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ANNUAL REPORT 2020

Financial Key Figures

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

in EUR million	12M 2020	12M 2019	Variance absolute	Variance in percent
Revenues and earnings 11 88 0 Solutions-Group				
Revenues	50.8	47.7	3.1	6.6 %
EBITDA[1]	3.0	2.8	0.2	7.8 %
Net loss	-2.3	-3.2	0.9	27.2 %
Details Segmente				
Revenues Digital	38.3	34.6	3.6	10.5 %
EBITDA[1] Digital	2.8	2.4	0.3	18.3 %
Revenues Directory Assistance	12.5	13.0	-0.5	-3.8 %
EBITDA[1] Directory Assistance	0.2	0.4	-0.2	-51.9 %
Statement of financial position[2]				
Total assets	31.4	27.3	4.0	14.8 %
Cash and cash equivalents[3]	3.7	4.7	-1.1	-22.7 %
Equity	9.8	7.4	2.4	32.4 %
Equity ratio	31.1 %	27.1 %	4.0	14.8 %
Cash Flow				
Cash Flow from operating activities	2.5	4.4	-1.9	-43.9 %
Cash Flow from investment activities	-3.6	-3.2	-0.4	-12.1 %
Cash Flow from financing activities	-0.1	2.1	-2.1	>-100.0 %
Net Cash Flow[4]	-1.2	2.1	-3.3	>-100.0 %
Key figures for the 11 88 0 share				
Earnings per share (in EUR)	-0.1	-0.2	0.1	50.0 %
Share price at year-end (in EUR)[5]	1.56	1.56		
Market capitalisation at year-end	38.9	32.8	6.1	18.5 %
Other KPIs				
Digital cancellation rate (in percent)[6]	26.0	28.0	-2.0	-7.1 %
Revenue per call (in EUR)	4.17	3.71	0.46	12.4 %
Number of employees[7] group	608	554	54	9.7 %

1 Earnings before interest, tax, depreciation and amortisation
2 Comparison value as of 31, December 2019
3 Portfolio of cash and cash equivalents as well as financial assets at fair value through profit or loss
4 Operating cash flow plus cash flow from investing activities minus interest expenses, adjusted for the changes in financial assets at fair value through profit or loss
5 Xetra-closing prices as of last trading day
6 For further information, see non-financial key figures under Group Management Report
7 Headcounts as of 31 Deccember 2020 closing date (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.

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Letter of the Management Board

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

The coronavirus pandemic set the agenda for the economy during the 2020 financial year. Our company delivered above-average performance during this challenging period, recording a sharp rise in the number of paying customers in the Digital business for the fourth year in a row. In 2020 our customer base grew by 5,775 paying customers to reach 44,441 as of 31 December 2020, while the revenue generated by our company increased to EUR 50.8 million.

Even from a strategic perspective, we refused to let ourselves be intimidated by the pandemic in 2020 and created another important foundation for the future growth of our company by acquiring online marketing agency FAIRRANK GmbH. FAIRRANK is undoubtedly an excellent fit for 11 88 0 Solutions AG as there are no overlaps and plenty of synergies. We began the integration process immediately after the acquisition and were able to implement more steps than planned by the end of 2020.

In November, just ten weeks after the FAIRRANK acquisition, we rolled out our first joint product with MEIN SEO. This marks the start of a whole series of new products that combine the expertise of both companies to offer intelligent solutions to a broader customer target group.

In our Digital business, we focused on enhancing the user-friendliness and efficiency of our products and services in 2020. As a result, we were also able to increase traffic to our portals in a year dominated by coronavirus. werkenntdenBESTEN.de and wirfindendeinenJOB.de generated particular interest among consumers during the pandemic, with the number of reviews on werkenntdenBESTEN.de, our search engine for online reviews, passing the 100 million mark in June.

2020 was also a successful year from a customer perspective, as the coronavirus crisis showed smaller and medium-sized companies that were previously not professionally represented online that an attractive online presence is essential. Compared to many other companies, we were able to grow further in 2020 as retailers and service providers were placed under even greater pressure to move their business online in order to continue operating.

We significantly improved the quality of our service in the Directory Assistance business by using an innovative AI solution that analyses the mood of callers to our call centre and signals to our employees the best way to conduct the conversation. Thanks in no small part to this pleasant and productive approach to communication, satisfaction with our telephone services is very high among both our directory assistance customers and the customers in our call centre third-party business.

We also agreed an important collaboration in the Directory Assistance business in the spring of 2020, taking care of all incoming call services for the FRED 11811 directory assistance service from May onwards. FRED 11811 is operated by various publishers of the DasÖrtliche and DasTelefonbuch telephone directories, which are in publisher GbRs (partnerships under German civil law) with DTM Deutsche TeleMedien GmbH. This collaboration enabled us to increase our monthly directory assistance call volumes by around five percent.

In the Digital business, we also formally agreed important collaborations with restaurant portal speisekarte.de and small and medium-sized business portals DS Digitale Seiten and marktplatz-mittelstand in order to offer our corporate customers additional valuable online marketing opportunities. With the help of our partner Microsoft, we have been able to offer our customers significant help with their administrative tasks since the start of the 2020 financial year. All 11800.com customers who have ordered one of our four website products have access to the complete Microsoft Office 365 package, which even includes an email solution.

Collaborations, meaningful additions to our business units via mergers and acquisitions and the continuous optimisation of our processes and products are the three pillars driving the successful growth of our company. The capital increase from authorised capital in return for cash and non-cash contributions carried out in 2020 formed another important part of this growth strategy, as united vertical media GmbH offered FAIRRANK GmbH as a non-cash contribution as part of this initiative. The subscription offer for the capital increase was significantly oversubscribed, which showed us that our company and 11880 Solutions shares were once again attracting interest from investors and private shareholders after the restructuring of the company that began in 2015.

We will continue to pursue a path based on the aforementioned three pillars in 2021. Our clear goal for the medium term is to become number one at providing efficient online marketing for small and medium-sized enterprises in Germany. Our employees and I do everything in our power to achieve this every day. Time and time again, it brings me pleasure to see everyone pulling together and working towards our goals with plenty of creativity and enthusiasm.

I would like to express my sincere thanks to you, our valued shareholders, for placing your trust in us and supporting our strategy. I am confident that we will be able to present rising customer and revenue figures and several new products to you over the coming financial year.

Sincerely,

Christian Maar
Chief Executive Officer

Essen, 23 March 2021

Report of the Supervisory Board

for the financial year from 1 January 2020 to 31 December 2020

Like that of every other company around the world, 11880 Solutions AG's 2020 financial year was dominated by the coronavirus pandemic. However, the Company came through the crisis relatively well despite challenging circumstances, once again recording growth both inside and outside the operating business. At the end of August 2020, 11880 Solutions AG acquired Cologne-based online marketing agency FAIRRANK GmbH as part of a capital increase from authorised capital in return for cash and non-cash contributions, thus creating an important platform for faster growth. In what has been an eventful 2020 financial year, the Supervisory Board of 11880 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 2020 financial year

In the 2020 financial year, the Supervisory Board of 11880 Solutions AG carried out its duties, as provided by law and the Company's Articles of Association. Four regular meetings were held during the reporting period in addition to three extraordinary Supervisory Board meetings.

The Supervisory Board seamlessly monitored CEO Christian Maar's management of 11880 Solutions AG. To do this, it was kept continually and extensively informed about general business developments, relevant financial figures, coronavirus-related issues and potential risks. The Supervisory Board was also on hand to advise the Management Board, who kept the Supervisory Board informed about financial developments and discussed all strategic and commercial business decisions with them, while the Supervisory Board also met regularly without the Management Board.

In addition to the efficient development of the product portfolio and the ongoing reorganisation of the internal IT infrastructure, the Company also reached important milestones on the path to faster successful growth with an acquisition and new collaborations during the 2020 financial year. 11880 Solutions AG is striving to significantly enhance its market position as an all-round online marketing services provider for small and medium-sized enterprises in Germany.

In its second division, the Directory Assistance segment, 11880 Solutions AG agreed a collaboration with the FRED 11811 telephone directory service in May 2020, increasing incoming directory assistance call volumes by five percent. In the call centre third-party business, the Company once again positioned itself as a high-quality provider of call centre services by expanding existing customer orders during the past financial year.

On 26 August, 2020, the Company's Management Board adopted a resolution, approved by the Supervisory Board, to implement a capital increase from authorised capital in return for cash and non-cash contributions by issuing up to 3,893,000 new shares carrying pre-emption rights. The subscription ratio was 27 to 5 and the subscription price was set at EUR 1.25. The main shareholder united vertical media GmbH (uvm) exercised all of its pre-emption rights and subscribed 2,813,747 new shares, paying for 2,707,200 new shares by way of a non-cash contribution by contributing Cologne-based FAIRRANK GmbH and by making an additional cash contribution of EUR 106,547. An internationally recognised auditing firm has issued a fairness opinion confirming that the subscription ratio in connection with the non-cash contribution of the FAIRRANK equity interest was appropriate. The rights offering, which ended on 10 September 2020, was significantly oversubscribed; all 3,893,000 new shares were issued. The acquisition of FAIRRANK GmbH complements the strategic business model and accelerates the growth of 11880 Solutions AG.

The Company's Supervisory Board continually supervised the accounting and financial reporting process and the efficiency of the internal control and risk management system during the 2020 financial year. The Supervisory Board also addressed the effectiveness of compliance processes within the Company and pending legal disputes as well as associated potential risks. After carefully reviewing the auditor's independence and qualifications, the services provided to date and the audit fee, the Supervisory Board commissioned PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Essen, to audit the 2020 consolidated financial statements.

Organisation of the Supervisory Board's work

A reliable flow of information helps the Supervisory Board of 11 88 0 Solutions AG to perform its duties constructively. To do this, it obtains regular reports from the Audit Committee, the Nomination Committee and the Personnel Committee. The Audit Committee's duties include monitoring the accounting, internal control system and audit of the financial statements. It also prepares Supervisory Board resolutions and identifies current issues for discussion. Within the context of monitoring the auditor's independence, the Supervisory Board of 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) 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 stated objective of the Supervisory Board is to focus on effectively supporting the Company in its quest to become Germany's leading provider of online marketing services for small and medium-sized enterprises. When determining the composition of the Supervisory Board, the members' professional expertise in business and the digital industry are taken into account accordingly.

In the 2020 financial year, the Supervisory Board of 11 88 0 Solutions AG comprised the following members: Dr. Michael Wiesbrock (Chairman), Michael Amtmann (Deputy Chairman), Helmar Hipp, Ralf Ruhrmann, Sandy Jurkschat and Leonard Kiedrowski. 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. The Personnel Committee comprised Dr. Michael Wiesbrock and Michael Amtmann.

Meetings and attendance

The Supervisory Board held four regular meetings in the 2020 financial year, one in each quarter, with some held virtually due to the pandemic. All members of the Supervisory Board took part in all of the meetings. The Supervisory Board also held two extraordinary meetings during the 2020 financial year.

Members participated fully in the first extraordinary Supervisory Board meeting in mid-August. The Management Board informed the Supervisory Board about the synergies and potential arising from the merger of 11880.com and FAIRRANK GmbH as well as the planned parameters of the deal, taking into account key elements of the fairness opinion. Management Board remuneration issues were discussed as an additional agenda item.

All members of the Supervisory Board took part in the second extraordinary Supervisory Board meeting at the end of August 2020, with resolutions passed by telephone. Supervisory Board member Michael Amtmann is also Managing Director of uvm. In light of this, Michael Amtmann abstained from voting on the Supervisory Board resolution to approve the implementation of a capital increase using Authorised Capital 2018/II with pre-emption rights in return for cash and non-cash contributions (Resolution 1) due to a potential conflict of interest. Michael Amtmann also refrained from voting on the second resolution to approve the signing of a contribution agreement with uvm (Resolution 2) based on the exclusion of voting rights set out in Section 111b (2) of the German Stock Corporation Act (AktG). As the contribution of shares in FAIRRANK GmbH by uvm constitutes a transaction with a related party of 11 88 0 Solutions AG as defined by Section 111a (1) AktG – uvm holds approximately 72.30 % of the Company's shares – the Management Board required the approval of the Supervisory Board to sign the contribution agreement with uvm in accordance with Section 111b (1) AktG. In addition, 11 88 0 Solutions AG is a listed company, and the contribution of shares by uvm exceeds the threshold to be considered for related party transactions pursuant to Section 111b (1) AktG.

All members of the Supervisory Board took part in the third extraordinary Supervisory Board meeting in September 2020, with resolutions again passed by telephone. Michael Amtmann abstained from voting on the decision to approve the specification of details for the capital increase from Authorised Capital 2018/II as well as the associated amendment to the Articles of Association due to a potential conflict of interest.

The Audit Committee met four times during the 2020 financial year.

Corporate governance and remuneration of the Management Board

Following comprehensive changes to the German Corporate Governance Code (GCGC) on 16 December 2019, the declaration of compliance of 11 88 0 Solutions AG dated 01 June 2019 was modified to reflect the new legal and factual regulatory framework for the management and supervision of a company.

The Management Board and Supervisory Board of 11 88 0 Solutions AG declare that they comply with all of the principles, recommendations and proposals of the GCGC published in the Federal Gazette on 20 March 2020.

Any deviations in the interests of the Company have been disclosed in the joint declaration of compliance dated 17 December 2020, which can be viewed at any time on the Company's website at www.11880.com. For further information on the implementation of the recommendations and proposals of the German Corporate Governance Code and a detailed report on the remuneration system for members of the Management Board we refer to the notes to the Group management report (see page 42 et seq.).

Audit of the 2020 annual and consolidated financial statements

Based on a resolution adopted by the Annual General Meeting on 18 June 2020, 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 2020 financial year were audited by PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Essen. The consolidated financial statements for the period from 1 January to 31 December 2020 and the Group management report were prepared in accordance with section 315a German Commercial Code (HGB) based on the International Financial Reporting Standards (IFRSs) applicable in the European Union (EU).

An unqualified auditor's report was issued for the annual financial statements, the management report, the consolidated financial statements and the Group management report as of 31 December 2020. The annual financial statements and the management report according to German commercial law, the consolidated financial statements and the management report according to IFRSs, and the auditor's reports were discussed in detail with the auditor in the Audit Committee and forwarded to all members of the Supervisory Board in due time. The auditor participated in the concluding discussion of the Company's annual financial statements at the Supervisory Board meeting held virtually on 29 March 2021, explaining the process of the audit and being available to provide additional information during the discussion.

The Supervisory Board examined the annual financial statements and the management report of 11 88 0 Solutions AG in detail. The Supervisory Board agreed with the auditor's findings. The Supervisory Board approves the management report presented by the Management Board and the 2020 annual financial statements of the Company, 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. The Supervisory Board agreed with the auditor's findings. It approves the Group management report presented by the Management Board and the 2020 consolidated financial statements of 11 88 0 Solutions AG.

Risk early warning system

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

Corporate social responsibilty

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

Closing declaration

We approve the findings of the auditors, PricewaterhouseCoopers, and raise no objection after our own examinations of the annual financial statements, management report, consolidated financial statements and Group management report of 11880 Solutions AG. We accept the 2020 annual financial statements prepared by the Management Board, which are hereby adopted. We also accept the 2020 IFRS consolidated financial statements prepared by the Management Board.

