year. A cyber insurance policy will be taken out with the Company's main insurer in the first quarter of 2022 on the basis of the available binding offers.

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.

8. Report on expected developments

The statements made here are based on the operational planning of the 11 88 0 Solutions Group for fiscal year 2022, which was approved by the Executive Board and Supervisory Board at the beginning of March 2022. The planning for fiscal year 2022 is based on a Group structure including the companies FAIRRANK GmbH and Seitwert GmbH, which were acquired in September 2020. The business development at the beginning of the fiscal year 2022 so far confirms the planning or even exceeds it in some areas.

The military conflict between Russia and Ukraine that broke out at the end of February 2022 has not been taken into account in the derivation of the 2022 budget. The Company shares the general political assessment that this conflict will not escalate into a Europe-wide or even global conflict. Based on these assumptions and in view of the fact that the 11 88 0 Solutions Group does not have any material business relationships with customers or suppliers from Russia and Ukraine, the Company does not expect that the war between Russia and Ukraine will have any material negative impact on the implementation of its business planning on the basis of currently available information.

Corporate strategy

In the 2022 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. In particular, existing products are to be increasingly optimised and new, innovative products and services developed for the customers of the 11 88 0 Solutions Group in the 2022 financial year.

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 2021 further optimized the existing product range and redefined the SEO and also the SEA strategy for its own brand. Furthermore, the focus was on achieving higher customer value, which was also reached. In the coming financial year 2022, the Company will make greater economic use of the positive development of the strong increase in users (11880.com, werkenntdenBESTEN.de) in the current financial year, especially in the rating search engine werkenntdenBESTEN.de and the job portal wirfindendeinenJOB.de with product expansions and innovative updates.

In the area of new customer business, the Group will be working on a moderate increase in the 2022 financial year. However, the focus will remain on improving average revenue per customer and per contract. In addition to implementing innovative products, the Company intends to implement moderate price increases in the Digital segment, as already communicated several times in the course of 2021. This is intended to take account of rising costs on the one hand and 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 2022. In 2021, the average churn rate was 26 %, thus remaining at the prior-year level. The churn rate is again expected to remain at the previous year's level in 2022.

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, individually serviced customers.

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 2022 and volumes will decrease by around 23 %.

To partially offset the effects of this downturn in revenue, the Group is continuing to work on achieving a sustainable increase in revenue per call. The Group expects to be able to increase revenue per call significantly in 2022 following the decline in the year under review. 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 ward off decreases in the directory assistance business and ensure 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 as intended. The Group will continue to push its Digital segment in 2022. 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 54.8 million to EUR 60.6 million in 2022. In comparison, revenues were generated in the amount of EUR 56.5 million in 2021. With respect to profitability, the Group expects EBITDA in 2022 to be in the range of EUR 3.3 million to EUR 4.3 million. In comparison, the Company generated an EBITDA of EUR 5.8 million also influenced by one-off special effects in 2021.

The Group showed cash holdings and available-for-sale financial assets of EUR 2.0 million in the financial year ended.

Taking into account the approved budget planning and the loan secured by the majority shareholder uvm that is in the process of being taken out with our principal bank, the Company expects to have cash and cash equivalents of between EUR 1.5 million and EUR 2.4 million at the end of 2022. The expected materially positive cash inflows from the capital increase planned for the financial year 2022 and already partly being implemented have not been taken into account in the forecast of the cash position at the end of 2022.

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 2021, 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 2021, 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.

Nature of voting control where employees have an equity interest and do not directly exercise their control rights
Employees who hold shares as part of a stock option plan may exercise control rights, like other shareholders, directly in accordance with legal requirements and the provisions of the Articles of Association.

Appointment and dismissal of members of the Management Board
The Management Board of 11 88 0 Solutions AG 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 2021 (Authorised Capital 2020), the Company has authorised capital totalling up to EUR 12,457,564 as of 31 December 2021. 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.

Significant agreements entered into by the Company providing for a change of control following a takeover bid
No significant agreements exist as of 31 December 2021.

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 and report on corporate governance

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

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

Essen, 30 March 2022

The Management Board

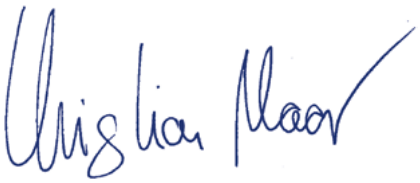
Christian Maar

Responsibility statement

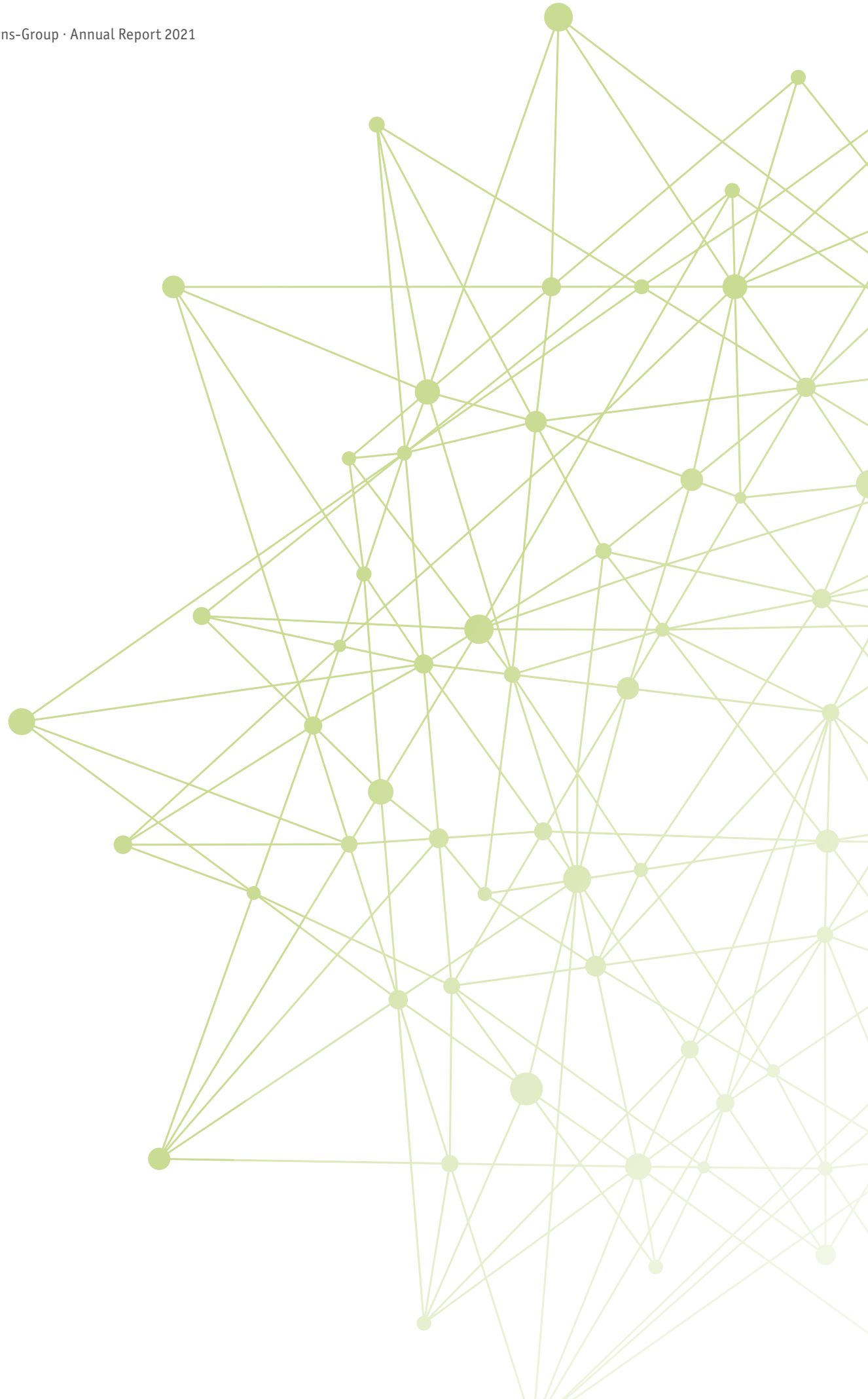
"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development 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, 30 March 2022