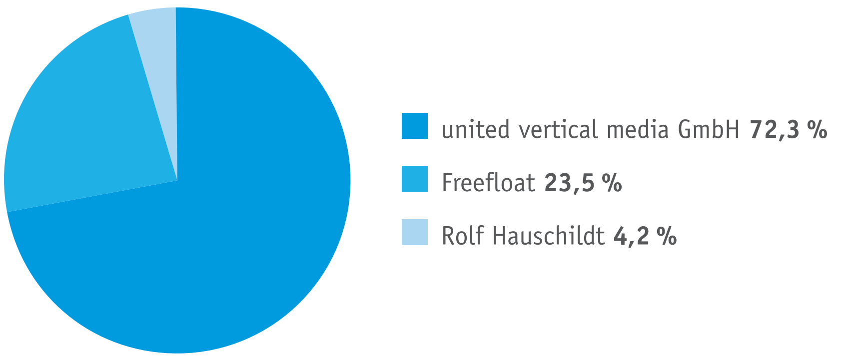
On behalf of the entire Supervisory Board, I would like to thank Christian Maar and all employees of 11880 Solutions AG for their efforts and dedication in what has been a very challenging 2020 financial year. Thanks to the performance of the Management Board and the entire team, the Company has succeeded in recording growth, even during the pandemic.

Essen, March 2021

Dr. Michael Wiesbrock
Chairman of the Supervisory Board

11 88 0 Solutions AG on the capital market

Shareholder structure on 31 December 2020



2020 was a year that the world will not forget in a long time. Having been regarded as a manageable problem at the start of the year, the coronavirus pandemic spread over the next few months to become the most serious crisis since the Second World War and one that will continue to have a major impact in 2021. However, the global equity market crash that was initially expected failed to materialise, and the stocks of digital companies in particular rallied spectacularly in the second half of the year, with investors primarily focusing on major international players. According to experts, economic uncertainty and persistently low interest rates will continue to ensure that investing in equities remains an attractive investment model.

The shares of 11 88 0 Solutions AG remained stable during the 2020 financial year. There was a high degree of uncertainty in the German equity market at the start of the first lockdown in Germany. During this period, our company's share price dropped to an annual low of EUR 1.09 on 18 March 2020. The share price stabilised a few weeks later and primarily moved between EUR 1.30 and EUR 1.40 until the end of the year. Investors followed the recommendations of several experts to buy 11 88 0 shares at the end of the year, sending the price to an annual high of EUR 1.63 on 21 December 2020 and a year-end closing price of EUR 1.56, which is where it began the 2020 financial year.

The shareholder structure of 11 88 0 Solutions AG changed slightly in the 2020 financial year compared with the previous year.

On 26 August, 2020, the Management Board of 11 88 0 Solutions AG adopted a resolution, approved by the Supervisory Board, to implement a capital increase from authorised capital in return for cash and non-cash contributions by issuing 3,893,000 new shares carrying pre-emption rights. The subscription ratio was 27 to 5. The main shareholder united vertical media GmbH made its contribution for 2,707,200 new shares by contributing Cologne-based FAIRRANK GmbH as non-cash contribution and by making an additional cash contribution for 106,547 new shares. The subscription price per share was EUR 1.25 and the subscription period ran from 27 August to 10 September 2020. The rights offering was significantly oversubscribed after the deadline.

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 2019 and another for the publication of each of the quarterly results during the 2020 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 held virtually on 18 June 2020. All agenda items were approved with a significant majority of 99.98 percent or 99.99 percent.

The Management Board and IR team remained in regular contact with investors and private shareholders throughout the 2020 financial year, answering questions and discussing business development in regular one-on-one discussions.

On 16 and 17 November 2020, 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 discussions with interested investors during the forum, which was held virtually for the first time.

Analysts at Mainz-based Solventis AG continued to monitor the performance of 11880 Solutions shares and published three research updates during the 2020 financial year. After issuing a price target of EUR 1.80 per share in their updates on the first-quarter and half-year figures for 2020, the research analysts raised their price target by EUR 0.10 to EUR 1.90 following the publication of the nine-month figures. They justified this change by citing the Company's positive operating performance as well as the improved revenue forecast and additional prospects associated with the acquisition of FAIRRANK GmbH.

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

11880 Solutions share in comparison with the TecDAX and DAX

01.01.2020 – 31.12.2020

Key figures for the 11880 share		2015	2016	2017	2018	2019	2020
Number of shares	pcs.	19,111,091	19,111,091	19,111,091	19,111,091	21,022,200	24,915,200
Share in capital	EUR	19,111,091	19,111,091	19,111,091	19,111,091	21,022,200	24,915,200
Share price at year-end	EUR	1.15	0.68	0.874	1.00	1.56	1.56
Highest share price[1]	EUR	3.35	1.17	1.283	1.285	1.895	1.63
Lowest share price[1]	EUR	1.13	0.68	0.422	0.946	0.962	1.09
Market capitalisation at year-end	M EUR	22.0	13.0	16.7	19.0	32.8	38.9
Earnings per share	EUR	-0.49	-0.77	-0.50	-0.16	-0.16	-0.10
Dividend or proposed dividend per share	EUR	0.00	0.00	0.00	0.00	0.00	0.00
Dividend yield[2]	%	0.0	0.0	0.0	0.0	0.0	0.0

[1] Xetra closing prices

[2] based on the respective Xetra closing price

Corporate Social Responsibility

Corporate Social Responsibility (CSR)

1. Description of the business model of 11 88 0 Solutions AG

For more than two decades, the Company's offline and online brands 11 88 0* and 11880.com have been synonymous with fast and reliable results when searching for private individuals and local and nationwide providers across all sectors. FAIRRANK GmbH, acquired in financial year 2020, is an online marketing agency that supports clients from various industries in search engine marketing, and in developing and implementing their online presences and social media campaigns.

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

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

2. Environmental matters

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

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

Two years ago, 11 88 0 Solutions AG built a new data centre infrastructure at its headquarters in Essen that is more powerful and has a smaller footprint. But the biggest benefit is a significant reduction in annual energy and cooling costs. 11 88 0 Solutions AG is making a substantial contribution to protecting our environment with its new IT infrastructure, reduced energy use and significantly lower electrical waste production.

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

Cologne-based online marketing agency FAIRRANK GmbH, which was acquired in August 2020 and is expected to be fully integrated into the operations of the 11 88 0 Solutions Group by the end of 2021 at the latest, is being gradually connected to the green IT infrastructure of the Group's Essen headquarters. The contracts of both companies are being interconnected as effectively as possible in order to reduce costs and minimise administrative expenses. To offer employees who travel long distances to work the opportunity to save on travel costs while simultaneously protecting the environment, all FAIRRANK employees have been integrated into the efficient virtual environment of 11880 Solutions AG, which enables them to work from home whenever they need to.

When selecting company cars, 11880 Solutions AG makes sure that only environmentally friendly vehicles with the lowest fuel consumption from well-known manufacturers are chosen. When leases expire, hybrid or electric vehicles are now the preferred choice. In 2021, fast-charging columns will be installed in the underground parking garage at the Essen headquarters.

Employees without company cars are primarily booked on train journeys for business trips. Employees at our four sites hold conferences and meetings via telephone and video conferencing as often as possible.

11880 Solutions AG offers all of its employees the option to lease a bicycle cheaply to enable them to travel to work in the most environmentally-friendly way possible.

The Company works closely with Microsoft and was invited to participate in the “Get to Green” competition for Microsoft partners during the 2020 financial year. The sustainability competition crowned its winners by planting trees in Uganda, Burkina Faso and Brazil. 11880 Solutions AG performed very well in the competition and was presented with the title of “Microsoft Sustainability Champion”. One hundred trees were planted on behalf of 11880 Solutions AG in recognition of the Company’s commitment to the initiative.

3. Employee matters

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

As part of its commitment to the Diversity Charter, the Company participated in its eighth Diversity Day in May 2020. All employees supported cultural diversity in internal communications and employee development by taking part in special activities organised by the Human Resources department.

The diversity of all our employees and their various skills and talents opens up opportunities for innovative and creative solutions. We appreciate all employees regardless of their gender or gender identity, nationality, ethnic background, religion or belief, disability, age, sexual orientation and identity. We are striving to create a climate of acceptance and mutual trust each and every day.

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

All of the Company’s employees have the option of working from home and are equipped accordingly to take into account the technical and data protection requirements of 11880 Solutions AG.

Our employees receive regular training to enhance their product knowledge and telephone skills. To make telephone conversations as pleasant as possible, we introduced innovative software in our Directory Assistance business that uses a caller’s tone of voice to signal what mood they are in and how the employee can offer them the best possible service. This investment has created an even more pleasant working atmosphere for our staff. Customer satisfaction has risen by 56 percent since the software solution was introduced. Almost 80 percent of our employees now rate their work as significantly more enjoyable and motivating.

Management regularly organise health days, joint sports events and celebrations at all of our locations. Only a few employee events were held during the 2020 financial year as a result of the pandemic. Management surprised their employees with small culinary delights more frequently to thank them for their day-to-day commitment in a challenging year.

Many years ago, 11 88 0 Solutions AG engaged instant counselling firm Talingo EAP, now part of INSITE-Interventions GmbH, to offer the opportunity of telephone counselling to all employees and their relatives. This professional counselling service can be used at any time free of charge in the event of money, family or addiction problems as well as symptoms of exhaustion.

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

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

4. Social matters

As a socially responsible company, we regularly support cultural and social activities. We want to protect values, promote creativity, improve cross-cultural understanding and stimulate progress. As they do every year, employees at our sites in Essen and Rostock packed and donated presents for the Essen parents' initiative supporting children with cancer and children of the Rostock food bank for Christmas 2020. Employees in Rostock also made a donation of EUR 500.00.

5. Respect for human rights

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

6. Anti-corruption matters

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

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

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

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

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

* €1.99/min. from a German landline. Mobile prices may vary where applicable.

Group Management Report

Group Management Report of 11 88 0 Solutions AG for the 2020 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 11880 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. In addition, the wirfindendeinenJOB.de job portal was launched back in 2019. The integration of FAIRRANK GmbH and Seitwert GmbH into the 11 88 0 Group, has enabled the Group to offer the core services of search engine optimisation (SEO), online advertising, usability optimisations and website analyses. 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.

Financial key figures

Revenue

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

Within the Digital segment, revenues for the media business are generated through business with new customers and existing customers. The basis for sustainable revenue growth is an efficient sales team in new customer business and a focus in customer retention management on customer loyalty especially by offering products optimised for customers. The software solutions business also offers digital telephone books and yellow pages on CD-ROM and as an intranet solution, as well as database solutions. The acquisition of FAIRRANK GmbH and Seitwert GmbH has enabled the Group to serve medium-sized enterprise customers with solutions, especially in the area of search engine optimisation and search engine advertising (SEA).

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 11880 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 11880 Solutions Group to assess, manage and optimise its financial position and net assets.

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

Non-financial key figures

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

Until the 2019 financial year, the churn rate was defined as a percentage that represents the number of customers in the period who do not extend their contracts in relation to the number of existing customers in the same prior-year period. Due to system changes resulting in improved control options for management, starting with the 2020 financial year 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 11880 Solutions Group to make an accurate prediction of the development of call volume. In the Company's view, the 11880 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
Our employees make a major contribution to the Company'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.

The 11880 Solutions Group can rely on its dedicated staff. We believe that the staff's commitment is evident from their enthusiasm for their work, motivation and overall attachment to our Company. We are striving to keep the employee commitment identified in the 2020 employee survey at a high level and increase it even further where possible. The Happy Employee Index, our measure of employee satisfaction drawn from the Group-wide employee survey in 2020, remained at a very strong 1.9 (on a scale from 1.0 = strongly agree to 5.0 = strongly disagree). Due to the pandemic, the workforce participation rate was 55% this year (2019: 80%).

In the wake of the reorganisation measures and site concentration carried out since 2016, the employee survey is and remains an established feedback tool in enabling employees to help actively shape their working environment. The results of the employee survey are incorporated into the further development of our strategy. The next employee survey will be conducted in 2021 and will for the first time include the staff of FAIRRANK GmbH.

2. Macroeconomic and sector-specific environment

Macroeconomic environment

Global gross domestic product (GDP) fell by 3.6% in the 2020 financial year, well below the 2.6% growth achieved in the previous year. The coronavirus pandemic in particular had a firm grip on the global economy. GDP slumped by almost 10% in the first half of 2020 compared to the end of 2019 before growing again in the summer in line with the easing of infection prevention measures. Companies were able to increase production again based on factors including the significant rise in consumer spending during this period. The retail sector recorded particularly strong growth, with the shift towards online retail accelerating markedly in 2020. Further economic development is vitally dependent upon the assumed progress of the pandemic and measures to tackle it. Based on the restrictive infection control measures set to continue until March 2021 and the way in which these measures limit mobility, as well as the sharp increase in economic activity from the summer half-year onwards, particularly in the euro zone and the USA, it is assumed that GDP will grow by 5.8% in 2021 and 4.2% in 2022.

Real GDP in the euro zone is expected to decline by 7.4% this year, indicating a considerable loss of economic momentum compared to the previous year. GDP in this region had already fallen by 3.7% year-on-year in the first quarter of 2020. Economic output then slumped by 11.7% in the second quarter due to the drastic measures introduced in most member states to tackle the coronavirus pandemic. This dramatic decline was only partially offset in the third quarter with a 12.5% increase in economic performance. Taking into account the restrictive coronavirus measures imposed in autumn 2020, a further 3% drop in GDP is expected for the fourth quarter. Economic activity is only likely to gather significant pace when restrictions are gradually eased from March 2021 onwards. The economic recovery is expected to continue in the second half of 2021, taking into account the easing of infection prevention measures due mainly to the vaccination of the population by the end of 2021. GDP is therefore expected to increase by 5.1% in the euro zone in 2021. A rise of 4.1% is anticipated for 2022, primarily due to the closure of open output gaps.

GDP growth in Germany weakened from 0.6% in the previous year to 5.1% on average in the 2020 financial year. The German economy recovered surprisingly quickly from the spring shutdown during the third quarter, when GDP increased by 8.5% compared to the previous quarter, its strongest rise since quarterly records began in 1970. Although there was a particularly sharp increase in value creation in areas of the economy that suffered most under government measures to limit the spread of infection, most notably the hospitality industry and service providers in the arts, entertainment and recreation sectors, the recovery in the manufacturing sector was also above average. However, as the slump in the first two quarters combined was 11.5%, economic output was still lower in the third quarter than it was before the crisis started. As a result, production capacity utilisation in October was more than three percentage points below the long-term average. Nevertheless, the overall assessment of the latest trend in key economic indicators suggests that the latest shutdown in autumn 2020 temporarily halted the economic recovery and that GDP is likely to have contracted further in the fourth quarter. However, this decline is very unevenly distributed across different areas of the economy. While value creation in hospitality and among other service providers is set to record a double-digit slump, the manufacturing sector is continuing its recovery. Global industry has therefore remained intact so far, as demonstrated by the recent rise in incoming orders. As a result, investments and exports are expected to increase further in the fourth quarter as consumer spending in private households shrinks. The fact that this decline is not even more marked is due to the increase in VAT in January 2021, which is expected to have resulted in noticeable advance purchases at the end of the year. Assuming the lifting of all coronavirus restrictions in summer 2021 due to sustained vaccine success among other factors, price-adjusted GDP is likely to increase by 4.2% in 2021. Economic output is set to rise by 2.5% in 2022.

The aforementioned data is taken from the ifo Economic Forecast for Winter 2020, ifo Schnelldienst 2020, December Special Edition, 16 December 2020.

Sector-specific environment

In the second half of 2019, the Circle of Online Marketers (Online-Vermarkterkreis - OVK) within the German Digital Media Association (Bundesverband Digitale Wirtschaft e.V. - BVDW) worked with experts from market research firm Statista to develop a new model for calculating the size of the display advertising market in Germany.

Digital advertising is now one of the most central and essential communication channels. The importance of this market has been demonstrated by its dynamic growth in recent years and has now been confirmed by its very robust performance even amid the COVID-19 pandemic in 2020.

The digital advertising market proved its resilience during the recent crisis by more than offsetting the slump in revenue from the second quarter – which was primarily attributable to budget cuts to advertisers' branding campaigns – with three positive developments. First, advertising revenues in the e-commerce sector rose due to the increased need for online retailing triggered by COVID restrictions. Content placed on mobile devices was another positive driver of additional advertising revenue. Revenues in the digital advertising market will ultimately return to the previous year's level during the summer months of this year immediately following the coronavirus lockdown. In contrast to many other areas of the economy, no long-term negative impact is expected; instead, a clear return to the growth of recent years can be assumed.

According to OVK and Statista, digital advertising revenues in Germany reached approximately EUR 3.613 billion in 2019. Taking into account the effects of the coronavirus crisis in particular, digital advertising investments are predicted to total EUR 3.922 billion in 2020, resulting in annual growth of around EUR 300 million or 8.6% between 2019 and 2020. Stable annual growth is generally apparent across all quarters from 2018 to 2020.

In terms of the trend for each individual quarter, data shows that revenue has risen steadily across almost all quarters from 2018 to 2020. The impact of coronavirus is clear in the second quarter of 2020 in particular. The forecast assumes that the pandemic will still have a slight impact on the third quarter of the year. In the last quarter of 2020, however, revenue growth is likely to be able to match the growth rates recorded at the start of the year.

3. Course of business

As in every other company around the world, the COVID-19 pandemic and resulting restrictions on everyday life dominated the 2020 financial year for 11880 Solutions AG. Compared to many other businesses, however, our company was among those that benefited from the surge in digitalisation caused by the coronavirus crisis, with our base of paying customers in the Digital business rising by a further 5,775 new customers in 2020. Many companies who had never marketed their products and services online before became aware during the various lockdown periods that a professional online presence is crucial for business success.

In the Digital business, the Company focused on optimising and expanding its product portfolio by teaming up with partners in 2020. We agreed collaborations with restaurant portal Speisekarte.de and small and medium-sized business portals DS Digitale Seiten and marktplatz-mittelstand to offer our customers additional opportunities for comprehensive sector-specific online marketing. We incorporated the full Microsoft Office 365 package from our partner Microsoft into our product offering to provide our corporate customers with enhanced support for their administrative tasks.

During the 2020 financial year, our search engine for online reviews, werkenntdenBESTEN.de, was completely redesigned to optimise the user experience and more clearly emphasise the site's benefits for business owners. In mid-2020, the number of published online reviews passed the 100 million mark.

To further accelerate the expansion of the customer base in the Digital business that the Company has already spent many years striving for, 11880 Solutions AG acquired Cologne-based online marketing agency FAIRRANK GmbH on 26 August 2020. By acquiring an agency that has been serving primarily medium-sized enterprises for 16 years, the transaction expanded 11880 Solutions AG's customer structure as intended. Joint marketing to both smaller and now larger companies has the potential to accelerate the Company's growth in the future. Aside from its own products, the increased strength of the Company also offers advantages in its partnership with search engine giants Google and Microsoft. The process of integrating FAIRRANK GmbH into 11880 Solutions AG began immediately after acquisition and should be completed by the end of 2021 at the latest.

FAIRRANK GmbH was acquired with effect from 21 September 2020 by way of a contribution in kind as part of a capital increase from authorised capital in return for cash and non-cash contributions based on a resolution adopted by the Management Board and approved by the Supervisory Board on 26 August 2020, by issuing up to 3,893,000 new shares carrying pre-emption rights. The main shareholder united vertical media GmbH, the previous owner of FAIRRANK GmbH, made its contribution for 2,707,200 new shares by contributing the online agency as non-cash contribution and by making an additional cash contribution for 106,547 new shares. The subscription price per share was EUR 1.25. The rights offering was significantly oversubscribed so that all 3,893,000 new shares were issued.

In the Directory Assistance segment, which continues to decline in line with the market, 11 88 0 Solutions AG has been working since May 2020 with the FRED 11811 directory assistance service, which is operated by various publishers of the DasÖrtliche and DasTelefonbuch telephone directories. 11 88 0 employees answer calls to the number 11811 and provide customers with the information they require. This collaboration enables us to increase annual call volumes in the Directory Assistance segment by around five percent. In the call centre third-party business, where 11 88 0 employees process customer service calls on behalf of larger companies, we were able to further expand the scope of several existing contracts.

The essential and very extensive reorganisation of the Company's IT and CRM systems that began during the 2019 financial year made excellent progress in 2020 and should be successfully completed by mid-2021. This will enable us to serve our corporate customers in the Digital business, whose numbers are rising by several thousand each year, even more rapidly and transparently.

Consolidated revenues increased by 7 % compared to the prior-year period. The actual revenue volume of EUR 50.8 million sits comfortably within the range of EUR 47.8 million to EUR 51.0 million projected at the start of the year. The share of FAIRRANK GmbH and Seitwert GmbH in the 2020 revenue amounted to EUR 1.3 million. In August 2020, this original guidance was adjusted to a range of EUR 48.5 million to EUR 52.5 million in an ad hoc announcement due to the acquisition of Fairrank GmbH and Seitwert GmbH. We also met this amended forecast range.

Group EBITDA improved by EUR 0.2 million compared to the previous year to EUR 3.0 million, thus comfortably reaching the range of EUR 1.7 million to EUR 3.2 million anticipated at the start of the year.

The consolidated EBITDA for the financial year of EUR 3.0 million (previous year: EUR 2.8 million) results from the operating result of EUR -2.7 million (previous year: EUR -2.1 million) plus depreciation and amortisation reported within the cost of revenues totalling EUR 1.3 million (previous year: EUR 1.6 million), depreciation and amortisation within selling and distribution costs amounting to EUR 3.7 million (previous year: EUR 2.6 million) as well as depreciation and amortisation reported within general administrative expenses of EUR 0.7 million (previous year: EUR 0.7 million).

Cash and cash equivalents and available for sale financial assets decreased by EUR 1.0 million to EUR 3.7 million in the last financial year (previous year: EUR 4.7 million; cash flow previous year: EUR +2.1 million). For the 2020 financial year, the Company forecast cash holdings of between EUR 1.6 million and EUR 2.8 million. In its ad hoc announcement of 10 September 2020 on the complete implementation of the cash and non-cash capital increase, 11 88 0 Solutions AG pointed out that as a result of the capital increase, the Company will have additional cash in the amount of EUR 1.4 million from the net proceeds of the issue.

In 2020, the average churn rate in the Digital segment based on the new calculation method described above was 26%. The Company had planned to at least stabilise or slightly improve the figure for the 2019 financial year, which based on the new calculation method was an average of 28%. The customer portfolio was expected to increase again considerably in 2020, and the Company succeeded in adding 5,775 new customers, thus slightly exceeding expectations.

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 2020 to match that of the previous year (2019: 22%). The call volume actually declined by 21% in 2020. Revenue per call again increased by another 2% in 2020, which means that the anticipated slight increase was achieved.

4. Financial situation

Results of operations

Consolidated revenues in the 2020 financial year were EUR 50.8 million, compared to EUR 47.7 million in the previous year. This represents revenue growth of 7% (previous year: 11%). The increase was due on the one hand to the successful acquisition of new customers and sales to existing customers, and on the other hand to the acquisition of FAIRRANK GmbH and Seitwert GmbH, whose share of revenues amounted to EUR 1.3 million.

The corresponding cost of revenues in the 2020 financial year totalled EUR 29.2 million (previous year: EUR 27.3 million). This amount represents an increase of around 7% compared to the previous year. The share of cost of revenues attributable to FAIRRANK GmbH and Seitwert GmbH, the companies acquired in September, was EUR 1.1 million. In addition to the significant proportion of cost of revenues added by newly acquired companies FAIRRANK and Seitwert, this rise is also attributable to higher costs associated with the development and introduction of a new, non-capitalisable CRM system compared to the previous year. Other internal development activities were lower as a result of this, which meant that capitalisation was significantly reduced compared to the previous year. There was also a sharp increase in variable line costs caused by taking on FRED 11811's directory assistance business from May 2020 onwards.

Selling and distribution costs grew by 11% from EUR 14.5 million in the previous year to EUR 16.1 million (previous year: 20% increase). The increase is primarily attributable to higher depreciation of customer contracts in line with the increased level of customer contracts capitalised due to the positive business performance of the Digital segment. Losses on receivables increased year-on-year in line with these higher incoming orders on the revenue side and the need for loss allowances on a case-by-case basis. FAIRRANK GmbH and Seitwert GmbH accounted for EUR 0.3 million of selling and distribution costs.

The general administrative expenses in the amount of EUR 8.1 million (previous year: EUR 8.0 million) primarily include the costs of corporate services such as finance, legal, human resources, technology, costs of the Management Board and infrastructure costs of these units. General administrative expenses mainly consist of costs for consultancy (at prior-year level), personnel (EUR 0.1 million lower than in the previous year), maintenance (EUR 0.2 million higher than in the previous year) and depreciation and amortisation (at prior-year level). The share of general administrative expenses contributed by FAIRRANK GmbH and Seitwert GmbH, which were consolidated for the first time in the 2020 financial year, amounted to EUR 0.2 million.

Other operating expenses, after deduction of other operating income, amounted to EUR 0.01 million in 2020 (previous year EUR 0.02 million).

Consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA) of EUR 3.0 million was slightly higher than the previous year's figure of EUR 2.8 million. FAIRRANK GmbH and Seitwert GmbH accounted for EUR -0.2 million of EBITDA.

Net financial income in 2020 ended the year with net expenses of EUR 0.3 million, compared with EUR 0.2 million in the previous year.

In 2020, the Group incurred a positive net income tax expense of EUR 0.6 million (previous year: expense of EUR -0.8 million). The main reason for this development is the increase in tax loss carryforwards.

The net income/loss for the period amounted to EUR -2.3 million compared to EUR -3.2 million in the previous year. FAIRRANK GmbH and Seitwert GmbH accounted for EUR -0.3 million of this figure.

Segment report

Revenues in the Digital segment rose by EUR 3.7 million from EUR 34.6 million in the previous year to EUR 38.3 million. EBITDA of EUR 2.8 million was an improvement on the previous year (EUR 2.4 million). Both FAIRRANK GmbH and Seitwert GmbH were allocated to the Digital segment, with the two companies accounting for EUR 1.3 million of revenue and EUR -0.2 million of EBITDA.

The degression rate of call revenues in the traditional directory assistance business fell slightly on a percentage basis to 21% in 2020, down from 22% in the previous year. In the financial year ended, revenues in the Directory Assistance segment amounted to EUR 12.5 million, down only 4% compared with the previous year due to the call centre third-party business (previous year: EUR 13.0 million). EBITDA of EUR 0.2 million as of the reporting date is below the previous year's level of EUR 0.4 million.

Net assets and financial position

Capital expenditures

The total investments in intangible assets and property and equipment due to the reporting date were EUR 4.5 million (previous year: EUR 4.4 million).

In the Digital segment, the Company mainly invested in internally generated intangible assets in order to make 11 88 0's product portfolio competitive. The additions to capitalised costs to obtain a contract (commissions) in the amount of EUR 3.8 million in line with the positive business trend are another key item in the Digital segment.

Only insignificant investments were made for the Directory Assistance segment.

As in the previous year, the 11 880 Solutions Group as of 31 December 2020 had no noteworthy open obligations from capital expenditures which will be incurred in financial year 2021.

Statement of financial position

As of the reporting date, total assets including FAIRRANK GmbH and Seitwert GmbH, which were consolidated for the first time in financial year 2020, amounted to EUR 31.4 million, up by EUR 4.0 million compared to prior-year figure of EUR 27.3 million.

Assets

On the assets side of the statement of financial position, current assets decreased marginally from EUR 14.2 million to EUR 14.1 million. There were offsetting effects from the reduction in cash by EUR 1.1 million and the increase in trade accounts receivable, by EUR 0.9 million. The reduction in cash is primarily attributable to planned investments in the new CRM system. EUR 0.6 million in cash was added by initial consolidations. The EUR 0.9 million increase in trade accounts receivable from EUR 8.7 million in the previous year to EUR 9.6 million in the 2020 financial year was mainly due to ongoing customer and revenue growth in the Digital segment. A receivables portfolio of EUR 0.2 million was also incorporated from initial consolidations. As of 31 December 2020, the 11 880 Solutions Group had unchanged 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. Other current assets of EUR 0.7 million increased slightly by EUR 0.1 million compared to 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 2020.

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 17.3 million (previous year: EUR 13.2 million). The increase of EUR 4.1 million primarily resulted from the recognition of goodwill totalling EUR 3.3 million from the initial consolidation of FAIRRANK GmbH and Seitwert GmbH. Contractual relationships with customers totalling EUR 0.4 million were also identified as of the takeover date that were reported with a residual value of EUR 0.3 million as of the reporting date.

Equity and liabilities

On the liabilities side, current liabilities increased by EUR 1.6 million to EUR 14.3 million (previous year: EUR 12.7 million). Accrued current liabilities as of the reporting date amounted to EUR 5.5 million (previous year: EUR 4.8 million) and mainly include amounts for obligations to employees and outstanding invoices. This increase was primarily due to the acquisition of accrued liabilities totalling EUR 0.4 million as part of the initial consolidation as well a EUR 0.1 million year-on-year rise in liabilities for holiday accruals and a EUR 0.1 million increase as part of the bonus payments for 2020. Other current liabilities of EUR 6.5 million (previous year: EUR 5.1 million) increased by EUR 1.4 million. This rise was mainly attributable to a EUR 1.1 million year-on-year increase in contractual liabilities in line with the sharp improvement in sales performance in the Digital segment. EUR 0.2 million in other current liabilities were also incorporated as part of initial consolidations. Current lease liabilities rose slightly by EUR 0.1 million compared with the previous year.

Non-current liabilities of EUR 7.4 million increased by EUR 0.1 million compared with the previous year (EUR 7.3 million). This rise was primarily due to the incorporation of the following balance sheet items as part of initial consolidation: EUR 0.7 million from non-current loan liabilities, EUR 0.4 million from non-current lease liabilities and EUR 0.1 million from deferred tax liabilities. In contrast, deferred tax liabilities and leasing liabilities of the original Group companies decreased by EUR 1.3 million compared to the previous year. In addition, non-current provisions in the Group increased by EUR 0.2 million and provisions for pensions by EUR 0.1 million compared to the previous year.

Equity increased by EUR 2.4 million year-on-year to EUR 9.8 million (previous year: EUR 7.4 million). As part of the capital increase in return for cash and non-cash contributions in September of the financial year under review, subscribed capital rose by EUR 3.9 million and capital reserves increased by EUR 0.9 million. At the same time, equity fell as a result of the net loss for the period of EUR -2.3 million in the financial year under review including FAIRRANK GmbH and Seitwert GmbH. In addition, the actuarial losses reported in other components of equity rose by EUR -0.1 million year-on-year to EUR -0.4 million.

Cash flow & financing

The 11880 Solutions Group's financial management ensures that the Group is at all times able to meet its payment obligations and to generate an adequate return from the investment of excess liquidity.

During the year, the Group was again able to meet its financing needs through own funds.

When investing liquidity, the 11880 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 2.5 million compared to EUR 4.4 million in the previous year. The acquired companies FAIRRANK GmbH and Seitwert GmbH resulted in a cash outflow of EUR 0.3 million. The change was mainly attributable to an increase in trade accounts receivable due to the very good business performance and a decrease in trade accounts payable.