The Management Board



Christian Maar



Consolidated Financial Statements

Consolidated Financial Statements

Consolidated Statement of Financial Position (IFRS)

in kEUR	Notes	31 December 2021	31 December 2020
ASSETS			
Current assets			
Cash and cash equivalentes	B1	1,274	2,922
Restricted cash	B1	134	134
Trade accounts receivable	B2	9,312	9,614
Current tax assets		5	4
Financial assets at fair value through profit or loss	B3	588	610
Other financial assets	B4	39	180
Other current assets	B5	596	663
Total current assets		**11,948**	**14,126**
Non-current assets			
Goodwill	B6	3,717	3,717
Intangible assets	B7	6,215	6,666
Property and equipment	B8	810	1,034
Capitalized right of use (IFRS 16)	B9	4,443	5,360
Other non-current assets	B10	452	483
Deferred tax assets	B11	1,384	0
Total non-current assets		**17,021**	**17,259**
Total assets		**28,969**	**31,385**

in kEUR	Notes	31 December 2021	31 December 2020
LIABILITIES AND EQUITY			
Current liabilities			
Trade accounts payable	B12	275	713
Accrued liabilities	B13	5,344	5,458
Income tax liabilities	G10	114	0
Short-term lease liabilities (IFRS 16)	B15	1,514	1,541
Other current liabilities	B16	5,664	6,545
Total current liabilities		**12,911**	**14,256**
Non-current liabilities			
Provisions	B14	228	839
Provisions for retirement benefits	B17	495	581
Other non-current liabilities	B18	469	656
Long-term lease liabilities (IFRS 16)	B15	3,739	4,653
Deferred tax liabilities	B11	271	648
Total non-current liabilities		**5,202**	**7,377**
Total liabilities		**18,113**	**21,633**
Equity			
Share capital	B19.1	24,915	24,915
Additional paid in capital	B19.2	34,473	34,473
Accumulated deficit	B19.3	-48,199	-49,240
Other components of equity	B19.4	-333	-397
Equity attributable to owners of the parent		**10,856**	**9,752**
Total equity		**10,856**	**9,752**
Total liabilities and equity		**28,969**	**31,385**

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

Consolidated Income Statement (IFRS)

in kEUR	Notes	1.1. – 31.12.2021	1.1. – 31.12.2020
Revenues	G1	56,528	50,802
Cost of revenues	G2	-32,256	-29,242
Gross profit		**24,272**	**21,560**
Selling and distribution costs	G3	-16,538	-16,071
General administrative expenses	G4	-8,055	-8,139
Other operating income	G7	0	6
Other operating expense	G8	-8	-17
Operating income (loss)		**-329**	**-2,661**
Interest income		19	24
Interest expense		-38	-32
Interest expenses from lease liabilities (IFRS 16)		-266	-308
Gain (loss) from marketable securities		-21	28
Gain (loss) on foreign currency translation		0	-1
Financial income (loss)	G9	**-306**	**-289**
Income (loss) before income tax		**-635**	**-2,950**
Current income tax		-114	0
Dereferred income tax		1,790	638
Income tax	G10	**1,676**	**638**
Net income (loss)		**1,041**	**-2,312**
Attributable to:			
Owners of the parent		1,041	-2,312
Earnings per share for net income (loss) for the reporting period attributable to ordinary equity holders of the parent (in euro)	G11	0.04	-0.10

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

Consolidated Statement of Comprehensive Income (IFRS)

in kEUR	Notes	1.1. – 31.12.2021	1.1. - 31.12.2020
Net income (loss)		**1,041**	**-2,312**
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss			
Actuarial gains (losses) from pensions and similar obligations, net		92	-98
deferred tax on acturial gain (losses) from pensions and similar obligations, net		-29	31
Items that can be reclassified subsequently to profit or loss			
Other comprehensive income (loss) after tax	**B19.4**	**63**	**-67**
Total comprehensive income (loss)		**1,104**	**-2,379**
Attributable to:			
Owners of the parent		1,104	-2,379

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, 2021	**24,915**	**34,473**	**-49,240**	**-397**	**9,752**
Net income (loss)			**1,041**		**1,041**
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)			**1,041**	**63**	**1,104**
Balance at December 31, 2021	**24,915**	**34,473**	**-48,199**	**-333**	**10,856**
Balance at January 1, 2020	**21,022**	**33,598**	**-46,927**	**-330**	**7,363**
Net income (loss)			-2,312		**-2,312**
Actuarial gains (losses) from pensions and similar obligations				-98	-98
Deferred tax on acturial gains (losses) from pensions and similar obligations				31	31
Other comprehensive income (loss)				**-67**	**-67**
Total comprehensive income (loss)			**-2,312**	**-67**	**-2,379**
Issue of new shares	3,893				3,893
Share Premium		973			973
Tansaction costs		-144			-144
Deferred tax on transaction costs		45			45
Balance at December 31, 2020	**24,915**	**34,473**	**-49,240**	**-397**	**9,752**

Consolidated Statement of Cash Flows (IFRS)

in kEUR	Notes	1.1. – 31.12.2021	1.1. - 31.12.2020
Cash flow from operating activities			
Income (loss) before income tax		-635	-2,950
Adjustments for:			
Amortisation and impairment of intangible assets	G6	4,481	4,147
Amortisation and impairment of capitalized-rights-of-use IFRS 16	G6	1,357	1,194
Depreciation and impairment of property and equipment	G6	327	291
Gain (loss) on disposal of property and equipment		8	5
Interest income	G9.1	-19	-24
Interest expense	G9.1	304	340
Gain (loss) from marketable securities	G9.2	21	-28
Gain (loss) on foreign currency translation	G9.3	0	1
Valuation allowance for trade accounts receivable	B2	225	165
Gain (loss) from pension provision	B17	-23	38
Impairment of other non-current assets	G2	261	166
Changes in non-current provisions	B14	-611	189
Changes in non-current other and financial assets		-229	-437
Cash inflows before changes in operating assets and liabilities		**5,467**	**3,098**
Changes in operating assets and liabilities:			
Trade accounts receivable	B2	77	-864
Miscellaneous current assets	B5	208	-102
Trade accounts payable	B12	-437	-886
Current provisions	B14	0	-35
Accrued expenses and other current liabilities	B13	-1,075	1,243
Income taxes received / paid		-1	15
Cash inflows from operating activities		**4,239**	**2,469**

in kEUR	Notes	1.1. – 31.12.2021	1.1. - 31.12.2020
Cash flow from investing activities			
Purchase of intangible assets excl. customer contracts		-460	-427
Purchase of customer contracts with contract period > 1 year		-3,573	-3,845
Purchase of property and equipment		-112	-192
Proceeds from sale of property and equipment		0	5
Interest received		4	6
Cash transfer from initial consolidation FAIRRANK		0	870
Cash outflows from investing activities		**-4,141**	**-3,583**
Cash flow from financing activities			
Interest paid		-12	-2
Outflows from the repayment of loans		-94	0
Interest expenses for leases in accordance with IFRS 16		-266	-307
Payments from the repayment of liabilities lease liabilities (IFRS 16)		-1,374	-1,128
Proceeds from issue of new share		0	1,384
Cash outflows in financing activities		**-1,746**	**-54**
Change in cash		**-1,648**	**-1,168**
Cash at the beginning of the reporting period		**2,922**	**4,090**
Cash and cash equivalents for the purpose of the cash flow statement at the end of the period		**1,274**	**2,922**
Cash at the end of the reporting period		**1,274**	**2,922**
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		1,996	3,666

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 2021

General principles

1. Presentation of the consolidated financial statements

The business operations of the 11 88 0 Solutions Group (hereinafter also referred to as the 11 88 0 Solutions Group / the Group), consisting of 11 88 0 Solutions AG, Essen, and its subsidiaries comprise the provision of online marketing services for small and medium-sized enterprises (SMEs). They provide companies with an online presence with products such as corporate websites, Google Ads or Microsoft Advertising, search engine optimisation (SEO), online advertising, 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). The Group also offers werkenntdenBESTEN.de, Germany's first and so far only search engine for online reviews.

The Digital segment also includes the software solutions business, which comprises both digital telephone books and yellow pages on CD-ROM and as an intranet solution, 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 (IFRSs) – as applicable in the European Union – as of 31 December 2021.

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

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

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

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

The consolidated financial statements and the Group management report prepared as of 31 December 2021 were submitted with the publisher of the Federal Gazette and published electronically in the Federal Gazette. 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 2021 financial were released for publication by the Management Board on 30 March 2022.

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 2021 – using uniform accounting principles in accordance with IFRSs.

Below is a statement of the shareholdings of the Group as of 31 December 2021 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.

In the previous year, effective as of 21 September 2020, 11 88 0 Solutions AG acquired FAIRRANK GmbH, Cologne, and its wholly owned subsidiary Seitwert GmbH, Cologne. These two companies were thus added to the basis of consolidation comprising fully consolidated subsidiaries (cf. section 6).

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 2021 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 IA 21.23c, non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

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 IFSR 9.4.2.1 as of the reporting date.

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

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

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

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

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

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

- Level 1: 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 88 0 Group by returning them.
- Level 2: Inputs are quoted market prices other than those in Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3: Value of the asset or liability is based on unobservable inputs.

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

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

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

2.6.2.2 At fair value through other comprehensive income (FVOCI)

As of the reporting date, the Group does not hold any financial assets classified within this category.

2.6.2.3 Financial assets measured at amortised cost (AC)

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

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

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 11 88 0 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.

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 includes 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, eco-

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

In accordance with IFRS 9.3.3.1, a financial liability is derecognised 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 impairment loss 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 prof-

it 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 11 88 0 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" in the 2021 financial year.

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 and other office equipment. Leases are generally entered into for fixed periods of between one and eight 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 11 88 0 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 made 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. Most of the existing real estate leases include bilateral termination options, which results in the term of these contracts being limited to the respective duration of the termination period.