Cash outflows from investing activities at the 31 December 2020 reporting date amounted to EUR 3.6 million (previous year: cash outflow of EUR 3.2 million). The cash flows from investing activities in the previous year included the sale of money market funds and bond funds in the amount of EUR 1.2 million. No sales were made in the reporting year. Adjusted for these items, cash flows from investing activities remained steady at EUR -3.6 million in 2020 (previous year: EUR -4.4 million). Cash flows from investing activities of EUR 0.9 million represent the cash inflows from the acquisition of FAIRRANK GmbH and Seitwert GmbH.

Cash flows from financing activities amounted to EUR -0.1 million (previous year: EUR 2.1 million). The capital increase implemented in the 2020 financial year resulted in a cash inflow that was EUR 2.1 million lower than the capital increase in the previous year.

Cash flows amounted to EUR -1.2 million as of the reporting date (previous year: EUR 2.1 million adjusted for the sale of money market and bond funds).

The portfolio of cash and cash equivalents as well as financial assets available for sale amounted to EUR 3.7 million (previous year: EUR 4.7 million) as of December 31 2020. This figure includes cash and cash equivalents subject to drawing restrictions totalling EUR 0.1 million at the reporting date (previous year: EUR 0.1 million). Financial assets measured at fair value can be sold short-term and are available to the Company with no restrictions.

5. Research and development

As a service provider, the 11880 Solutions Group does not carry out basic research in the original sense, and therefore no research costs were incurred. However, the Company did recognise development costs for internal software generation that serve to generate revenue in the Digital and Directory Assistance segments. The 11880 Solutions Group's in-house development department based in Essen was responsible for this again in 2020. The range of services in this area included mainly the programming of applications, the development and maintenance of the klicktel.de, 11880.com and werkenntdenBESTEN.de specialist portals and online directories, and the development of user interfaces in voice-based directory assistance. The total amount recognised for internally generated intangible assets in relation to the service ranges described above was EUR 0.3 million in the past financial year (previous year: EUR 0.8 million). Amortization of capitalised development costs in the reporting period amounted to EUR 0.8 million (previous year: EUR 1.0 million).

6. Employees

The development into a digital group with a focus on a competitive product portfolio is sustainable and positive following the change in strategy initiated in 2015.

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 will completely reshape our lives and thus our work too. We are already seeing new forms of collaboration, innovative business models and a greater degree of automation of activities. As a result, it is essential for us to equip our senior executives and employees with digital skills. Ultimately, they provide the foundation for our success – both now and in the future. This means 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 COVID-19 pandemic has significantly accelerated virtual networking, especially in 2020. Management is also set to change. It will become more participatory and virtual. Decisions will need to be made even more quickly in future. Overall, digitalisation offers fantastic opportunities and possibilities for efficient and effective collaboration that we want to best as effectively as possible.

As of 31 December 2020 the 11 88 0 Solutions Group had 608 employees Group-wide as defined by Section 267 of the HGB (headcount; excluding the Management Board, trainees and dormant employment contracts), 54 more than a year ago (previous year: 554). Of these, 52 employees were taken over as part of the initial consolidation of FAIRRANK GmbH.

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

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

7. Opportunity and risk management

General information

The market environment and legal and regulatory framework of the 11 88 0 Solutions Group is constantly changing. 11 88 0 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 extent of already-known opportunities and risks can also change.

As a result, 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 achievement 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.

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 and fraud prevention • Process optimisation • Fraud prevention • Data protection • Sanctions	• Accounting-related ICS • Document management system • Four-eyes principle • Process documentation • Plausibility analyses • IT systems • Audit guidelines • Policy competencies	• Risk identification • Risk assessment • Risk control • Risk monitoring • Risk avoidance • Risk management process • Risk report

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

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

Performance management

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

The 11 88 0 Solutions Group's opportunity and risk management system is anchored in its strategic development and is integrated in all further planning processes. For example, all business activities are reviewed and assessed for opportunities and risks at annual planning meetings. Objectives are then set on this basis (particularly revenue and earnings targets) and their achievement is monitored and analysed continually by the persons responsible for planning in the Group's controlling department. As part of the monthly results presentations, the development of financial and non-financial key performance indicators (KPIs) is processed and analysed in relation to both the latest developments as well as the developments forecast as part of the planning process. The reports presented to the Management Board and executives from each segment include detailed monthly reports prepared by the Group's controlling department in close cooperation with specialist departments.

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

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

Compliance management

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

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

The Company has had a **Compliance Committee** since 2010 to ensure responsible handling of any risks and compliance with all mandatory statutory requirements and internal regulations. This Committee advises the Management Board on all matters of compliance and continually reviews and refines the compliance system. These include suggestions on risk and fraud prevention, process improvements and possible sanctions as well as initiating and monitoring internal guidelines (e.g. the Purchasing Policy for the 11 88 0 Group). The Compliance Committee meets several times a year, and holds extraordinary meetings to address specific and/or time-critical questions and issues as required.

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

In connection with the entry into force of the General Data Protection Regulation (GDPR) in May 2018 and the EU Payment Services Directive (PSD II) in January 2018, the Company introduced relevant legal requirements.

Internal control system 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 understands the internal control and risk management system to be a comprehensive system and bases it on the definitions provided by the Institut der Wirtschaftsprüfer in Deutschland e. V. (Institute of Public Auditors in Germany, IDA), Düsseldorf, for the internal control system relevant to the financial reporting system (IDW PS 261 new version subsection 19 et seq.) and for the risk management system (IDW PS 340, subsection 4).

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

- Ensuring the effectiveness and profitability of the Company's business (which includes protecting its assets, as well as preventing and detecting any impairment of its assets);
- Ensuring that both the internal and the external financial reporting processes are proper and reliable; and
- Ensuring compliance with all statutory requirements applicable to the Company.

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

With 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. Information relevant to the financial reporting process is continuously exchanged between the commercial director 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 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 mathematically correct. This principle states that no single person alone may be responsible for all process steps. Instead, sufficiently qualified individuals must be involved in the process in order to recognise and remedy possible deviations and control weaknesses. Specifically, this means that the party placing the order must provide a signature to confirm that the goods were received or the service was rendered according to the order specifications.

Orders must be checked immediately and passed on to the supervisor or cost centre manager along with a cost centre account number so that payment can be authorised. As a final means to ensure correctness, two authorised signatories with power of attorney release payment.

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

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

The aim of the internal control and risk management system with respect to the accounting process, the main features of which are described above, is to ensure that business facts are consistently recorded, processed and recognised correctly in the accounting and incorporated in the external financial reporting. The right personnel, the use of appropriate software and clear legal and internal company specifications form the basis for a proper, uniform and continuous accounting process. The clear definition of areas of responsibility, as well as various control and review mechanisms, as described in more detail above, make it possible to ensure correct and responsible accounting. Specifically, this ensures that business transactions can be recorded, processed, 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 the 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. This ad hoc reporting obligation is also manifested in the Group's risk management manual.

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. Although new risks were added as a result of the coronavirus pandemic, in connection with the ongoing integration of FAIRRANK GmbH after its acquisition in 2020, and due to changes to the regulatory environment compared to the previous year, the extent of risks already recognised was reduced due to the implementation of relevant measures and/or new insight and experiences.

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 digitalisation of small and medium-sized businesses. The measures introduced since the outbreak of the pandemic are taking effect, and the simulations conducted since Q2 2020 to predict the scope of the coronavirus pandemic's potential effects have so far proven to be accurate overall.

Despite the additional 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 lockdown, 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 11880 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 11880 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 severity of the individual risk types and a comparison with the assessment of risk severity made in the previous year's annual financial statements.

CORPORATE RISKS	CURRENT RISK PROFILE	RISK PROFILE PREVIOUS YEAR
Market risks	Significant	Significant
Financial and liquidity risks	Low	Low
Personnel risks	Low	Low
Process risks	Low	Low
Regulatory risks	Very low	Very low
Legal risks	Very low	Very low
Technology risks	Very low	Very low

Appropriate risk management measures are also designed to further reduce the probability of occurrence and the effect on earnings in the event of occurrence. In addition, we do not expect all individual risks to occur simultaneously, if at all, 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 level of risk. 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 2020, 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 in terms of customer figures. Further operational opportunities arise from boosting productivity of sales in the digital business by employing more efficient tools. Conversely, should sales productivity perform less well than expected, this would constitute a risk.

Due to structural process and organisational changes, customer base management in the Digital segment has shown continued improvement over the last few years. Increased customer satisfaction and its effects on customer loyalty has enabled successive reductions to the churn rate in recent years. Due to risks associated with the coronavirus pandemic in relation to the creditworthiness of existing customers and their willingness to extend contracts, a slightly higher customer loss has been assumed for the 2021 financial year as part of the budget planning process than in the 2020 financial year.

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 (DA) segment

Due to the shift in media usage from traditional media to digital media, the traditional directory assistance market has been on the decline for years. The resulting downward trend in call volume has been accounted for in the budget planning for 2021 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 third-party business within the Directory Assistance segment referred to as Call Center Services (CCS) 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 CCS 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 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 11880 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 11880 Solutions Group's legal department is closely involved with this subject and is working on counteracting this risk by developing comprehensive measures to increase legal certainty. 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 11880 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 11880 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 11880 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 CCS are also being continuously expanded.

As in the previous year, market risks are considered significant overall.

Financial and liquidity risks

The Group is constantly optimising its funding base and limits its financial risk with the aim of safeguarding the Group's financial independence. The financial risks are part of the risk management system and are also monitored by way of rolling monthly finance planning and financial analysis within the context of liquidity management. In 2020, 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 2020, the 11880 Solutions Group had **cash and cash equivalents** and short-term money market and bond funds of EUR 3.7 million (previous year: EUR 4.7 million) at its disposal to finance its further business activities. The 11880 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 18 June 2020 authorised the Management Board to increase share capital by up to EUR 2,866,664 (Authorised Capital 2020). Taking into account the authorised capital of up to EUR 3,751,436 that was resolved by the 2018 Annual General Meeting and was still outstanding as of 31 December 2020 (Authorised Capital II), the Company has **authorised capital totalling up to EUR 6,618,100** as of 31 December 2020. The Annual General Meeting on 18 June

2020 also decided 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, Nuremberg (uvm), made a binding commitment in July 2020 to provide the principal bank of Internet Services AG with **EUR 2 million** as security for a credit line of at least the same amount for the benefit of 11880 Internet Services AG and for the purposes of ensuring liquidity. uvm provided this security by pledging a time deposit account. According to the principal bank, the binding credit facility can be set up at any time without a longer lead time in line with the agreed framework conditions. However, to avoid unnecessary commitment interest, the credit facility based on the security from uvm should, if at all necessary, only be set up if a corresponding financial requirement is more likely than not within the next six months. 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.

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. This would mean that the use of these tax loss carryforwards of 11 88 0 Internet Services AG would not be fully recognised by the tax authorities in future. To minimise this risk, the 11 88 0Group has commissioned a big-four auditing firm to prepare a suitable report in accordance with IDW S1 that is to be submitted to the tax authorities. Based on the latest findings of the ongoing project, the risk of a significant loss of hidden reserves is now considered to be low.

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 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 the 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 "very low".

Litigation risks

The two significant risks in the litigation risks category are that expenses for the FAIRRANK integration will exceed the amounts budgeted for 2021, and that any negative press will have an adverse impact on sales contract conclusion rates.

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 11880 Solutions Group depend to an extent on the decisions of legislators and regulatory authorities. Among others, these include regulations concerning the mandatory provision of subscriber data and obligations to announce prices for chargeable calls. As part of the amendment to the German Telecommunications Act (TKG) currently under discussion, some provisions deviating from those currently applicable are being discussed that could have a negative impact on the business model of the 11880 Solutions Group. The Group's legal department and specialist departments are working closely with associations and external advisors to exert an influence on these upcoming decisions by raising awareness of the relevant issues. Alternative scenarios for areas such as the future procurement of subscriber data are also being developed in the event that the pending changes to regulatory requirements turn out to be to 11880's disadvantage. However, based on current estimates, the potential risks associated with the new TKG regulations would not have a material negative impact on the 11880 Group until 2022 at the earliest if appropriate transition periods are applied. In particular, repealing the currently applicable exemption for price announcements in the traditional directory assistance sector could cause an additional significant decline in call volumes in the directory assistance business from 2022 onwards that could only be partially offset by price increases.

Another regulatory risk results from applicable regulations governing specific advance payments currently made by Deutsche Telekom for 11880 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 NGN interconnections. Based on the agreements concluded with Deutsche Telekom (DTAG) via 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. 11880 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.

Legal and technology 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. This applies analogously to the group of technology risks.

8. Report on expected developments

The statements made here are based on the 11880 Solutions Group's operations planning for the 2021 financial year, as adopted by the Management Board and Supervisory Board in December 2020. The planning is based on the objectives of the Digital and Directory Assistance segments and of the Group. Planning for the 2021 financial year is based on a corporate structure that includes FAIRRANK GmbH and Seitwert GmbH, the two companies acquired in September 2020. The business development at the beginning of the 2021 financial year has so far confirmed the plans made at that time.

Corporate strategy

In the 2021 financial year, the 11880 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.

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

Digital segment

In our Digital business, we focused on enhancing the user-friendliness and efficiency of our products and services in 2020. As a result, we were also able to increase traffic to our portals in a year dominated by coronavirus. werkenntdenBESTEN.de and wirfindendeinenJOB.de generated particular interest among consumers during the pandemic, with the number of reviews on werkenntdenBESTEN.de, our search engine for online reviews, passing the 100 million mark in June. The Company also focused on optimising and expanding its product portfolio by teaming up with partners.

In the area of new customer business, the Group will again be working on a moderate increase in the 2021 financial year.

The 11880 Solutions Group assumes that its business with existing customers will achieve low levels of growth at best in 2021. In 2020, the average churn rate was 26%, thus remaining at the prior-year level, as planned. A slight increase in this key figure is expected for 2021.

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 user-friendliness and efficiency.

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 2021 and the rate of decline will be around 21%, as in the past financial year 2020.

To partially offset the effects of this downturn in revenue, the Group continued to work on increasing revenue per call. In 2020, these efforts resulted in an increase of just under 3% per call. The Group expects to be able to increase revenue per call by around 2% in 2021. In addition to further expanding the call centre third-party business, the Company is continually reviewing – and in some cases also testing – new business models and collaboration options in order to offset decreases in business volume 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. The Group will continue to push its Digital segment in 2021. However, the Company is also working on long-term strategies and on further expanding its call centre third-party business in the traditional 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 2021. In comparison, revenues were generated in the amount of EUR 50.8 million in 2020. With respect to profitability, the Group expects EBITDA in 2021 to be in the range of EUR 3.1 million to EUR 4.3 million. In comparison, the Company generated EBITDA in the amount of EUR 3.0 million in 2020.

The Group showed cash holdings and available-for-sale financial assets of EUR 3.7 million in the financial year ended.

The Company expects cash holdings at the end of 2021 to amount to EUR 1.5 million to EUR 2.3 million.

Finance strategy

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

The decline in volumes in the Directory Assistance segment is increasing pressure to accelerate improvement in profitability in the Digital segment and 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 2020 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: 21,022,200 shares). As of 31 December 2020, 24,915,200 of these shares were outstanding (previous year: 21,022,200 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 percent 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: 72.3 % (*)

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

Amendment of the Articles of Association
Pursuant to section 179 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 18 June 2020 authorised the Management Board to increase share capital by up to EUR 2,866,664 until 17 June 2025 (Authorised Capital 2020). Taking into account the authorised capital of up to EUR 3,751,436 that was resolved by the 2018 Annual General Meeting and is still outstanding until 31 December 2021 (Authorised Capital II), the Company has authorised capital totalling up to EUR 6,618,100 as of 31 December 2020. The Annual General Meeting on 18 June 2020 also decided 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.