2.23 Income taxes

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

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

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

- 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	Undiscounted measurement using the tax rates applicable in the period in which an asset is realised or a liability is settled
LIABILITIES	
Trade accounts payable	At amortised cost
Accrued current liabilities	At amortised cost
Provisions	Expected discounted amount that will result in an outflow of resources
Lease liabilities (IFRS 16)	At amortised cost
Other liabilities	At amortised cost
Provisions for retirement benefits	Expected discounted amount that will result in an outflow of resources
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	Undiscounted measurement using the tax rates applicable in the period in which an asset is realised or a liability is settled

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 COVID-19 pandemic has affected the uncertainty relating to assumption 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 2021 financial year. 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 and contract assets in order to take expected losses into account that may result from non-receipt of customer payments. In order to take into account the potential 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. 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 in financial year 2020 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 2021, the carrying amounts of these acquired customer contracts amounted to EUR 164 thousand (previous year: EUR 309 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 gross value of deferred tax assets on tax loss carryforwards (before loss allowance) amounted to EUR 11,086 thousand as of the reporting date (2020: EUR 10,210 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 Pension obligations

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

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

3.10 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.

The incremental borrowing rate of interest is essentially determined using a credit tool provided by the development bank KfW. A customer-specific price class is determined on the basis of the borrower's credit standing and the fair value of collateral, taking the economic environment of the underlying asset into consideration. This price class, in conjunction with the contract term, is subsequently used to determine the loan interest rate, depending on the KfW programme chosen. On the basis of the above criteria, interest rates of between 1.4 % and 7.4 % are applicable.

3.10.2 Extension, termination and purchase options

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

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

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 2020 financial year, except for the changes explained below.

New standards and amendments to standards - effective from 1 January 2021:

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 16	COVID-19-Related Rent Concessions	Extension of COVID-19 related relief. The amendments provide practical relief to lessees when applying the requirements of IFRS 16 to account for changes in a lease (lease modifications) arising as a result of the COVID-19 pandemic.	01.06.2020 / 01.04.2021	Relief option not used.
IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16	Interest Rate Benchmark Reform (Phase 2)	The impact of modifications of financial instruments required as a direct consequence of IBOR reform, hedge accounting regulations, and the accompanying disclosure requirements.	01.01.2021	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 2021. 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 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 – Costs 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
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	Classification of Liabilities as Current or Non-current	Clarification of classifying liabilities as current or non-current	01.01.2023	No material effects
IAS 1 and IFRS Practice 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 from transactions in which equal amounts of taxable and deductible temporary differences arise on initial recognition	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 / 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

6. Business combinations in the previous year

Based on the takeover and contribution agreement of dated 26 August 2020, 11 88 0 Solutions AG on 21 September 2020 directly acquired 100 % of the equity interest in FAIRRANK GmbH and indirectly 100 % of the equity interest in its subsidiary Seitwert GmbH by means of a capital increase through contributions in kind. From a strategic perspective, 11 88 0 Solutions AG created an important foundation for the future growth of the 11 88 0 Group by acquiring online marketing agency FAIRRANK GmbH.

The acquisitions were accounted for using the acquisition method in accordance with IFRS 3. Initial consolidation was made effective 30 September 2020. The purchase price allocation for

FAIRRANK GmbH and its subsidiary Seitwert GmbH had not yet been completed as of 31 December 2020 because the valuation was still ongoing. The purchase price allocation was finalised in the 2021 financial year within the 12-month measurement period of IFRS 3. There were no changes compared with the previous year.

The acquired assets and liabilities of the FAIRRANK GmbH subgroup were included in the consolidated financial statements with the following fair values as part of the initial consolidation:

Acquired net assets	in EUR thousand
Cash	870
Restricted cash	67
Trade accounts receivable	354
Other current assets	90
Intangible assets	490
Property and equipment	217
TOTAL ASSETS	**2,088**
Trade accounts payable	337
Accrued current liabilities	351
Other current liabilities	449
Other non-current liabilities	750
Deferred tax liabilities	117
TOTAL LIABILITIES	**2,004**
NET ASSETS AT FAIR VALUE	**83**

The difference resulting from the acquisition of the FAIRRANK GmbH subgroup has been defined as other goodwill and is shown in the consolidated financial statements of 11 88 0 Solutions AG as follows:

Goodwill	in EUR thousand
Consideration transferred	3,384
Net assets at fair value	-83
GOODWILL	**3,301**

The non-tax-deductible goodwill is mainly attributable to non-separable values such as expected synergy effects, strategic advantages and employee know-how.

FAIRRANK GmbH is an online marketing agency active in German-speaking countries. Its core services are search engine optimisation (SEO), online advertising and usability optimisation. Seitwert GmbH uses SEO tools to perform website analyses. The goodwill was allocated to the Digital segment as part of the provisional purchase price allocation.

The Company's main shareholder, Nuremberg-based united vertical media GmbH, was granted the right under the terms of the non-cash capital increase to make its contribution for 2,707,200 New Shares as a non-cash contribution by contributing Cologne-based FAIRRANK GmbH. The purchase price for the equity investment in FAIRRANK GmbH was set at EUR 3,384 thousand.

Since the purchase price was settled through the issue of new shares within the scope of the non-cash capital increase, the Group has gained liquid funds as a result of the acquisition. As well as this cash, the Group has assumed non-current loan liabilities of EUR 0.8 million. The fair value of the consideration transferred and the net cash inflow are as follows:

Consideration transferred	in EUR thousand
Cash purchase price	0
Fair value of the consideration transferred (2,707,200 shares of 11 88 0 Solutions AG)	3,384
Consideration transferred	**3,384**

Cash flows from investing activities	in EUR thousand
Cash acquired	870
Net cash inflow	**870**

In addition to cash, the Group received restricted cash of EUR 67 thousand as a result of the acquisition.

The acquired receivables have a gross value of EUR 382 thousand and are impairment by EUR 28 thousand.

Due to the initial consolidation of the FAIRRANK subgroup, revenues have increased by EUR 1.3 million and earnings have decreased by EUR 0.3 million in the 2020 financial year. If these companies had already been initially consolidated on 1 January 2020, consolidated revenues would have increased by EUR 4.4 million and consolidated earnings would have decreased by EUR 0.1 million.

Notes to the Consolidated Income Statement

In the consolidated financial statements as of 31 December 2020, FAIRRANK GmbH and Seitwert GmbH were included in the consolidated statement of comprehensive income for only three months. This restricts the comparability of the consolidated statement of comprehensive income for January to December 2021 with that of the previous year.

1. Revenues

Consolidated revenues in the 2021 financial year amounted to EUR 56,528 thousand (2020: EUR 50,802 thousand).

In the financial year, revenue of EUR 5,398 thousand was recognised from contract liabilities existing as of 31 December 2020 (2020: EUR 4,167 thousand).

Revenues increased significantly by 11 % compared to the previous year. The increase in revenues is attributable to the 14 % growth in revenues in the digital business. Both FAIRRANK GmbH and Seitwert GmbH are allocated to the Digital segment. Less strong, revenues in the Directory Assistance segment increased by 2 % compared with the previous year. 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 32,256 thousand (2020: EUR 29,242 thousand) primarily consisted of capacity and infrastructure costs of the Digital and Directory Assistance segments, for example personnel and IT infrastructure costs.

The 10 % increase in cost of revenues was due to a share attributable to FAIRRANK GmbH and Seitwert GmbH, which were only consolidated for the first time at the end of September 2020, and, more importantly, from a rise in variable costs for third-party services used.

In the past financial year, EUR 229 thousand (2020: EUR 432 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 261 thousand (2020: EUR 166 thousand).

3. Selling and distribution costs

The selling and distribution costs of EUR 16,538 thousand (2020: EUR 16,071 thousand) mainly included the costs of the Company's own staff in the digital business, amortisation of capitalised costs to obtain a contract, the costs of receivables management, including losses on receivables, as well as fixed costs for the locations used. Selling and distribution costs also contain expenses from additions to loss allowances on trade accounts receivable and income from the reversal of such loss allowances.

The 3 % increase is mainly attributable to the share of the two entities FAIRRANK GmbH and Seitwert GmbH, which were only consolidated for the first time in September 2020, and to higher amortisation of capitalised sales commissions.

EUR 3,573 thousand in selling and distribution costs (2020: EUR 3,845 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 3,655 thousand (2020: EUR 3,064 thousand).

4. General administrative expenses

The general administrative expenses in the amount of EUR 8,055 thousand (2020: EUR 8,139 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.

5. Staff costs

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

in EUR thousand	2021	2020
Wages and salaries	19,588	19,034
Social security costs	3,946	3,574
Pension costs	27	11
Multi-year variable remuneration	15	168
Total	**23,576**	**22,786**

The rise in personnel expenses compared with the previous year resulted primarily from the increase in the average number of employees in administration; see also section 6 under other notes and disclosures. In the previous year, only one quarter of the 52 employees taken over as part of the initial consolidation of FAIRRANK GmbH were included in the calculation of the annual average of the 11 88 0 Group.

6. Depreciation, amortisation and impairment

Depreciation and amortisation included in costs of revenue, selling and distribution costs and other administrative expenses were composed as follows in the reporting year from 1 January 2021 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**

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 2020 to 31 December 2020:

in EUR thousand	Cost of revenues	Selling and distribution costs	Other administrative expenses	Total
Amortisation of intangible assets	945	3,157	45	**4,147**
Depreciation of property and equipment	49	23	219	**291**
Depreciation of capitalised right-of-use assets	282	490	423	**1,194**
Total	1,276	3,670	687	**5,632**

7. Other operating income

Other operating income amounted to EUR 0 thousand (2020: EUR 6 thousand).

8. Other operating expenses

in EUR thousand	2021	2020
Loss on disposal of non-current assets	8	5
Other	0	12
Other operating expenses	**8**	**17**

9. Net financial income

9.1 Net interest income

in EUR thousand	2021	2020
Other interest and similar income	19	24
Interest and similar income	**19**	**24**
Interest expense from lease liabilities	-266	-308
Interest expense from loan liabilities	-15	0
Interest expense for bank overdrafts and guarantees	-3	-3
Other interest and similar expenses	-20	-29
Interest and similar expenses	**-304**	**-340**
Net interest income	**-285**	**-316**

Interest income results mainly from compounding of lease liabilities.

9.2 Net income from marketable securities

in EUR thousand	2021	2020
Gain on sale of marketable securities and from fair value measurement	-21	28
Net income from marketable securities	**-21**	**28**

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 TEUR	2021	2020
Gains on foreign currency translation	0*	0
Loss on foreign currency translation	0	-1
Net income from foreign currency translation	**0***	**-1**

**The amounts are less than EUR 1 thousand*

9.4 Net gains/losses on financial instruments by measurement category

in EUR thousand	31 December 2021	31 December 2020
Cash and cash equivalents	-3	-2
Loans and receivables	-1,515	-1,988
Financial assets measured at fair value	-21	28
Total	**-1,539**	**-1,962**

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

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 % (2020: 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	2021	2020
Current income taxes	-114	0
Deferred income taxes	1,790	638
Recognised income from income taxes	**1,676**	**638**

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 2021 financial year (2020: 31.6 %):

in EUR thousand	2021	2020
Net loss before taxes	**-635**	**-2,950**
Applicable tax rate	**31.6 %**	**31.6 %**
Expected income from income taxes	**200**	**932**
Increase / reduction by:		
Change in loss allowance on deferred taxes	-151	-231
Tax effects on loss carryforwards for which no deferred tax assets were recognised in the past	1,706	0
Income tax rate differences	-14	-19
Tax effects on expenses (permanently) non-deductible for tax purposes / tax-free income	-60	-38
Other	-5	-5
Recognised expense from income taxes	**1,676**	**638**

Calculated as the ratio of income tax income shown to the net loss for the period before taxes, the effective tax rate increased very strongly compared with the previous year. The change in the effective tax rate mainly resulted from tax effects on loss carryforwards at 11 88 0 Internet Services AG amounting to EUR 1,706 thousand, for which no deferred tax assets were recognised in the past. Taking into account significant taxable temporary differences on the liabilities side, the realisation of the loss carryforwards is due in particular to significant positive earnings forecasts at 11 88 0 Internet Services AG. At 11 88 0 Solutions AG, deferred tax assets are recognised on corporate and trade tax loss carryforwards only in respect of taxable temporary differences.

As of 31 December 2021, the current tax assets totalled EUR 5 thousand (2020: EUR 4 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 December 31, 2021, the 11 88 0 Solutions Group reported deferred tax assets after netting of EUR 1,384 thousand (2020: EUR 0 thousand) and deferred tax liabilities of EUR 271 thousand (2020: EUR 648 thousand).

11. Earnings per share

Financial year ended on 31 December, in EUR	**2021**	2020
Earnings per share based on the net income attributable to ordinary shareholders of the parent	0.04	-0.10

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

Financial year ended on 31 December, in EUR thousand	**2021**	2020
Net income attributable to ordinary shareholders of the parent applicable for calculating earnings per share	1,041	-2,312

Financial year ended on 31 December, in thousands of shares	**2021**	2020
Weighted average number of ordinary shares for calculating earnings per share	24,915	22,099

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	2021	2020
Bank balances and cash	1,274	2,921
Short-term deposits	0	1
Restricted cash	134	134
Total	**1,408**	**3,056**

As of the reporting date, bank balances were exclusively kept with renowned German financial institutions which are classified as investment grade by international rating firms. Restricted cash serve to collateralise rental guarantees.

The fair value of cash and cash equivalents amounted to EUR 1,408 thousand (2020: EUR 3,056 thousand) and thus corresponded to their carrying amount.

The 11880 Solutions Group had overdraft facilities of EUR 1,000 thousand (2020: EUR 1,000 thousand) with financial institutions at its disposal as of 31 December 2021. 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	31.12.2021	31.12.2020
Trade accounts receivable, gross	11,457	11,533
Less loss allowances	-2,145	-1,919
Trade accounts receivable, net	**9,312**	**9,614**

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

The following trade accounts receivable were impaired with an amount of EUR 2,145 thousand (2020: EUR 1,919 thousand) as of 31 December 2021. Changes in the allowance account were as follows:

in EUR thousand	2021	2020
Loss allowances on 1 January	**1,919**	1,714
Expected losses according to IFRS 9	108	153
Additions	1,617	1,673
Utilisation/Derecognition	-1,188	-1,064
Reversal	-311	-557
Loss allowances on 31 December	**2,145**	**1,919**

Expenses from the recognition and income from the reversal of loss allowances are reported under selling and distribution costs. Recoveries of the authorised collection agency are included in the position "Reversal of loss allowances" under selling and distribution costs.

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:

Trade accounts receivable, net in EUR thousand	31.12.2021	31.12.2020
Not due	5,899	6,665
1–90 days past due	1,477	1,669
91–180 days past due	605	377
> 180 days past due	1,331	903
Total	**9,312**	**9,614**

3. Financial assets at fair value through profit or loss

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

The fair value of the Group's monetary investments in investment fund units as of 31 December 2021 was EUR 588 thousand (2020: EUR 610 thousand). The investments denominated in euros were neither past due nor impaired.

As in the previous year, the securities held by the Company in the amount of EUR 588 thousand, which were measured at fair value through profit or loss as of 31 December 2021 are allocated to Level 1 of the fair value hierarchy.

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

in EUR thousand	Other financial assets at fair value through profit or loss
As of 1 January 2020	**582**
Measurement gain recognised in profit or loss	28
As of 31 December 2020	**610**
Measurement loss recognised in profit or loss	-21
As of 31 December 2021	**588**

The effect from the measurement of securities for the 2021 financial year amounts to EUR -21 thousand.

4. Other financial assets

As of 31 December 2021, current other financial assets mainly included creditors with debit balances. In the previous year, these included primarily receivables from non-recourse factoring. 11 88 0 Solutions AG terminated the factoring agreement in the 2021 reporting period. As of the reporting date, there are no material receivables obligations to the factoring company.

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	31.12.2021	31.12.2020
Prepayments made	529	649
Receivables from collection service providers	32	5
Other current assets	35	9
Other current assets	**596**	**663**

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 2021	10,092
As of 31 December 2020	10,092

Accumulated impairment

in EUR thousand	Goodwill
As of 31 December 2021	6,375
As of 31 December 2020	6,375

Carrying amounts

in EUR thousand	Goodwill
Carrying amounts as of 31 December 2021	3,717
Carrying amounts as of 31 December 2020	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 fully allocated to the CGU FAIRRANK ("CGU FAIRRANK") in the 2021 financial year.

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 2021 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 fair values less costs to sell. Appropriate valuation models have been used in order to determine the fair value. 11 88 0 Solutions AG uses income approach techniques (DCF models) for this purpose. The key assumptions of management regarding the determination of the recoverable amount of the CGU include assumptions concerning the revenue, cost and margin trends as well as the discount rate. Level 3 status is applicable within the scope of the fair value hierarchy according to IFRS 13.

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 five-year period on this basis. The first three years represent detailed planning, while the following two years 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 2020 and 31 December 2021, as well as the material parameters for the DCF models used.

CGU	Year	Carrying amount of goodwill (EUR thousand)	Discount rate consistently after taxes	Sustainable Growth rate p. a. Ø in %	Level allocation of input parameters
CGU AKL/IS-AG	2021	416	7.58 %	-20.00 %	Level 3
	2020	416	7.28 %	-20.00 %	Level 3
CGU FAIRRANK	2021	3,301	8.33 %	1.00 %	Level 3
	2020	3,301	n.a.	n.a.	n.a.

As a conservative assumption, 100 % equity financing has been assumed for the calculation of the discount rates. In regard to the growth opportunities and the potential market trend, for the CGU FAIRRANK we consider an annual growth rate of free cash flows and thus a growth discount of 1 % for the terminal value to be appropriate. 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.