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 2020.

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.

11. Remuneration system

The remuneration report summarises the principles and methods used to determine the total remuneration of the member(s) of the Management Board of 11 88 0 Solutions AG and explains the structure as well as the remuneration received by the Management Board member(s). Christian Maar was the sole member of the Management Board in the 2020 financial year. The principles and the amount of remuneration received by the members of the Supervisory Board are also described.

As the regulations for preparing the remuneration report of 11 88 0 Solutions AG for the 2020 financial year in accordance with Section 162 of the German Stock Corporation Act (AktG) do not yet apply, this remuneration report will be prepared based on the corresponding recommendations of the German Corporate Governance Code published on 24 April 2017 as amended on 7 February 2017, corrected by notice on 19 May 2017 (“GCGC 2017”), in compliance with the applicable provisions of HGB and IFRSs and using the reference tables provided for this purpose in GCGC 2017. As explained in the joint declaration of compliance with the German Corporate Governance Code dated 17 December 2020 made by the Management Board and Supervisory Board of 11 88 0 Solutions AG in accordance with Section 161 AktG (“Declaration of Compliance 2020”), the remuneration arrangements for the Management Board and Supervisory Board have deviated and will continue to deviate from the individual recommendations of GCGC 2017 and the current German Corporate Governance Code as amended on 16 December 2019, which was published in the German Federal Gazette on 20 March 2020 (“GCGC 2019”). These deviations are listed once again in the remuneration report.

Principles of Management Board remuneration

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

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

Remuneration system

GCGC 2017 recommended that the Chairman of the Supervisory Board inform the Annual General Meeting once about the principles of the remuneration system and subsequently of any changes thereto. GCGC 2019 no longer contains this recommendation. Deviating from this, the Chairman of the Supervisory Board of 11 88 0 Solutions AG informs the Annual General Meeting about the principles of the remuneration system each year at the regular Annual General Meeting in order to take into account the information requirements of new shareholders attending their first Annual General Meeting.

General information on the components of Management Board remuneration

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

Fixed remuneration components

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

Variable remuneration components

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

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

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

Management Board remuneration in 2020

Fixed and variable remuneration

In the 2020 financial year, 11 88 0 Solutions AG followed the recommendations of GCGC 2017 and, as of the date of the 2020 Declaration of Conformity, of GCGC 2019 with regard to the structure of Management Board remuneration, with the exception of the deviations outlined below. The remuneration structure continues to be focussed on the sustainable growth of the Company. Monetary remuneration components include fixed and variable components, with variable components generally based on performance over several years and primarily designed to be forward-looking. In addition to the long-term incentive (LTI) agreed with the Management Board over a period of 3.0 years (2019 to 2021), variable remuneration components are in part invested in multi-year deferrals (phantom stocks) as goals are met.

The relevant share price of the phantom stocks at the time of the conversion is the arithmetic mean of the closing price in Xetra trading on the Frankfurt Stock Exchange on stock exchange trading days in the three months preceding the adoption of the annual financial statements for the financial year for which the targets were agreed.

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

The variable remuneration granted in this way therefore deviates from the recommendation in Art. G.10 GCGC 2019, whereby the variable remuneration granted to the Management Board member should primarily be invested in shares or should be similarly share-based, and the Management Board member should only have access to the long-term variable components of their remuneration after four years. However, the Supervisory Board does not believe that this provides the Management Board with any additional incentive when carrying out their role for the Company.

In addition, 11880 Solutions AG deviates from the recommendation in Art. G.8 GCGC 2019, which excludes any subsequent changes to targets or comparison parameters for variable remuneration, in relation to the effects of the COVID-19 pandemic to enable the Company to react quickly to changes in the market situation and the Company's business development.

There is also a deviation from the recommendation in Art. G.11 GCGC 2019, which states that the Supervisory Board should have the opportunity to take proper account of exceptional developments and that variable remuneration should be withheld or can be reclaimed in justified cases. The director's contract of Christian Maar deviates from this, as the Supervisory Board considers the existing remuneration regulations to be sufficient to encourage the Management Board to act in the interests of the Company in the long term. The Company was also able to adjust the targets for variable remuneration in connection with the effects of the COVID-19 pandemic, even without a corresponding basis in the director's contract.

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

The German Corporate Governance Code recommended in Art. 4.2.3 (4) of GCGC 2017 that the severance payment cap should be calculated on the basis of the total remuneration paid for the previous financial year and, if appropriate, should take into account the expected total remuneration for the current financial year. 11880 Solutions AG has deviated from this recommendation. However, 11880 Solutions AG does not deviate from the revised recommendation contained in Art. G.13 GCGC 2019.

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

The Supervisory Board was and is of the opinion that the recommendation contained in Art. 4.2.3 GCGC 2017 to also refer to the current financial year when measuring the severance payment cap has little practicality for the reference value related to the variable remuneration, because it is frequently difficult to determine whether an interim or proportionate goal has been met. In contrast, for fixed remuneration, the measurement is based not only on the average of the last financial year, but also on the entire previous contractual term in order to reflect typically lower fixed remuneration payments in previous years.

The exclusion of the current financial year can in individual cases theoretically result in a higher severance payment amount than the remuneration to be realised until the end of the contractual term, because any reduction in the variable remuneration in the current year will not be factored in. Considering the difficulty of determining the amount of variable remuneration for the current financial year during the course of the year and in light of the lower amount of fixed remuneration that flows into the severance payment, the Company considered this theoretically possible deviation from Art. 4.2.3 (4) sentence 1 GCGC 2017 to be justified.

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

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

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

As in 2019, members of the Management Board did not receive any defined contribution post-employment benefits in 2020. There were no defined benefit pension obligations in accordance with IFRSs in 2020 (previous year: EUR 0 thousand). Details can be found in the notes accompanying the consolidated financial statements in the section entitled "Pension obligations".

The current and former members of the Management Board were granted phantom stocks (deferrals) from both 2016 to 2020. Details can be found in the notes to the consolidated financial statements under "Share-based payment".

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

The sole member of the Management Board received no payment or promises of payment from third parties in the past financial year in respect of his activities as a member of the Management Board. No remuneration was or is paid for Management Board and Supervisory Board positions at the subsidiary 11 88 0 Internet Services AG.

Remuneration of the Management Board

The benefits granted to and received by the members of the Management Board in the 2020 financial year as defined by GCGC 2017 were as follows:

Benefits granted	Member of Management Board	
in EUR thousand	2020	2019
Fixed remuneration	401	401
Fringe benefits	35	34
Total	**436**	**435**
One-year variable remuneration (excluding deferral), bonus	106	106
(Minimal 0 to maximum 127)		
Multi-year variable remuneration (deferral – 2 years)		
2019	34	34
(Minimal 0 to maximum 41)		
LTI (annual share, at least over 3 years)	200	400
(Minimal 0 to maximum 400)		
Total	**340**	**540**
Total remuneration	**776**	**975**

Benefits received	Member of Management Board	
in EUR thousand	2020	2019
Fixed remuneration	401	401
Fringe benefits	34	34
Total	**435**	**435**
One-year variable remuneration (excluding deferral), bonus	92	92
Multi-year variable remuneration (deferral – 2 years)	40	0
LTI (annual share, at least over 3 years)	0	0
Total	**132**	**92**
Service cost (defined contribution pension fund)	**0**	**0**
Total remuneration	**567**	**528**

In accordance with Section 314 (1) no. 6a of the German Commercial Code (HGB), the Management Board was granted the following total remuneration in the 2020 financial year:

Benefits granted	Member of Management Board	
in EUR thousand	2020	2019
Fixed remuneration	401	401
Fringe benefits	34	34
Total - non-performance-related	**435**	**435**
One-year variable remuneration (excluding deferral), bonus	106	106
Multi-year variable remuneration (deferral – 2 years)		
2019	34	34
LTI (annual share, at least over 3 years)	200	400
Total - performance-related	**340**	**540**
Total remuneration	**775**	**975**

A deferral of EUR 24 thousand was paid to former Management Board member Michael Geiger during the 2020 financial year after the contractually agreed vesting period expired.

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

Contract terms

The Supervisory Board of the Company on 29 June 2018 adopted a resolution to reappoint Mr. Maar as a member of the Management Board with effect from 1 January 2019 until 31 March 2022. The employment contract was amended accordingly.

Remuneration of the Supervisory Board

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

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

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

Art. 5.4.6. (3) of GCGC 2017 recommended an individualised breakdown of Supervisory Board remuneration. This recommendation is no longer included in GCGC 2019; from the financial year 2021, disclosures on Supervisory Board compensation will be made in accordance with section 162 of the German Stock Corporation Act (AktG). However, 11 88 0 Solutions AG below shows the total remuneration for the Supervisory Board as a whole and for committee activities. An individualised breakdown is not provided, as the Company believes that this is of no relevance to the capital market. The Supervisory Board members received remuneration totalling EUR 141 thousand in the 2020 financial year (previous year: EUR 125 thousand).

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

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

Essen, 23 March 2021

The Management Board

Christian Maar

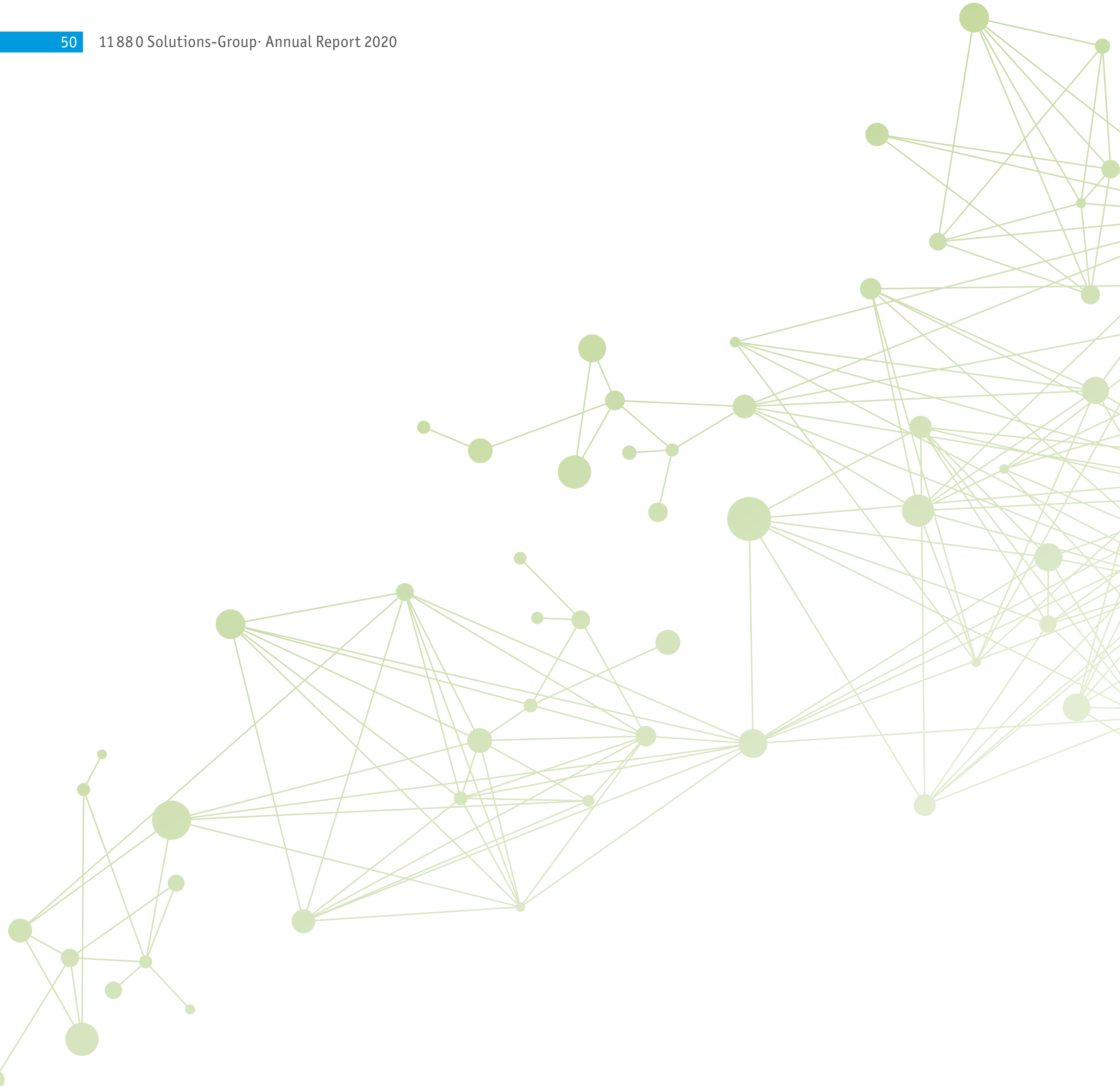
Responsibility statement

"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, 23 March 2021

The Management Board

Christian Maar



Consolidated Financial Statements

Consolidated Financial Statements

Consolidated Statement of Financial Position (IFRS)

in EUR thousand	Notes	31 December 2020	31 December 2019
ASSETS			
Current assets			
Cash and cash equivalentes	B1	2,922	4,090
Restricted cash	B1	134	67
Trade accounts receivable	B2	9,614	8,743
Current tax assets		4	19
Financial assets at fair value through profit or loss	B3	610	582
Other financial assets	B4	180	97
Other current assets	B5	663	556
Total current assets		**14,126**	**14,154**
Non-current assets			
Goodwill	B6	3,717	416
Intangible assets	B7	6,666	6,051
Property and equipment	B8	1,034	921
Capitalized right-of-use IFRS 16	B9	5,360	5,583
Other non-current assets	B10	483	218
Total non-current assets		**17,259**	**13,189**
Total assets		**31,385**	**27,343**

in EUR thousand	Notes	31 December 2020	31 December 2019
LIABILITIES AND EQUITY			
Current liabilities			
Trade accounts payable	B12	713	1,262
Accrued liabilities	B13	5,458	4,824
Provisions	B14	0	35
Short-term lease liabilities	B15	1,541	1,426
Other current liabilities	B16	6,545	5,140
Total current liabilities		**14,256**	**12,687**
Non-current liabilities			
Provisions	B14	839	651
Provisions for retirement benefits	B17	581	477
Other non-current liabilities	B18	656	0
Long-term lease liabilities (IFRS 16)	B15	4,653	4,920
Deferred tax liabilities	B11	648	1,245
Total non-current liabilities		**7,377**	**7,293**
Total liabilities		**21,633**	**19,980**
Equity			
Share capital	B19.1	24,915	21,022
Additional paid in capital	B19.2	34,473	33,598
Retained earnings	B19.3	-49,240	-46,927
Other components of equity	B19.4	-397	-330
Equity attributable to owners of the parent		**9,752**	**7,363**
Total equity		**9,752**	**7,363**
Total liabilities and equity		**31,385**	**27,343**

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

Consolidated Income Statement (IFRS)

in EUR thousand	Notes	1.1. – 31.12.2020	1.1. – 31.12.2019
Revenues	G1	50,802	47,668
Cost of revenues	G2	-29,242	-27,289
Gross profit		**21,560**	**20,379**
Selling and distribution costs	G3	-16,071	-14,478
General administrative expenses	G4	-8,139	-7,988
Other operating income	G7	6	0
Other operating expense	G8	-17	-23
Operating income (loss)		**-2,661**	**-2,110**
Interest income		24	28
Interest expense		-32	-34
Interest expenses from lease liabilities (IFRS 16)		-308	-335
Gain (loss) from marketable securities		28	94
Gain (loss) on foreign currency translation		-1	0
Financial income (loss)	G9	**-289**	**-247**
Income (loss) before income tax		**-2,950**	**-2,357**
Deferred income tax		638	-821
Income tax	G10	**638**	**-821**
Net income (loss) from continuing operations		**-2,312**	**-3,178**
Net income (loss)		**-2,312**	**-3,178**
Attributable to:			
Owners of the parents		-2,312	-3,178
		-2,312	**-3,178**
Earnings per share for net income (loss) for the reporting period attributable to ordinary equity holders of the parent (in euro)	G11	-0.10	-0.16