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 within the scope of sensitivity analyses for the CGUs to which goodwill has been allocated. The sensitivity analysis has been performed individually for all material factors, i. e. for each CGU only a increase or decrease in the factor in question will result in a change in impairment. As in the previous year, in particular the following variations were made for the parameters:

- 0.5 percentage point increase in discount rates (after taxes)
- Reduction of the long-term growth rate in the terminal value to 50 % of the originally assumed growth rate (in case of positive growth rates)
- Reduction in long-term EBIT margin by 20 %

Even on the basis of these assumptions, this would not establish any indication of impairment. Also on the basis of additional sensitivity and scenario analyses, the management is of the opinion that a realistic variation of planning and measurement assumptions is not currently liable to lead to scenarios that result in an indication of impairment for the goodwill of the cash-generating units with a certain degree of probability.

7. Intangible assets

7.1 Cost

in EUR thousand	As of 1.1.2021	Additions	Disposals	As of 31.12.2021
Software	**14,844**	219	-3,661	**11,402**
Licenses	**13,374**	1	-20	**13,355**
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	**359**	0	0	**359**
Internally generated intangible assets	**9,579**	240	0	**9,819**
Customer contracts	**23,822**	3,573	0	**27,395**
Other intangible assets	**8**	0	0	**8**
Intangible assets being developed / with prepayments	**123**	0	0	**123**
Total	**95,481**	**4,033**	**-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.

in EUR thousand	As of 1.1.2020	Additions	Addition in the context of business acquisitions	Disposals	As of 31.12.2020
Software	**14,726**	24	115	-21	**14,844**
Licenses	**13,337**	21	16	0	**13,374**
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	**0**	0	359	0	**359**
Internally generated intangible assets	**9,273**	306	0	0	**9,579**
Customer contracts	**19,977**	3,845	0	0	**23,822**
Other intangible assets	**8**	0	0	0	**8**
Intangible assets being developed / with prepayments	**46**	77	0	0	**123**
Total	**90,739**	**4,273**	**490**	**-21**	**95,481**

7.2 Accumulated amortisation and impairment

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
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**

in EUR thousand	As of 1.1.2020	Amortisation	Disposals	As of 31.12.2020
Software	14,566	123	-21	14,668
Licenses	13,199	61	0	13,260
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	0	50	0	50
Internally generated intangible assets	8,168	849	0	9,017
Customer contracts	15,384	3,064	0	18,448
Other intangible assets	0	0	0	0
Intangible assets being developed / with prepayments	0	0	0	0
Total	**84,688**	**4,147**	**-21**	**88,814**

7.3 Carrying amounts

in EUR thousand	Carrying amounts as of 31 December 2021	Carrying amounts as of 31 December 2020
Software	288	176
Licenses	50	114
Internally generated database	0	0
Acquired customer bases	0	0
Acquired klickTel brand	0	0
Acquired customer contracts, FAIRRANK	164	309
Internally generated intangible assets	292	562
Customer contracts	5,291	5,374
Other intangible assets	8	8
Intangible assets being developed / with prepayments	123	123
Total	**6,215**	**6,666**

The useful life of intangible assets was determined in as follows in the 2021 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
Customer contracts	3 years
Other intangible assets	3 years

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

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 (2020: EUR 1.9 million) not qualifying for capitalisation were expensed within cost of revenues.

Sales commission was capitalised as the cost to obtain a contract (shown as "customer contracts" in the statement of changes in fixed assets) 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 1.1.2021	Additions	Disposals	As of 31.12.2021
Technical equipment	8,197	41	-3,497	4,741
Other equipment, fixtures, furniture and office equipment, and low-value assets	2,545	26	-254	2,317
Equipment being purchased / with prepayments	0	46	0	46
Total	10,742	112	-3,751	7,103

in EUR thousand	As of 1.1.2020	Additions	Addition in the context of business acquisitions	Disposals	As of 31.12.2020
Technical equipment	8,240	112	0	-155	8,197
Other equipment, fixtures, furniture and office equipment, and low-value assets	3,123	81	217	-876	2,545
Equipment being purchased / with prepayments	0	0	0	0	0
Total	11,363	193	217	-1,031	10,742

8.2 Accumulated depreciation and impairment

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

in EUR thousand	As of 1.1.2020	Depreciation	Disposals	As of 31.12.2020
Technical equipment	7,685	183	-151	7,717
Other equipment, fixtures, furniture and office equipment, and low-value assets	2,758	108	-875	1,991
Total	10,443	291	-1,026	9,708

8.3 Carrying amounts

in EUR thousand	Carrying amounts as of 31.12.2021	Carrying amounts as of 31.12.2020
Technical equipment	346	480
Other equipment, fixtures, furniture and office equipment, and low-value assets	419	554
Assets underacquisition /advance payment	46	0
Total	**810**	**1.034**

The useful life of property and equipment was determined in as follows in the 2021 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.

The disposals in the 2021 financial year 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 1.1.2021	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

in EUR thousand	As of 1.1.2020	Additions	Disposals	As of 31.12.2020
Buildings	6,350	801	-18	7,133
Motor vehicles	358	187	-30	515
Total	6,708	988	-48	7,648

The share of capitalised right-of-use assets attributable to FAIRRANK GmbH, the Company acquired in September 2020, was EUR 616 thousand in the previous year. This resulted in additions of EUR 565 thousand for buildings and EUR 51 thousand for motor vehicles.

9.2 Accumulated depreciation and impairment

in EUR thousand	As of 1.1.2021	Depreciation	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

in EUR thousand	As of 1.1.2020	Depreciation	Disposals	As of 31.12.2020
Buildings	994	1,030	0	2,024
Motor vehicles	130	164	-30	264
Total	1,124	1,194	-30	2,288

The depreciation of capitalised right-of-use assets is included in cost of revenues in the amount of EUR 326 thousand (previous year: EUR 282 thousand), in selling and distribution costs in the amount of EUR 573 thousand (previous year: EUR 490 thousand) and in general administrative expenses in the amount of EUR 458 thousand (previous year: EUR 423 thousand).

9.3 Carrying amounts

in EUR thousand	Carrying amounts as of 31.12.2021	Carrying amounts as of 31.12.2020
Buildings	4,101	5,109
Motor vehicles	342	251
Total	**4,443**	**5,360**

The useful life of capitalised right-of-use assets is as follows in the 2021 financial year:

Useful life of capitalised right-of-use assets	
Buildings	1 to 6 years
Motor vehicles	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 in the amount of EUR 452 thousand as of 31 December 2021 (2020: EUR 483 thousand) mainly include capitalised costs to fulfil a contract (capitalised customer websites) in the amount of EUR 448 thousand (2020: EUR 479). The customer websites are reported under other non-current assets and are depreciated on a straight-line basis over 3 years.

11. Deferred tax assets and liabilities

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

The deferred taxes consisted of the following:

in EUR thousand	31.12.2021	31.12.2020
Gross value of deferred tax assets:		
Tax loss carryforwards	11,086	10,210
Intangible assets	213	412
Other assets	51	31
Provisions	316	356
Additional paid in capital	67	67
Lease liabilities	1,664	1,959
Less impairment loss	-6,934	-7,963
Deferred tax assets before netting of which in other comprehensive income EUR 193 thousand (2020: EUR 214 thousand)	**6,463**	**5,072**
Netting	-5,079	-5,072
Deferred tax assets after netting	**1,384**	**0**
Less deferred tax liabilities:		
Property and equipment	-74	0
Intangible assets	-1,847	-2,013
Right-of-use assets	-1,411	-1,696
Other assets	-2,019	-2,012
Deferred tax liabilities before netting of which in other comprehensive income EUR 39 thousand (2020: EUR 31 thousand)	**-5,350**	**-5,721**
Netting	5,079	5,072
Deferred tax liabilities after netting	**-271**	**-648**

As of 31 December 2021, the Group companies' accumulated corporate income tax loss carryforwards amounted to EUR 34,761 thousand (2020: EUR 32,318 thousand). As of 31 December 2021, the Group companies' accumulated trade tax loss carryforwards amounted to EUR 33,897 thousand (2020: EUR 31,463 thousand).

Corporate income tax loss carryforwards that were not applied as a result of insufficient usability amounted to EUR 22,151 thousand (2020: EUR 25,790 thousand) as of the reporting date. Trade tax loss carryforwards that were not applied as a result of insufficient usability amounted to EUR 20,794 thousand (2020: EUR 24,022 thousand) as of 31 December 2021.

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	2021	2020
Deferred tax assets		
Current	2,585	2,841
Non-current	3,878	2,233
Deferred tax liabilities		
Current	-1,101	-1,147
Non-current	-4,249	-4,574

12. Trade accounts payable

The trade accounts payable shown as of the reporting date amounted to EUR 275 thousand (2020: EUR 713 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 more or less corresponded to their fair value.

Trade accounts payable were recognised at their redemption amount.

13. Accrued current liabilities

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

Financial year ended on 31 December, in EUR thousand	2021	2020
Obligations to employees	2,606	2,597
Invoices outstanding	2,738	2,861
Total	**5,344**	**5,458**

Obligations to employees included in particular wage and salary payments incl. bonuses that are not due until the 2022 financial year.