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

Consolidated Statement of Comprehensive Income (IFRS)

in EUR thousand	Notes	1.1. – 31.12.2020	1.1. - 31.12.2019
Net income (loss)		**-2,312**	**-3,178**
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss			
Actuarial gains (losses) from pensions and similar obligations, net		-98	-305
deferred tax on acturial gain (losses) from pensions and similar obligations, net		31	96
Items that can be reclassified subsequently to profit or loss			
Other comprehensive income (loss) after tax	**B19.4**	**-67**	**-208**
Total comprehensive income (loss)		**-2,379**	**-3,386**
Attributable to:			
Owners of the parent		-2,379	-3,386
		-2,379	**-3,386**

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 EUR thousand	Share capital	Additional paid in capital	Retained earnings	Other components of equity
Balance at Janurary 1, 2020	**21,022**	**33,598**	**-46,927**	**-330**
Net income (loss)*	–	–	**-2,312**	–
Actuarial gains (losses) from pensions and similar obligations	–	–	–	-98
Deferred tax on acturial gains (losses) from pensi-ons and similar obligations				31
Other comprehensive income (loss)	**0**	**0**	**0**	**-67**
Total comprehensive income (loss)	**0**	**0**	**-2,312**	**-67**
Issue of new shares	3,893			
Share Premium		973		
Tansaction costs		-144		
Deferred tax on transaction costs		45		
Balance at December 31, 2020	**24,915**	**34,473**	**-49,240**	**-397**
Balance at Janurary 1, 2019	**19,111**	**32,059**	**-43,472**	**-123**
Adjustments due to first-time application of IFRS 16	**0**	**0**	**-277**	**0**
Balance at January 1, 2019 after first-time adoption of IFRS 16	**19,111**	**32,059**	**-43,749**	**-123**
Net income (loss)	–	–	-3,178	–
Actuarial gains (losses) from pensions and similar obligations	–	–	–	-305
Deferred tax on acturial gains (losses) from pensi-ons and similar obligations				96
Other comprehensive income (loss)	**0**	**0**	**0**	**-208**
Total comprehensive income (loss)	**0**	**0**	**-3,178**	**-208**
Issue of new shares	1,911			
Share Premium		1,586		
Tansaction costs		-69		
Deferred tax on transaction costs		22		
Balance at December 31, 2019	**21,022**	**33,598**	**-46,927**	**-330**

(*) The result for the period includes the result of FAIRRANK GmbH and Seitwert GmbH for Q4

Total	Total equity
7,363	**7,363**
-2,312	**-2,312**
-98	-98
31	31
-67	**-67**
-2,379	**-2,379**
3,893	3,893
973	973
-144	-144
45	45
9,752	**9,752**
7,575	**7,575**
-277	**-277**
7,299	**7,299**
-3,178	**-3,178**
-305	-305
96	96
-208	**-208**
-3,386	**-3,386**
1,911	1,911
1,586	1,586
-69	-69
22	22
7,363	**7,363**

Consolidated Statement of Cash Flows (IFRS)

in EUR thousand	Notes	01.01. – 31.12.2020	01.01. - 31.12.2019
Cash flow from operating activities			
Income (loss) before income tax		-2,950	-2,357
Adjustments for:			
Amortisation and impairment of intangible assets	G6	4,147	3,460
Amortisation and impairment of capitalized-rights-of-use IFRS 16	G6	1,194	1,124
Depreciation and impairment of property and equipment	G6	291	283
Gain (loss) on disposal of property and equipment		5	17
Interest income	G9.1	-24	-28
Interest expense	G9.1	340	369
Gain (loss) from marketable securities	G9.2	-28	-94
Gain (loss) on foreign currency translation	G9.3	1	0
Valuation allowance for trade accounts receivable	B2	165	55
Gain (loss) from pension provision	B17	38	-24
Impairment of other non-current assets	G2	166	124
Gain (loss) on disposal of subsidiaries		0	2
Changes in non-current provisions	B14	189	467
Changes in non-current other and financial assets		-437	-153
Cash inflows before changes in operating assets and liabilities		**3,098**	**3,245**
Changes in operating assets and liabilities:			
Trade accounts receivable	B2	-864	498
Miscellaneous current assets	B5	-102	-1
Trade accounts payable	B12	-886	784
Current provisions	B14	-35	0
Accrued expenses and other current liabilities	B13	1,243	-178
Income taxes received / paid		15	52
Cash inflows from operating activities		**2,469**	**4,400**

in EUR thousand	Notes	01.01. – 31.12.2020	01.01. - 31.12.2019
Cash flow from investing activities			
Purchase of intangible assets excl. customer contracts		-427	-861
Purchase of customer contracts with contract period > 1 year		-3,845	-3,360
Purchase of property and equipment		-192	-186
Proceeds from sale of property and equipment		5	0
Disposal of financial assets at fair value through profit or loss	B3	0	1,210
Interest received		6	0
Cash transfer from initial consolidation FAIRRANK		870	0
Cash outflows from investing activities		**-3,583**	**-3,197**
Cash flow from financing activities			
Interest paid		-2	-4
Interest expenses for leases in accordance with IFRS 16		-307	-335
Payments from the repayment of lease liabilities (IFRS 16)		-1,128	-1,105
Proceeds from issue of new share		1,384	3,497
Proceeds for security deposit		0	27
Cash outflows / cash inflows in financing activities		**-54**	**2,080**
Change in cash		**-1,168**	**3,283**
Cash at the beginning of the reporting period		**4,090**	**807**
Cash and cash equivalents for the purpose of the cash flow statement at the end of the period		**2,922**	**4,090**
Cash at the end of the reporting period		**2,922**	**4,090**
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		3,666	4,740

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 for financial year 2020

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, Google My Business and Facebook company pages and supports them in the planning and implementation of their digital advertising efforts. The integration of FAIRRANK GmbH and Seitwert GmbH into the 11 88 0 Group, has enabled the Group to offer the core services of search engine optimisation (SEO), online advertising, usability optimisations and website analyses. 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.

In addition, the Digital segment includes the Software Solutions product area, which comprises digital telephone directories and yellow pages on CD-ROM and intranet solutions, as well as database solutions.

The directory assistance segment comprises directory assistance and operator services for 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 2020.

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 2020 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 2020 financial were released for publication by the Management Board on 23 March 2021.

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 2020 – using uniform accounting principles in accordance with IFRSs.

Below is a statement of the shareholdings of the Group as of 31 December 2020 in accordance with section 313 (2) HGB (German Commercial Code):

Company Name	Registered Office	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.

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 recognized 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 2020 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 individually (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 term of the contract, generally over a period of time.

2.1.1.2 Software

Revenues in the Software business relate to the conventional sale of information databases on data storage media on the one hand and to the provision of online information databases on the other hand. The revenues generated are recognised at the time the service is provided, i.e., recognised in profit or loss as of the shipping date or 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 is no more than year as a rule, the Group does not include these financing components when recognising revenue for practical reasons (IFRS 15.63).

2.2 Recognition of interest income

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

2.3 Foreign currency translation

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

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

2.4 Advertising costs

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

2.5 Cash and cash equivalents

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

2.6 Financial instruments

The following section includes disclosures on accounting for 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 IFRS 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).

11880 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 11880 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 11880 Group by returning them.
- Level 2: Inputs are quoted market prices other than those in Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3: Value of the asset or liability is based on unobservable inputs.

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

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

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

2.6.2.2 At fair value through other comprehensive income (FVOCI)

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

2.6.2.3 Financial assets measured at amortised cost (AC)

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

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

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

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

2.6.2.4 Financial liabilities measured at amortised cost

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

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

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

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

2.6.2.5 Impairment of financial assets

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

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

- If there is no significant deterioration in credit quality since initial recognition, the expected losses must be recognised as an expense in the amount of the present value of the expected credit losses that could result from possible default events in the twelve months following the reporting date. Interest revenue is calculated based on the gross carrying amount in accordance with the effective interest method (Stage 1).
- If credit risk has increased significantly, but there is no objective indication of impairment, the loss allowance is increased to the amount of the lifetime expected losses. The method for calculating interest revenue corresponds to that of Stage 1 (Stage 2).
- If the credit risk increases significantly and there is objective indication of impairment at the reporting date, the loss allowance is also measured as the present value of the lifetime expected credit losses. Interest revenue is calculated differently, i.e. based on the net carrying amount (gross carrying amount less the loss allowance) of the instrument (Stage 3).

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

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

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

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

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

2.6.2.6 Derecognition of financial assets and financial liabilities

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

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

In accordance with IFRS 9.3.3.1, a financial liability is derecognised 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 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 to use or sell the intangible asset;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

According to SIC 32.7-8 in conjunction with IAS 38.8, the assets mentioned above are recognised as an internally generated intangible asset if, in addition to the general criteria for recognition of intangible assets pursuant to IAS 38.21, they also satisfy the special criteria for internally generated intangible assets in IAS 38.57. In accordance with SIC 32.9, costs must be capitalised in the development stage. The useful life is determined pursuant to SIC 32.10 in conjunction with IAS 38.88 et seq., IAS 38.95 as the period during which an entity receives an 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 profit or loss to depreciated cost (IAS 36.114 in conjunction with IAS 36.117). This does not apply to goodwill.

2.15 Contract liabilities

If the customer has already fulfilled the contractual obligation (payment) before the Company transfers the goods or performs the services, a contract liability must be recognised in accordance with IFRS 15.106. These are primarily prepayments received. They are reported in the statement of financial position under other current liabilities. Contract liabilities are recognized 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 Pension obligations

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

Defined benefit retirement plans constitute obligations of the 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.

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 11 880 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 11 880 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 11880 and its employees, no further assessment is made of whether this constitutes a sublease. The provision of a company car is considered as a portion of the total remuneration received by the respective employee and is treated as an "employee benefit" in accordance with IAS 19. The depreciation charge resulting from capitalisation according to IFRS 16 is reported under depreciation and amortisation.

The 11880 Solutions Group makes use of the exemptions provided for in IFRS 16 for short-term leases (12 months or less) as well as the exemption for leases where the underlying asset has a low value. Payments for leases of low-value assets are recognised as an expense in profit or loss on a straight-line basis. Examples of low-value assets are IT equipment and other operating equipment. Leases (except for office premises) with a term of less than 12 months (short-term leases) are also recognised in profit or loss on a straight-line basis.

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

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

Extension and termination options

Some leases include extension options and/or termination options. With regard to the exercise of extension options in determining the term of a lease, the Group considers all facts and circumstances that create an economic incentive for the lessee to exercise extension options or not to exercise termination options. Changes in the term of the lease arising from the exercise of extension options or termination options are only included in the term of the contract if it is reasonably likely that the lessee will exercise an option to extend the lease or not exercise an option to terminate the lease. 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. In deviation from this principle, deferred taxes will not be recognised on temporary differences where

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

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

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

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

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

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

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

2.26 Statement of cash flows
The 11 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.

2.27 Summary of measurement principles

The assets and liabilities in the consolidated statement of financial position are valued as follows, assumed there are no impairments:

Balance sheet item	Measurement
ASSETS	
Cash and cash equivalentes	Amortised cost
Restricted cash	Amortised cost
Trade accounts receivable	Amortised cost
Current tax assets	Expected payment from the tax authorities based on tax rates applicable on the reporting date or in the near future
Financial assets at fair value through profit or loss	Fair value through profit or loss
Other financial assets	Amortised cost
Other assets	Amortised cost
Goodwill	Impairment-only
Intangible assets	Amortised cost
Property and equipment	Amortised cost
Capitalized rights of use (IFRS 16)	Amortised cost
Deferred tax assets	Undiscounted measurement at tax rates valid in the period in which an asset is realized or a liability settled
LIABILITIES	
Trade accounts payable	Amortised cost
Accrued liabilities	Amortised cost
Provisions	Expected discounted amount that will lead to outflow of resources
Lease liabilities (IFRS 16)	Amortised cost
Other liabilities	Amortised cost
Provisions for retirement benefits	Expected discounted amount that will lead to outflow of resources
Deferred tax liabilities	Undiscounted measurement at tax rates valid in the period in which an asset is realized or a liability 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 2020 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 2020, the carrying amounts of these acquired customer contracts amounted to 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 principle, the acquisition of more than 50% of the shares in 11880 Solutions AG by united vertical media GmbH, Nuremberg, in September 2019 jeopardises the legal existence of all of the corporate income tax and trade tax losses in the accrued by 11880 Solutions AG and its subsidiary, 11880 Internet Services AG, up to this date.

Taking into consideration the IFRIC 23 rules, the management assumes the most probable value for its estimate of the legal existence of tax loss carryforwards. Accordingly, on the basis of sections 8c/8d of the German Corporate Income Tax Act (Körperschaftsteuergesetz) it is assumed that 11880 Solutions AG's current losses arising up to the date on which the investment was acquired or its loss carryforwards have been forfeited legally and can thus no longer be used. Only the current losses which have arisen since the transfer date have been included in the determination of the income tax positions. On the other hand, the assessment for the loss carryforwards and the current losses of 11880 Internet Services AG is that they remain legally usable as a hidden reserve clause on the basis of section 8c of the German Corporate Income Tax Act.

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

The gross value of deferred tax assets on tax loss carryforwards (before loss allowance) amounted to EUR 10,210 thousand as of the reporting date (2019: EUR 9,084 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 note 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 2019 financial year, except for the changes explained below.

Standard		Changes	Application for 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
Conceptual Framework	Revised Conceptual Framework	The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the IASB in developing IFRS Standards. The Conceptual Framework also assists companies in developing accounting policies when no IFRS Standard or Interpretation applies to a particular transaction. The revised Conceptual Framework contains a new chapter on measurement, provides updated definitions and guidance, and clarifies a number of terms.	01.01.2020	No material effects
IFRS 3	Amendment: Definition of a Business	The amended definition of a business clarifies that a business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income or generating other income from ordinary activities. A business consists of the input of economic resources, the processes that contribute to the generation of outputs, and the result of the inputs, i.e., the output.	01.01.2020	No material effects
IAS 1, IAS 8	Amendment: Definition of Materiality	The concept of materiality has been redefined as follows: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." These amendments provide a more uniform and precise definition of what makes information in the financial statements material.	01.01.2020	No material effects
IFRS 9, IAS 39, IFRS 7	Interest rate benchmark reform	The amendments to IFRS 9 and IAS 39 provide for a number of practical expedients that are applicable to all hedging relationships affected by modifications that are directly required by the interest rate benchmark reform. Such hedging relationships can be identified by uncertainty about the timing and/or amount of interest rate benchmark-based cash flows of the hedged item or hedging instrument arising from the reform.	01.01.2020	The 11 88 0 Group does not currently implement any hedge accounting.
IFRS 16	COVID-19-Related Rent Concessions	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. As a practical expedient, a lessee may elect not to assess whether a COVID-19-related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any qualifying change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change under IFRS 16 if the change were not a lease modification.	01.06.2020	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 2020. 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.