14. Provisions

As of the 31 December 2021 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 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 changes in provisions for the 2020 financial year were as follows:

in EUR thousand	Contract risks	**Total**	Other	**Total**
	Current		Non-current	
As of 1 January 2020	**35**	**35**	**651**	**651**
Reversal	-35	**-35**	-39	**-39**
Use	0	**0**	-235	**-235**
Addition	0	**0**	461	**461**
Time value of money	0	**0**	1	**1**
As of 31 December 2020	**0**	**0**	**839**	**839**

The significant risks included the facts and circumstances presented below.

In the previous year, current provisions for contract risks mainly related to an obligation to dismantle installed fixtures at the end of a lease.

Other non-current provisions consisted of obligations arising for future tax audits in the amount of EUR 31 thousand (2020: EUR 111 thousand), semi-retirement obligations in the amount of EUR 17 thousand (2020: EUR 0 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 2019 to 2021, in the amount of EUR 105 thousand (2020: EUR 91 thousand). The obligations associated with long-term variable remuneration for managers and Management Board members in the amount of EUR 637 thousand, which had been reported under other non-current provisions in the previous year, were accounted for within the scope of the long-term incentive (LTI) in the 2021 financial year.

The management expects a liquidity outflow in the amount of approx. EUR 34 thousand in 2022, approx. EUR 113 thousand in 2023 and approx. EUR 81 thousand from 2024. 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	31.12.2021	31.12.2020
Current lease liabilities	**1,514**	**1,541**
Buildings	1,380	1,395
Motor vehicles	134	146
Non-current lease liabilities	**3,739**	**4,653**
Buildings	3,520	4,543
Motor vehicles	219	110
Total	**5,253**	**6,194**

Of the non-current lease liabilities, EUR 0 thousand (previous year: EUR 1,015 thousand) have a term of more than 5 years.

Lease liabilities in fiscal year 2021 do not include short-term leases in the amount of EUR 95 thousand and leases with assets of low value in the amount of EUR 99 thousand.

16. Other current liabilities

Other current liabilities were comprised as follows:

in EUR thousand	31.12.2021	31.12.2020
Contract liabilities	4,557	5,398
VAT liabilities	398	542
Loan liabilities to banks	188	94
Other liabilities	521	511
Total	**5,664**	**6,545**

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 5,398 thousand was recognised from contract liabilities existing as of 31 December 2020 (2020: EUR 4,167 thousand). The decrease in this item results mainly from the lower 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 %	2021	2020
Actuarial interest rate	1.30	1.10
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	2021	2020
Current service cost	-	-
Interest expense	-20	-24
Interest income	14	17
Expenses for defined benefit post-employment benefits recognised in net income	**-6**	**-7**
Revaluations of defined benefit post-employment benefits recognised in other comprehensive income	**92**	**98**

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	2021	2020
Present value of the defined benefit obligations as of 1 January	**1,844**	**1,702**
Current service cost	-	-
Interest expense	20	24
Actuarial gains (-) or losses (+) from changes in financial assumptions	-73	112
Actuarial gains (-) or losses (+) from changes in demographic assumptions	0	0
Actuarial gains (-) or losses (+) from experience adjustments	6	6
Present value of the defined benefit obligations as of 31 December	**1,797**	**1,844**

The share of the present value of the defined benefit obligations attributable to beneficiaries no longer with the Company totalled EUR 1,797 thousand (2020: EUR 1,844 thousand).

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

in EUR thousand	2021	2020
Fair value of plan assets as of 1 January	**1,262**	**1,225**
Interest income	14	17
Actuarial gains (+) or losses (-) from experience adjustments excluding the amounts shown in interest income	25	20
Contributions by the employer	-	-
Fair value of plan assets as of 31 December	**1,302**	**1,262**

The plan assets constituted pension liability insurance policies with benefit entitlements pledged to beneficiaries. The insurance company holds 32 % of its investments in government bonds from industrialised countries, 18 % in corporate bonds, 18 % in lien bonds and other secured loans, 9 % in shares, 9 % in real estate, 7 % in infrastructure / renewable energies / private equity and 7 % 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	2021	2020
Present value of the defined benefit obligation (DBO)	1,797	1,844
Fair value of plan assets	-1,302	-1,262
Liability recognised in the statement of financial position	**495**	**581**

The reconciliation of the net obligation is summarised as follows:

	Present value of pension obligation EUR thousand	Fair value of plan assets EUR thousand	Net obligation EUR thousand
1 January 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	0	0	0
Actuarial gain 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**

	Present value of pension obligation EUR thousand	Fair value of plan assets EUR thousand	Net obligation EUR thousand
1 January 2020	**-1,702**	**1,225**	**-477**
Interest expense (-) / interest income (+)	-24	17	-7
Total amount recognised in profit or loss	**-24**	**17**	**-7**
Return on plan assets without amounts included in interest (income)	-	20	20
Actuarial loss from the change in demographic assumptions	0	0	0
Actuarial loss from the change in financial assumptions	-112	-	-112
Experience adjustments	-6	-	-6
Total amount recognised in other comprehensive income	**-118**	**20**	**-98**
31 December 2020	**-1,844**	**1,262**	**-581**

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 2021		Effect on the obligation	
Assumptions	**Change in the assumption**	**Increase in the assumption**	**Decrease in the assumption**
Actuarial interest rate	0.50 %	Decrease by 9.30 %	Increase by 10.63 %

As of 31 December 2020		Effect on the obligation	
Assumptions	**Change in the assumption**	**Increase in the assumption**	**Decrease in the assumption**
Actuarial interest rate	0.50 %	Decrease by 9.86 %	Increase by 11.32 %

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 2021 (previous year: up to 31 December 2020).

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 2021.

The weighted average term of the defined benefit plans is 20 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 20 thousand (2020: EUR 19 thousand), EUR 3 thousand (2020: 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 1,807 thousand in the financial year (2020: EUR 1,831 thousand).

18. Other non-current liabilities / liabilities to banks

The liabilities to banks consist of the following:

in EUR thousand	31.12.2021	31.12.2020
Bank loans		
Current	188	94
Non-current	469	656
Total	**656**	**750**

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 469 thousand as of 31 December 2021 (2020: EUR 656 thousand) mainly include long-term loan liabilities to banks. In the reporting period, EUR 94 thousand was repaid and EUR 15 thousand was incurred as interest expense. The loan liabilities were assumed from FAIRRANK GmbH at the end of September 2020 as part of the initial consolidation. The interest rate is 2 % per annum and is fixed for the entire term of the agreement until 30 June 2025.

19. Equity

19.1 Subscribed capital

The share capital of 11 88 0 Solutions AG was divided into 24,915,200 (2020: 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 2021, the number of shares outstanding amounted to 24,915,200 (2020: 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.

In the previous year (on 26 August 2020), 11 88 0 Solutions AG implemented a capital increase from authorised capital (Authorised Capital II) in return for cash and non-cash contributions. The issue of new bearer shares thus increased the number of shares by 3,893,000 from 21,022,200 to 24,915,200. The notional par value per share is EUR 1.00 and the issue price per share was EUR 1.25. The entry in the commercial register was made on 21 September 2020.

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 2021 (Authorised Capital 2020), the Company has authorised capital totalling up to EUR 12,457,564 as of 31 December 2021. 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.

19.2 Additional paid in capital

The additional paid in capital as of 31 December 2021 amounted to EUR 34,473 thousand.

As a result of the capital increase implemented in the previous year, additional paid in capital changed in the previous year. Additional paid-in capital contains the premium from the issuance of shares and in the previous year increased by EUR 0.25 per issued share.

in EUR thousand	
As of 1.1.2020	**33,598**
Increase due to share premium	973
Reduction due to cost of equity procurement (Equity procurement costs of EUR 144 thousand, deferred tax assets of EUR 45 thousand)	-98
As of 31.12.2020	**34,473**

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

19.3 Accumulated deficit

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

in EUR thousand	
Accumulated deficit as of 1 January 2020	**-46,927**
Net income (loss) for the 2020 financial year	-2,312
Accumulated deficit as of 31 December 2020	**-49,240**
Net income (loss) for the 2021 financial year	1,041
Accumulated deficit as of 31 December 2021	**-48,199**

19.4 Other components of equity

As of the reporting date, the other components of equity totalled EUR -333 thousand (2020: EUR -397 thousand). The changes were as follows:

in EUR thousand	
Other components of equity as of 1 January 2020	**-330**
Actuarial losses from pensions and similar obligations in the amount of EUR -98 thousand plus deferred taxes totalling EUR 31 thousand	-67
Other components of equity as of 31 December 2020	**-397**
Actuarial gains 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**

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

In the past financial year, the additions for lease liabilities in the amount of EUR 441 thousand (2020: EUR 988 thousand) were treated as having no effect on cash flows.

The acquisition of FAIRRANK GmbH in the previous year has not resulted in any cash outflows, since FAIRRANK GmbH was contributed in the form of a non-cash contribution within the scope of the capital increase. Accordingly, only the liquid funds of FAIRRANK GmbH and its subsidiary, Seitwert GmbH, were assumed as of the date of acquisition and reported in the cash flow section, as „Cash transfer from initial consolidation FAIRRANK" in the amount of EUR 870 thousand in the previous year. For further information, please see section 6 "Business combinations in the previous year".

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 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. A minimal amount of revenue is also generated from the sale of data in this segment. Since this line of business does not fulfil the criteria for an independent segment, the products consist of the same components and the same organisation provides support, no additional segment is recognised. The key criteria for identifying this segment are the products on the one hand and the sales process, which requires active customer acquisition, on the other.

Directory Assistance generates revenue almost exclusively with end customers or retail customers in Germany. These customers independently call our information numbers which provide users with information and directory assistance services. Moreover, this segment includes the 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 2021 in EUR thousand	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			
Capital expenditure for fixed assets	4,427	159	4,586
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

Financial year ended on 31 December 2020 in EUR thousand	**Digital**	**Directory Assistance**	**Group**
Revenues			
Revenues from transactions with external customers	38,261	12,540	**50,802**
Of which over periods of time	36,890	48	**36,937**
Of which relating to points in time	1,372	12,493	**13,864**
Total revenues	**38,261**	**12,540**	**50,802**
Cost of revenues	-19,381	-9,861	**-29,242**
Selling and distribution costs	-15,052	-1,019	**-16,071**
General administrative expenses, other operating income & expenses	-6,200	-1,950	**-8,150**
Operating result	-2,371	-290	**-2,661**
Depreciation and amortisation	5,142	490	**5,632**
EBITDA	2,771	200	**2,971**
Interest income	21	3	**24**
Interest expense	-285	-54	**-340**
Other finance income	23	4	**28**
Other finance costs	0	0	**0**
Gains / losses on foreign currency translation	-1	0	**-1**
Earnings before income taxes	-2,613	-337	**-2,950**
Assets and liabilities			
Segment assets			**31,385**
Segment liabilities			**21,633**
Other segment information			
Capital expenditure for fixed assets	5,118	54	**5,172**
Depreciation of property and equipment	214	77	**291**
Amortisation of intangible assets	4,077	70	**4,147**
Depreciation of capitalised right-of-use assets	851	343	**1,194**

3. Share-based payment

The members of 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.

After a holding period of two years since conversion into phantom stocks, the payout value of the phantom stocks is determined and paid out. 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 2021 financial year, a personnel expense in the amount of EUR 39 thousand (2020: EUR 34 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 share on the measurement date.

The fair value of the (total 47,968) phantom stocks granted in 2019 and 2020 was estimated as of the 31 December 2021 reporting date based on the reporting date closing rate and taking into account the cap and amounted to EUR 72 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 2021 Obligations under			As of 31 December 2020 Obligations under		
Maturity	Rental and lease contracts	Marketing and IT service agreements	Consulting and other service agreements	Rental and lease contracts	Marketing and IT service agreements	Consulting and other service agreements
up to 1 year	766	808	700	1,077	1,117	646
between 1 and 5 years	1,118	105	2,230	1,402	57	1,369
More than 5 years	0	0	0	201	0	376
Total	**1,884**	**913**	**2,930**	**2,680**	**1,174**	**2,391**

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 74 thousand for 2022. The Group expects leases of low-value assets to result in payments with an overall volume of approx. EUR 134 thousand, of which around EUR 94 thousand is expected for 2022. The remaining amount of EUR 40 thousand is expected to result in a cash flow in 2023.

4.2 Contingent liabilities and assets

There were no contingent liabilities or contingent assets as of the reporting date.

5. Litigation

As of the reporting date, the Group companies were involved both as the claimant and defendant in various legal disputes.

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

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.

2021 financial year	As of 31 December 2021		Annual average	
11 88 0 Solutions Group	absolute	in full-time equivalents	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

2020 financial year	As of 31 December 2020		Annual average	
11 88 0 Solutions Group	absolute	in full-time equivalents	absolute	in full-time equivalents
Total	608	545	568	507
of which operators and sales	384	330	367	313
of which administration	224	215	201	194

Of these, 52 employees were taken over as part of the initial consolidation of FAIRRANK GmbH in the previous year. Only one quarter of these employees were included in the calculation of the annual average.

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 EUR thousand	2021	2020
Audits of financial statements	200	193
Incidental costs of audits of financial statements	9	4
Other assurance services	0	15
Other services	0	54
Total	**209**	**266**

The other assurance services from the previous year comprised expenses for the audit of non-cash contributions. Other services in the previous year included expenses for the preparation of the fairness opinion in accordance with IDW S 8, which was prepared as part of the contribution in kind made by united vertical media GmbH of all shares in FAIRRANK GmbH to 11 88 0 Solutions AG.

8. Financial risks

The Group had various financial assets at its disposal, such as trade accounts receivable, cash and cash equivalents as well as financial assets measured at fair value and other financial assets.

The Group's financial liabilities mainly comprised trade accounts payable, other current and non-current liabilities (liabilities to banks) and the available overdraft facilities, which were not utilised during the 2021 financial year.

For information on existing lines of credit, see note 1 in the notes to the consolidated statement of financial position.

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 450 days overdue. In addition, it may in certain cases assume that a financial asset will default if internal or external information indicates that it is unlikely that the Group will receive all outstanding contractual amounts in full before all credit collateral held by it is taken into account. A financial asset is written off if there is no justified expectation that the contractual cash flows will be realised.

As of the reporting date, the maximum counterparty credit risk of the classes of financial assets cited below corresponds to the respective carrying amount.

The 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 are invested short-term in money market or bond funds.

The trade accounts receivable reported in the statement of financial position are net of impairment losses determined using the simplified approach under IFRS 9. Using the simplified approach, the expected credit losses are calculated over the entire term of the financial instruments. The determination of expected credit losses is based on analyses of historical default rates, age structures, the current development of the economic environment and the creditworthiness of customers. With regard to trade accounts receivable that are past due but not impaired, please see the disclosures under note 2.

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 2021 reporting period. As of the reporting date, there are no material 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 450 days.

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 2021 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 and current and non-current liabilities (liabilities to banks). These amounted to EUR 932 thousand as of 31 December 2021 (2020: EUR 1,463 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. Fore more information on trade accounts payable and non-current financial liabilities, see note 12 and 18, respectively, 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. Cooperation options are also being reviewed to further reduce the liquidity risk. Further information and estimates for assessing liquidity risk can be found in the Group Management Report in the report on "Opportunity and risk management".

The following table shows the future cash outflows from financial liabilities as of 31 December 2021:

Cash outflow in EUR thousand > 1-5 years	Cash outflow in EUR thousand > 5 years
4,208	0

The expected cash outflow of the next 12 months can be derived from the current lease liabilities in the amount of EUR 1,514 thousand, plus EUR 188 thousand from loans.

8.3 Price risk

The Group is exposed to price risk due to investments in money market and bond funds that invest in short-term securities and are reported in the consolidated statement of financial position as financial assets measured at fair value.

The investments are denominated in euros and are monitored continually. These investments should be classified as safe, and they are subject to only minimal fluctuations in value. The returns are derived from changes in price and from distributions, if any. Changes in fair value are recognised through profit or loss under net gains from financial instruments.

If the price of the fund shares acquired were to change by 0.50 %, the effect on net income for the period would amount to EUR 3 thousand (2020: EUR 3 thousand). Due to the portfolio structure, no complete loss of capital is anticipated.

8.4 Currency risk

The main business transactions of the 11 88 0 Solutions Group are settled in euros within Europe. Only a minor part of the procurement operations is conducted in other currencies in an amount considered insignificant; as a result, the Company is not exposed to currency risk.

8.5 Interest rate risk

The Group has only little exposure to interest rate risk because investments in money and capital market products made in the financial year under review concerned only investments with a very low risk.

9. Capital management

Capital management concerns equity as shown in the consolidated statement of financial position.

The primary goal of the Group's capital management is to ensure that it maintains a high credit rating and an adequate return on equity in order to support its operations and to maximise shareholder value.

The Group manages its capital structure and makes adjustments as necessary based on changes in the economic environment. In order to maintain or adjust its capital structure, the Group may adjust dividend payments to shareholders or repay capital to shareholders and also issue new shares.

As of 31 December 2021, the equity ratio (equity as a percentage of total assets) was 37.5 % (2020: 31.1 %).

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 2021, 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 the previous year, 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 Electronic Federal Gazette.

Business transactions between 11 88 0 Solutions AG and its subsidiaries (see section 1.1) that are considered affiliated companies were eliminated in consolidation and are not explained in these notes to the financial statements.

No further related party transactions occurred in financial year 2021.

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 2021 financial year, one member of the management of the largest shareholder, united vertical media GmbH, Nuremberg, was a member of the Supervisory Board of 11 88 0 Solutions AG. This Supervisory Board member was entitled to Supervisory Board remuneration for the 2021 financial year in the amount of EUR 16 thousand (previous year: EUR 15 thousand), which accordingly was recognised as a current liability.

10.2 Remuneration of individuals in key management positions

The management comprises of a sole director and of the Supervisory Board of 11 88 0 Solutions AG.