Standard		Changes	Mandatory application for annual periods beginning on or after	Anticipated effects on the presentation of the 11 88 0 Group's net assets, financial position and results of operations
IFRS 17	Accounting for insurance contracts	IFRS 17 governs the accounting treatment of insurance contracts and replaces IFRS 4.	01.01.2023	The 11 88 0 Group does not act as an insurer.
IAS 1	Classification of Liabilities as Current or Non-current	Clarification of classifying liabilities as current or non-current	01.01.2023	No material effects
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 9, IAS 39, IFRS 7, IFRS 4, IFRS 16	Interest Rate Benchmark Reform (Phase 2)	Amendments to Phase 2 of the IASB's IBOR project.	01.01.2021	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

6. Initial consolidation of acquired companies

Based on the takeover and contribution agreement of dated 26 August 2020, 11 88 0 Solutions AG 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 on September 21, 2020. From a strategic point of view, with the acquisition of the online agency FAIRRANK GmbH the 11 88 0 Solutions AG was able to create an important basis for the future growth of the 11 88 0 Group.

The acquisitions were accounted for using the acquisition method in accordance with IFRS 3 and should still be considered provisional with regard to the identification of assets and their measurement. The presentation of the fair value of the assets and liabilities in the statement of financial position at the time of initial consolidation should also be considered provisional due to ongoing accounting-related integration activities. Initial consolidation was made effective 30 September 2020.

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

Acquired net assets	in kEUR
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 provisional difference resulting from the acquisition of the FAIRRANK GmbH subgroup has so far been defined as other goodwill and is shown in the consolidated financial statements of 11 88 0 Solutions AG as follows:

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

The not-tax-deductible goodwill is attributable above all to values that cannot be separated such as the 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 has been allocated to the Digital segment as part of the preliminary 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 transferred consideration and the net cash inflow comprises the following items:

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

Cash flow from investing activities	in kEUR
Assumed cash	870
Net inflow of cash	**870**

In addition to cash and cash equivalents, 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 with impairment losses of 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

1. Revenues

Consolidated revenues in the 2020 financial year amounted to EUR 50,802 thousand (2019: EUR 47,668 thousand).

In the financial year, revenue of EUR 4,167 thousand was recognised from contract liabilities existing as of 31 December 2019 (2019: EUR 4,353 thousand).

Revenues increased significantly by 7% compared to the previous year. The increase in revenues is attributable to the 11% growth in revenues in the digital business. Both FAIRRANK GmbH and Seitwert GmbH were allocated to the Digital segment, and their revenue share from the acquisition date in September 2020 was EUR 1.3 million. In contrast, revenues in the Directory Assistance segment fell by 4% 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 29,242 thousand (2019: EUR 27,289 thousand) primarily consisted of capacity and infrastructure costs of the Digital and Directory Assistance segments, for example personnel and IT infrastructure costs.

The increase in the cost of sales of around 7 % results, besides from the additional share of the cost of sales of the acquired companies FAIRRANK GmbH and Seitwert GmbH of EUR 1.1 million, mainly from increased costs in the context of the development and introduction of a new CRM system that cannot be capitalised.

In the past financial year, EUR 432 thousand (2019: EUR 153 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 166 thousand (2019: EUR 124 thousand).

3. Selling and distribution costs

The selling and distribution costs of EUR 16,071 thousand (2019: EUR 14,478 thousand) mainly included the costs of the Company's own staff in the digital business, amortisation of capitalised costs to obtain a contract, the costs of receivables management, including losses on receivables, as well as fixed costs for the locations used. Selling and distribution costs also contain expenses from additions to loss allowances on trade accounts receivable and income from the reversal of such loss allowances.

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

EUR 3,845 thousand in selling and distribution costs (2019: EUR 3,360 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 3,064 thousand (2019: EUR 2,055 thousand).

4. General administrative expenses

The general administrative expenses in the amount of EUR 8,139 thousand (2019: EUR 7,988 thousand) primarily included the costs of corporate services such as finance, legal, human resources, IT, as well as the management board and infrastructure costs of these units. Furthermore, this item includes consulting fees incurred for company-wide consulting projects. The share of general administrative expenses contributed by FAIRRANK GmbH and Seitwert GmbH, which were consolidated for the first time in the 2020 financial year, amounted to EUR 0.2 million.

5. Staff costs

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

in EUR thousand	2020	2019
Wages and salaries	19,034	17,770
Social security costs	3,574	3,501
Pension costs	11	3
Multi-year variable remuneration	168	426
Total	**22,786**	**21,700**

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.

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 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**

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 2019 to 31 December 2019:

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

7. Other operating income

Other operating income amounted to EUR 6 thousand (2019: EUR 0 thousand).

8. Other operating expenses

in EUR thousand	2020	2019
Loss on disposal of non-current assets	5	17
Other	12	6
Other operating expenses	**17**	**23**

9. Net financial income

9.1 Net interest income

in EUR thousand	2020	2019
Other interest and similar income	24	28
Interest and similar income	**24**	**28**
Interest expense from lease liabilities	-308	-335
Interest expense for bank overdrafts and guarantees	-3	-5
Other interest and similar expenses	-29	-29
Interest and similar expenses	**-340**	**-369**
Net interest income	**-316**	**-341**

Interest income results mainly from compounding of lease liabilities.

9.2 Net income from marketable securities

in EUR thousand	2020	2019
Gain on sale of marketable securities and from fair value measurement	28	94
Net income from marketable securities	**28**	**94**

The net income from the sale of securities results from the sale of shares and measurement investment fund units. Sales are recognised in the statement of financial position on the trade date.

9.3 Net income from foreign currency translation

in EUR thousand	2020	2019
Gains on foreign currency translation	0	0
Loss on foreign currency translation	-1	0
Net income from foreign currency translation	**-1**	**0***

The amounts are less than EUR 1 thousand

9.4 Net gains/losses on financial instruments by measurement category

in EUR thousand	31 December 2020	31 December 2019
Cash and cash equivalents	-2	-3
Loans and receivables	-1,988	-1,388
Financial assets measured at fair val	28	94
Total	**-1,962**	**-1,297**

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% (2019: 31.6%). There is a slight discrepancy in the trade tax rate for 11 88 0 Internet Services AG as well as FAIRRANK GmbH and Seitwert GmbH, which is due to different rates of assessment.

in EUR thousand	2020	2019
Current income taxes	0	0
Deferred income taxes	638	-821
Recognised income/expense from income taxes	**638**	**-821**

The following fiscal reconciliation shows why the tax expense recognised for the current year does not correspond to the expected tax income when earnings before taxes are multiplied with the Group tax rate of 31.6% applicable for the full 2020 financial year (2019: 31.6%):

in EUR thousand	2020	2019
Net loss before taxes	**-2,950**	**-2,358**
Applicable tax rate	**31.6 %**	**31.6 %**
Expected income from income taxes	**932**	**745**
Increase / reduction by:		
Change in loss allowance on deferred taxes	-231	-1,576
Income tax rate differences	-19	-26
Tax effects on expenses (permanently) non-deductible for tax purposes / tax-free income	-38	-29
Prior-period tax expense/income	0	67
Other	-5	-2
Recognised expense (-) / income (+) from income taxes	**638**	**-821**

Calculated as the ratio of income tax expense/income shown to the net loss for the period before taxes, the effective tax rate was 21.6% (2019: -34.8%).

The change in the effective tax rate mainly resulted from tax effects on loss carryforwards for which no deferred tax assets were recognised. The previous year saw the one-off recognition of high impairment losses on account of 11 88 0 Solutions AG's forfeiture of corporate income tax and trade tax losses in September 2019 (cf. chapter 3.6).

As of 31 December 2020, the current tax assets totalled EUR 4 thousand (2019: EUR 19 thousand) and mainly comprised receivables from the tax authorities related to withholding tax on investment and the solidarity surcharge on withholding tax on investment.

The 11 88 0 Solutions Group shows deferred tax assets after offsetting in the amount of EUR 0 thousand as of 31 December 2020, as in the previous year. The recognition of deferred tax liabilities after offsetting decreased from EUR 1,245 thousand (as of 31 December 2019) by EUR 597 thousand to EUR 648 thousand; see also note 11 to the consolidated statement of financial position.

11. Earnings per share

Financial year ended on 31 December, in EUR	**2020**	**2019**
Earnings per share based on the net income attributable to ordinary shareholders of the parent	-0.10	-0.16

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

Financial year ended on 31 December, in EUR thousand	**2020**	**2019**
Net income attributable to ordinary shareholders of the parent applicable for calculating earnings per share	-2,312	-3,178

Financial year ended on 31 December, in thousand units	**2020**	**2019**
Weighted average number of ordinary shares for calculating earnings per share	22,099	19,666

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	2020	2019
Bank balances and cash	2,921	4,089
Short-term deposits	1	1
Restricted cash	134	67
Total	**3,056**	**4,157**

As of the reporting date, bank balances and short-term deposits 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 3,056 thousand (2019: EUR 4,157 thousand) and thus corresponded to their carrying amount.

The 11880 Solutions Group had overdraft facilities of EUR 1,000 thousand (2019: EUR 1,000 thousand) with financial institutions at its disposal as of 31 December 2020. 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	31.12.2020	31.12.2019
Trade accounts receivable, gross	11,533	10,457
Less loss allowances	-1,919	-1,714
Trade accounts receivable, net	**9,614**	**8,743**

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

The following trade accounts receivable were impaired with an amount of EUR 1,919 thousand (2019: EUR 1,714 thousand) as of 31 December 2020. Changes in the allowance account were as follows:

In EUR thousand	2020	2019
Loss allowances on 1 January	**1,714**	1,659
Expected losses according to IFRS 9	153	27
Additions	1,673	1,440
Utilisation/Derecognition	-1,064	-1,006
Reversal	-557	-406
Loss allowances on 31 December	**1,919**	**1,714**

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

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

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

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 2020 was EUR 610 thousand (2019: EUR 582 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 610 thousand, which were measured at fair value through profit or loss as of 31 December 2020 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 2019	**1,698**
Addition	0
Disposal	-1,210
Measurement loss recognised in profit or loss	94
As of 31 December 2019	**582**
Addition	0
Disposal	0
Measurement gain recognised in profit or loss	28
As of 31 December 2020	**610**

The effect from the measurement of securities for the 2020 financial year amounts to EUR 28 thousand.

4. Other financial assets

As of 31 December 2020, current other financial assets mainly included receivables from non-recourse factoring.

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	31.12.2020	31.12.2019
Prepayments made	649	464
Other current assets	14	92
Other current assets	**663**	**556**

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

6. Goodwill

6.1 Cost

in EUR thousand	Goodwill
As of 31 December 2020	**10,092**
As of 31 December 2019	**6,791**

6.2 Accumulated impairment

in EUR thousand	Goodwill
As of 31 December 2020	**6,375**
As of 31 December 2019	**6,375**

6.3 Carrying amounts

in EUR thousand	Goodwill
As of 31 December 2020	**3,717**
As of 31 December 2019	**416**

The breakdown of goodwill respectively provisional goodwill by cash-generating unit as of 31 December is as follows:

in EUR thousand	31.12.2020	31.12.2019
FAIRRANK GmbH*	**3,301**	**n/a**
11 88 0 Internet Service AG	**416**	**416**

**provisional allocation as part of the purchase price allocation, which is still provisional*

6.4 Impairment test of goodwill

The carrying amount of FAIRRANK's goodwill was determined as part of the provisional purchase price allocation. For further information, please see section 6 "Initial consolidation of acquired companies". As of 31 December 2020, no impairment indicator was available for the provisionally allocated CGU within the scope of the purchase price allocation, which is still provisional. Accordingly, the provisional goodwill was not tested for impairment.

For the purpose of impairment testing, the carrying amount of goodwill acquired as part of the business combination in the amount of EUR 416 thousand was fully attributed to the directory assistance business of 11 88 0 Internet Services AG as a cash-generating unit in accordance with IAS 36.80.

As in the previous year, the impairment test found no indication of impairment in financial year 2020.

The recoverable amount of EUR 1,181 thousand of the cash-generating unit Directory Assistance Business at 11 88 0 Internet Services AG was determined for a period of five years based on the budget approved by the Supervisory Board. The first three years represent detailed planning, while the years 2024 and 2025 represent the extrapolation of trends. The longer time period was chosen to better reflect the decline in the directory assistance business within 11 88 0 Internet Services AG. The discount rate before tax used for the cash flow forecasts was based on average weighted capital costs (2020: 20.99%; 2019: 22.80%). Cash flows after the period of five years were recognised as the terminal value. A significantly lower EBIT margin by comparison with the detailed planning period and an annual degression rate for revenues of 20% have been assumed here. Accordingly, a growth discount of -20% was applied when calculating the terminal value.

6.4.1 Basic assumptions

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

Planned gross profit margins – Planned gross profit margins were determined based on the average gross profit margins realised in comparable markets and known to the cash-generating unit within 11880 Internet Services AG from past experience, and extrapolated in reflection of expected revenue and cost changes. For the detailed planning period, a gross margin which is comparable with the past few years is assumed. This has been reduced to the decreased margin level which is expected for the terminal value in the trend years 2024 and 2025. EBITDA of the cash-generating unit Directory Assistance Business of 11880 Internet Services AG decreases from EUR 0.40 million in 2021 to EUR 0.20 million in 2025 due to the downturn in business.

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

Regarding free cash flow before tax of the cash generating unit Directory Assistance Business the forecast assumes a decline to EUR 0.20 million by 2025.

6.4.2 Sensitivity of the assumptions made

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

- Discount factor: The discount factor was determined based on the average cost of capital of the 11880 Solutions Group and companies in its peer group as well as an additional lump-sum risk premium on the discount rate thus determined. Market-specific and social changes respectively may result in an adjustment of the discount factor. An after-tax discount rate increased by a further 2.0 percentage point reduces the fair value of the cash-generating unit Directory Assistance Business by EUR 0.08 million, ceteris paribus. In this case too, the fair value of the cash-generating unit Directory Assistance Business would exceed its carrying amount by EUR 0.52 million. Overall, the after-tax discount rate might be increased by more than 28 percentage points without this resulting in an indication of impairment, ceteris paribus.
- Changes of customer demand and of the market volume may have a significant effect on the future cash flows of the cash-generating unit. A revenue decrease of a further 15 percentage points compared with the annual revenue degeneration rate of approx. 20% which is in any case assumed by the Company's management for the trend years and for the terminal value reduces the fair value of the cash-generating unit Directory Assistance Business by EUR 0.21 million. As a result, in this case too the fair value of the cash-generating unit Directory Assistance Business would exceed its carrying amount by EUR 0.40 million. Accordingly, no indication of impairment would result.
- Changes in the margin achievable on a long-term basis might likewise have a negative impact on the recoverable amount for the cash-generating unit Directory Assistance Business. A ten percentage point reduction to 20% in the long-term EBITDA margin by comparison with the original value calculation reduces the fair value of the cash-generating unit Directory Assistance Business by EUR 0.10 million. In this case too, the fair value of the cash-generating-unit Directory Assistance Business would exceed its carrying amount by EUR 0.50 million, ceteris paribus, and no indication of impairment would be applicable.