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

	Management Board	
in EUR thousand	**2021**	2020
Fixed remuneration, fixed salary	401	401
Ancillary services	35	35
Total	**436**	**436**
One-year variable remuneration (excluding deferral), bonus	106	106
Multi-year variable remuneration (deferral - 2 years)	39	34
LTI (annual share, at least 3 years)	0	200
Defined contribution benefit plans	0	0
Total	**145**	**340**
Total remuneration	**581**	**776**

The total remuneration for the members of the Executive Board of 11 88 0 Solutions AG basically consists 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 as well as pension commitments. Performance-related components comprise variable compensation elements.

The fixed remuneration, which is the basic remuneration independent of annual performance, is paid monthly as a salary and is based on an income plan determined by the Supervisory Board. It takes into account the situation and medium-term objectives of the group and the criteria relevant under § 87 (1) of the German Stock Corporation Act (AktG) and the German Corporate Governance Code.

Variable compensation components are subject to maximum limits and comprise performance-related and qualitative components. The performance-related components are multi-year in nature to take account of the sustainable development of the Company.

Other components of total compensation include, where contractually agreed, pension commitments, other commitments, in particular in the event of termination of activity, fringe benefits of all kinds, and benefits from third parties which have been promised or granted in the fiscal year with regard to Executive Board activity.

The variable, performance-based compensation 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**"). The variable compensation components are capped in terms of amount and comprise performance-related and qualitative components. The performance-related components are multi-year in order to take into account the sustainable development of the Company. The short-term annual variable compensation consists of a 60 % performance bonus for the achievement of quantitative targets ("performance bonus") and a 40 % bonus for the achievement of qualitative targets ("qualitative bonus"). For further information on share-based compensation, please refer to the disclosures under Other explanatory notes and disclosures in the notes to the consolidated financial statements under section "3. Share-based compensation". Provisions for share-based payments to be paid in the future for the years 2019 to 2021 amounted to EUR 105 thousand as of December 31, 2021 (2020: EUR 91 thousand) and were reported under other non-current provisions.

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

During the 2021 financial year, no remuneration was paid out to former members of the Management Board (2020: EUR 24 thousand).

A total of EUR 1,797 thousand was recognised as of 31 December 2021 (2020: EUR 1,844 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 143 thousand in the 2021 financial year (2020: EUR 141 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 Since 12 June 2018, 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, 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
Ms. Sandy Jurkschat (*)	Member of the Supervisory Board Since 12 June 2019, IT Demand Specialist, 11 88 0 Internet Services AG, Essen	none
Mr. Leonard Kiedrowski (*)	Member of the Supervisory Board Since 12 June 2019, Head of IT Service Desk, 11 88 0 Internet Services AG, Essen	none

(*) Employee representatives

The Supervisory Board of 11 88 0 Solutions AG is set up pursuant to the provisions of Sections 96 (1), 101 (1) 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, responsible for Digital Sales, Personnel & Legal Affairs / Regulation, Corporate Finance, Marketing / Product, Digital Customer Development, Production, Corporate Communications, Technology and the Directory Assistance / Call Centre Third-party Business	none

12. Report on post-balance sheet date events

The impact of the military conflict between Russia and Ukraine, which broke out at the end of February 2022, cannot yet be estimated at the time of preparing the financial statements. The Company shares the general political assessment that this conflict will not escalate into a Europe-wide or even global conflict. Based on these assumptions and 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 does not expect the war between Russia and Ukraine to have any material negative impact on the net assets, financial position and results of operations of the 11 88 0 Group on the basis of currently available information.

There were no further 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 June 2021 (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, 30 March 2022

Christian Maar
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 2021, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2021, 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 2021.

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 2021, and of its financial performance for the financial year from 1 January to 31 December 2021, 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.

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 2021. 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 56.5 million is recognised 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 tele-phone 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 appro-priate 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 statement on corporate governance pursuant to § 289f HGB and § 315d HGB
- the separate non-financial group report pursuant to § 289b Abs. 3 HGB and § 315b Abs. 3 HGB
- 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 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, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory Requirements

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-2021-12-31.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 2021 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 (10.2021)) 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 16 June 2021. We were engaged by the supervisory board on 11 January 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 published in the Federal Gazette – 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 Lutz Granderath.

Essen, 30 March 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Lutz Granderath
German Public Auditor

ppa. Thomas Brunke
German Public Auditor

Corporate Information

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Register Office: Amtsgericht Essen HRB 114518

USt-ID-Nr.: DE 182 755 407
Tax Number: 5112/5965/1276

11 88 0 on the internet
More information on 11 88 0 Internet Services AG and 11 88 0 Solutions AG can be found on our website: www.11880.com

Information about single brands and subsidiaries are available at: www.11880.com

PDF files of our Annual Report as well as interim reports, Investor Presentations and general investor information are available on our website in the section Investor Relations / Reports and can be downloaded in both German and English.

Quarterly telephone conferences are published via Webcast on the day of announcement.

To recieve an investor package or request other information please contact our Investor Relations department at

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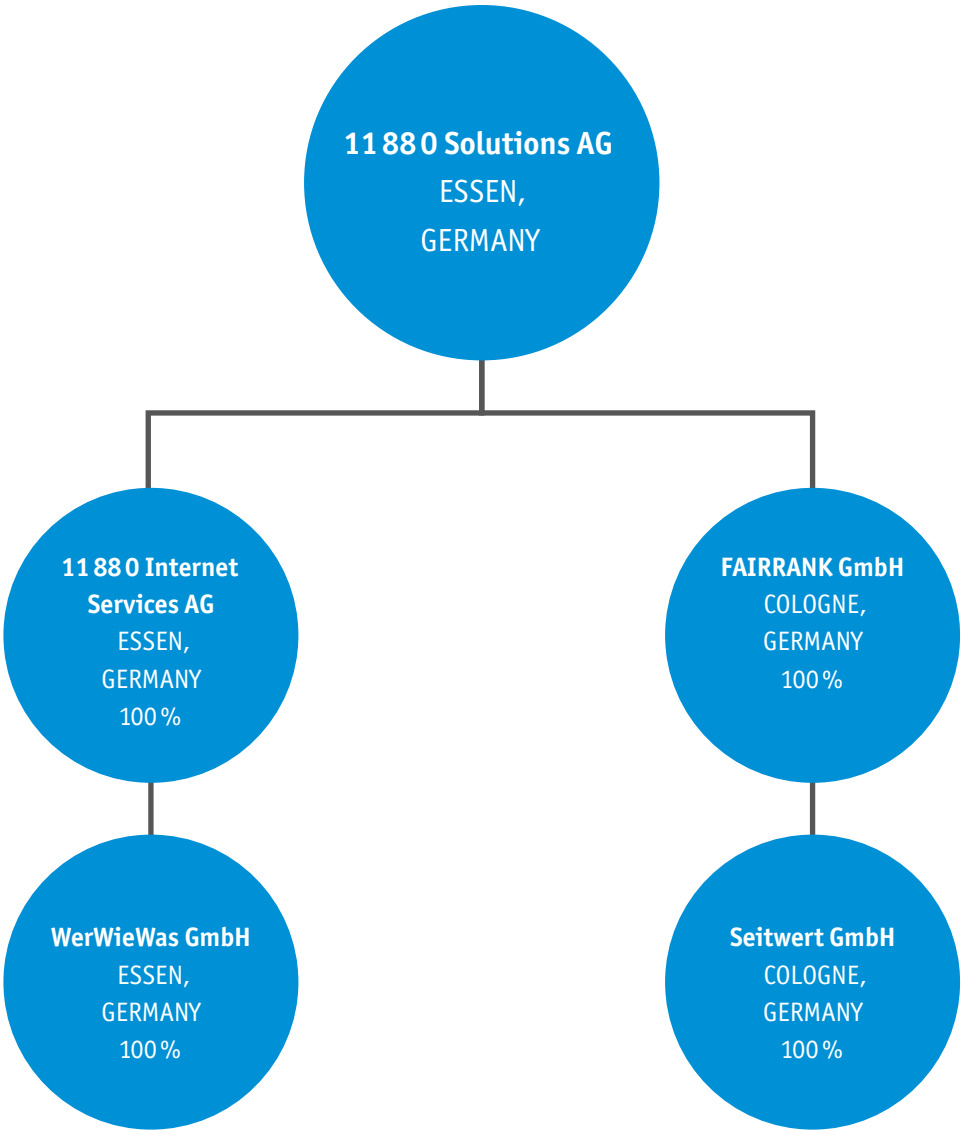
Auditor
PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft, Essen

Forward-looking statements

This document contains forward-looking statements that reflect the management's current views with respect to future events. Such statements are subject to risks and uncertainties that are beyond the ability of 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 2022

31 March 2022
Publication of the annual report 2021

11 May 2022
Publication of the interim report for the 1st quarter 2022

14 June 2022
Annual general meeting 2022

10 August 2022
Publication of the financial report of the 1st half year 2022

10 November 2022
Publication of the interim report for the 3rd quarter 2022

Imprint

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