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

7. Intangible assets

7.1 Cost

in EUR thousand	As of 1.1.2020	Additions	Addition in the context of business acquisitions	Disposals	Reclassifica-tions	As of 31.12.2020
Software	**14,726**	24	115	-21	0	**14,844**
Licenses	**13,337**	21	16	0	0	**13,374**
Internally generated database	**2,073**	0	0	0	0	**2,073**
Acquired customer bases	**30,301**	0	0	0	0	**30,301**
Acquired klickTel brand	**997**	0	0	0	0	**997**
Acquired customer contracts, FAIRRANK	**0**	0	359	0	0	**359**
Internally generated intangible assets	**9,273**	306	0	0	0	**9,579**
Customer contracts	**19,977**	3,845	0	0	0	**23,822**
Other intangible assets	**8**	0	0	0	0	**8**
Intangible assets being developed/ with prepayments	**46**	77	0	0	0	**123**
Total	**90,739**	**4,273**	**490**	**-21**	**0**	**95,481**

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

7.2 Accumulated amortisation and impairment

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**

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

7.3 Carrying amounts

in EUR thousand	Carrying amounts as of 31 December 2020	Carrying amounts as of 31 December 2019
Software	176	161
Licenses	114	137
Internally generated database	0	0
Acquired customer bases	0	0
Acquired klickTel brand	0	0
Acquired customer contracts, FAIRRANK	309	0
Internally generated intangible assets	562	1,105
Customer contracts	5,374	4,594
Other intangible assets	8	8
Intangible assets being developed/with prepayments	123	46
Total	**6,666**	**6,051**

The useful life of intangible assets was determined in as follows in the 2020 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 1.9 million (2019: EUR 2.0 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 1.1.2020	Additions	Addition in the context of business acquisitions	Disposals	Reclassifi-cations	Currency translation	As of 31.12.2020
Technical equipment	8,240	112	0	-155	0	0	8,197
Other equipment, fixtures, furniture and office equipment, and low-value assets	3,123	81	217	-876	0	0	2,545
Equipment being purchased/with prepayments	0	0	0	0	0	0	0
Total	11,363	**193**	**217**	**-1,031**	**0**	**0**	10,742

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

8.2 Accumulated depreciation and impairments

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

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

8.3 Carrying amounts

in EUR thousand	Carrying amounts as of 31.12.2020	Carrying amounts as of 31.12.2019
Technical equipment	480	555
Other equipment, fixtures, furniture and office equipment, and low-value assets	554	366
Total	**1,034**	**921**

The useful life of property and equipment was determined in as follows in the 2020 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 2020 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 Acquisition costs

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 FAIR-RANK GmbH, the company acquired in September 2020, was EUR 616 thousand. This resulted in additions of EUR 565 thousand for buildings and EUR 51 thousand for motor vehicles.

in EUR thousand	As of 1.1.2019 (after first-time adoption of IFRS 16)	Additions	Disposals	As of 31.12.2019
Buildings	6,087	263	0	6,350
Motor vehicles	258	100	0	358
Total	6,345	**363**	**0**	6,708

9.2 Accumulated depreciation and impairment

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

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

The depreciation of capitalised right-of-use assets is included in cost of revenues in the amount of EUR 282 thousand (previous year: EUR 270 thousand), in selling and distribution costs in the amount of EUR 490 thousand (previous year: EUR 441 thousand) and in general administrative expenses in the amount of EUR 423 thousand (previous year: EUR 413 thousand).

9.3 Carrying amounts

in EUR thousand	Carrying amounts as of 31.12.2020	Carrying amounts as of 31.12.2019
Buildings	5,109	5,356
Motor vehicles	251	227
Total	**5,360**	**5,583**

The useful life of capitalised right-of-use assets is as follows in the 2020 financial year:

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

Depreciation is calculated based on the straight-line method over the 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 483 thousand as of 31 December 2020 (2019: EUR 218 thousand) mainly include capitalised costs to fulfil a contract (capitalised customer websites) in the amount of EUR 479 thousand (2019: EUR 213 thousand). 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	31.12.2020	31.12.2019
Gross value of deferred tax assets:		
Tax loss carryforwards	10,210	9,084
Intangible assets	412	612
Other assets	31	24
Provisions	356	327
Additional paid in capital	67	22
Lease liabilities	1,959	2,007
Less impairment loss	-7,963	-7,817
Deferred tax assets before netting of which in other comprehensive income EUR 214 thousand (2019: EUR 152 thousand)	**5,072**	**4,259**
Netting	-5,072	-4,259
Deferred tax assets after netting	**0**	**0**
Less deferred tax liabilities:		
Intangible assets	-2,013	-1,847
Right-of-use assets	-1,696	-1,766
Other assets	-2,012	-1,892
Deferred tax liabilities before netting	**-5,721**	**-5,504**
of which in other comprehensive income EUR 31 thousand (2019: EUR 24 thousand)		
Netting	5,072	4,259
Deferred tax liabilities after netting	**-648**	**-1,245**

As of 31 December 2020, the Group companies' accumulated corporate income tax loss carryforwards amounted to EUR 32,318 thousand (2019: EUR 28,353 thousand). As of 31 December 2020, the Group companies' accumulated trade tax loss carryforwards amounted to EUR 31,463 thousand (2019: EUR 27,689 thousand).

Corporate income tax loss carryforwards that were not applied as a result of insufficient usability amounted to EUR 25,790 thousand (2019: EUR 24,977 thousand) as of the reporting date. Trade tax loss carryforwards that were not applied as a result of insufficient usability amounted to EUR 24,022 thousand (2019: EUR 23,246 thousand) as of 31 December 2020.

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	**2020**	**2019**
Deferred tax assets		
Current	2,841	1,645
Non-current	2,233	2,614
Deferred tax liabilities		
Current	-1,147	-992
Non-current	-4,574	-4,512

12. Trade accounts payable

The trade accounts payable shown as of the reporting date amounted to EUR 713 thousand (2019: EUR 1,262 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	**2020**	**2019**
Obligations to employees	2,597	2,101
Invoices outstanding	2,861	2,723
Total	**5,458**	**4,824**

Obligations to employees included in particular wage and salary payments incl. bonuses that are not due until the 2021 financial year.

14. Provisions

As of the 31 December 2020 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.

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

Financial year ended on 31 December, in EUR thousand	**2020**	**2019**
Contract risks	0	35
Other	839	651
Total	**839**	**686**
of which current	0	35
of which non-current	839	651

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

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

The significant risks included the facts and circumstances presented below.

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

Other non-current provisions consisted of liabilities for future tax audits in the amount of EUR 111 thousand and obligations from long-term variable remuneration for managers and Management Board members in the amount of EUR 637 thousand. For share-based payments to be made in the future, the provision for the years 2018 to 2020 as of the reporting date amounts to EUR 91 thousand (see also note 3 under other notes and disclosures).

Management anticipates an expected cash outflow of approximately EUR 24 thousand in 2021, approximately EUR 744 thousand in 2022 and approximately EUR 71 thousand in 2023. 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	31.12.2020	31.12.2019
Current lease liabilities	**1,541**	**1,426**
Buildings	1,395	1,292
Motor vehicles	146	134
Non-current lease liabilities	**4,653**	**4,920**
Buildings	4,543	4,821
Motor vehicles	110	99
Total	**6,194**	**6,346**

Of the non-current lease liabilities, EUR 1,015 thousand (previous year: EUR 1,982 thousand) have a term of more than 5 years.

16. Other current liabilities

Other current liabilities were comprised as follows:

in EUR thousand	31.12.2020	31.12.2019
Contract liabilities	5,398	4,167
VAT liabilities	542	501
Loan liabilities to banks	94	0
Other liabilities	511	472
Total	**6,545**	**5,140**

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. Revenues from contractual liabilities of EUR 4,167 thousand (previous year: EUR 4,353 thousand) were recognised in the financial year as of 31 December 2020. The increase in this item results mainly from the higher revenue with customers that have opted for immediate payment at the beginning of the service period.

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

17. Pension obligations

There are defined contribution plans for retirement benefit plans for employees of the 11 880 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 %	2020	2019
Actuarial interest rate	1.10	1.40
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	2020	2019
Current service cost	-	-
Interest expense	-24	-32
Interest income	17	28
Expenses for defined benefit post-employment benefits recognised in net income	**-7**	**-4**
Revaluations of defined benefit post-employment benefits recognised in other comprehensive income	**98**	**305**

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	2020	2019
Present value of the defined benefit obligations as of 1 January	**1,702**	**1,357**
Current service cost	-	-
Interest expense	24	32
Actuarial gains (-) or losses (+) from changes in financial assumptions	112	308
Actuarial gains (-) or losses (+) from changes in demographic assumptions	0	0
Actuarial gains (-) or losses (+) from experience adjustments	6	5
Present value of the defined benefit obligations as of 31 December	**1,844**	**1,702**

The share of the present value of the defined benefit obligations attributable to beneficiaries no longer with the Company totalled EUR 1,844 thousand (2019: EUR 1,702 thousand).

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

in EUR thousand	2020	2019
Fair value of plan assets as of 1 January	**1,225**	**1,189**
Interest income	17	28
Actuarial gains (+) or losses (-) from experience adjustments excluding the amounts shown in interest income	20	8
Contributions by the employer	-	-
Fair value of plan assets as of 31 December	**1,262**	**1,225**

The plan assets constituted pension liability insurance policies with benefit entitlements pledged to beneficiaries. The insurance company holds 35% of its investments in government bonds from industrialised countries, 19% in corporate bonds and 9% Pfandbriefe and other secured loans, 11% in construction financing and 6% in government bonds of emerging economies. The funds are invested in a variety of instruments to balance out fluctuations as much as possible and generate stable earnings.

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

Financial year ended on 31 December, in EUR thousand	2020	2019
Present value of the defined benefit obligation (DBO)	1,844	1,702
Fair value of plan assets	-1,262	-1,225
Liability recognised in the statement of financial position	**581**	**477**

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 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**

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

11880 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 11880 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 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%

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

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 2020 (previous year: up to 31 December 2019).

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 21 years.

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

17.2 Defined contribution plans

The Group provided nearly all employees post-employment benefits in the form of defined contribution plans. In this context, the 11 88 0 Solutions Group also offered its staff a contribution to an employer-financed pension plan. The amount of the contribution was oriented on the contributions paid by the employees themselves.

The contributions to the defined contribution plans recognised in profit or loss mentioned above including the current contribution payments totalled EUR 19 thousand (2019: EUR 17 thousand), EUR 3 thousand (2019: EUR 3 thousand) of which was attributable to contributions for previous Management Board members.

Contributions to the statutory pension scheme amounted to EUR 1,831 thousand in the financial year (2019: EUR 1,805 thousand).

18. Other non-current liabilities

Other non-current liabilities in the amount of EUR 656 thousand as of 31 December 2020 (2019: EUR 0 thousand) mainly include long-term loan liabilities to banks. The loan liabilities were assumed from FAIRRANK GmbH 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 11880 Solutions AG was divided into 24,915,200 (2019: 21,022,200) 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 2020, the number of shares outstanding amounted to 24,915,200 (2019: EUR 21,022,200).

On 26 August 2020, 11880 Solutions AG implemented a capital increase from authorised capital (Authorised Capital II) in return for contribution in kind and cash. 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. The issue price per share was EUR 1.25. The entry in the commercial register was made on September 21, 2020.

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

A resolution passed by the Annual General Meeting on 18 June 2020 authorised the Management Board to increase share capital by up to EUR 2,866,664 until 17 June 2025 (Authorised Capital 2020). Taking into account the authorised capital of up to EUR 3,751,436 that was resolved by the 2018 Annual General Meeting and is still outstanding until 31 December 2021 (Authorised Capital II), the Company has authorised capital totalling up to EUR 6,618,100 as of 31 December 2020. The Annual General Meeting on 18 June 2020 also decided 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.

19.2 Additional paid in capital

The additional paid in capital as of 31 December 2020 amounted to EUR 34,473 thousand (2019: EUR 33,598 thousand).

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

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 up to the reporting date in connection with the capital increase were deducted from additional paid in capital and not recognised through profit or loss.

19.3 Accumulated deficit

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

in EUR thousand	
Accumulated deficit as of 1 January 2019	**-43,749**
Net income (loss) for the 2019 financial year	-3,178
Accumulated deficit as of 31 December 2019	**-46,927**
Net income (loss) for the 2020 financial year	-2,312
Accumulated deficit as of 31 December 2020	**-49,240**

19.4 Other components of equity

As of the reporting date, the other components of equity totalled EUR -397 thousand (2019: EUR -330 thousand). The changes were as follows:

in EUR thousand	
Other components of equity as of 1 January 2019	**-123**
Actuarial losses from pensions and similar obligations in the amount of EUR -305 thousand plus deferred taxes totalling EUR 96 thousand	-208
Other components of equity as of 31 December 2019	**-330**
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**

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

Other notes and disclosures

1. Statement of cash flows

The acquisition of FAIRRANK GmbH 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. For further information, please see section 6 "Initial consolidation of acquired companies".

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

2. Operating segments

The Management Board of 11880 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 11880 Solutions Group has divided its activities into two operating segments: Digital und Directory Assistance.

In the Digital segment, the 11880 Solutions Group generates revenues with small and medium-sized companies. In Germany, the Group provides online marketing services. The core services of the acquired subsidiary FAIRRANK GmbH, Cologne, in the 2020 financial year include search engine optimisation (SEO), online advertising and usability optimization. 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 relatively new 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 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**

Financial year ended on 31 December 2019 in EUR thousand	**Digital**	**Directory Assistance**	**Group**
Revenues			
Revenues from transactions with external customers	34,627	13,041	**47,668**
Of which over periods of time	33,195	57	**33,252**
Of which relating to points in time	1,432	12,984	**14,416**
Total revenues	**34,627**	**13,041**	**47,668**
Cost of revenues	-16,913	-10,376	**-27,289**
Selling and distribution costs	-13,896	-582	**-14,478**
General administrative expenses, other operating income & expenses	-5,730	-2,281	**-8,011**
Operating result	**-1,913**	**-197**	**-2,110**
Depreciation and amortisation	4,254	613	**4,867**
EBITDA	2,340	416	**2,756**
Interest income	20	8	**28**
Interest expense	-296	-73	**-369**
Other finance income	69	30	**99**
Other finance costs	-3	-2	**-5**
Gains/losses on foreign currency translation	0	0	**0**
Earnings before income taxes	-2,122	-235	**-2,357**
Assets and liabilities			
Segment assets			**27,343**
Segment liabilities			**19,980**
Other segment information			
Capital expenditure for fixed assets	4,334	73	**4,407**
Depreciation of property and equipment	203	80	**283**
Amortisation of intangible assets	3,312	148	**3,460**
Depreciation of capitalised right-of-use assets	740	384	**1,124**

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.

The payout value of the phantom stocks will be determined after the expiration of a vesting period of two years following the conversion into phantom stocks. The amount paid out is determined based on the arithmetic mean of the closing price of shares of 11 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 2020 financial year, a personnel expense in the amount of EUR 34 thousand (2019: 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 AG share on the measurement date.

The fair value of the (45,983) phantom stocks granted in 2018 and 2019 was estimated as of the 31 December 2020 reporting date based on the reporting date closing rate, taking into account the cap, and amounted to EUR 57 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 2020 Obligations under			As of 31 December 2019 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	1,077	1,117	646	938	784	634
between 1 and 5 years	1,402	57	1,369	784	50	1,339
More than 5 years	201	0	376	399	0	681
Total	**2,680**	**1,174**	**2,391**	**2,121**	**834**	**2,654**

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 78 thousand for 2021 (previous year: EUR 84 thousand). The Group expects leases of low-value assets to result in payments with an overall volume of approx. EUR 219 thousand (previous year: EUR 300 thousand), of which around EUR 99 thousand (previous year: EUR 98 thousand) is expected for 2021. The remaining amount of EUR 120 thousand (previous year: EUR 202 thousand) is expected to result in a cash flow comprising roughly equal amounts in the years 2022 to 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 likely after a thorough examination by the Group's legal adviser. Therefore, no contingent liability was recognized.

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.

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

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

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	2020	2019
Audits of financial statements	193	120
Incidental costs of audits of financial statements	4	6
Other certification services	15	0
Other services	54	72
Total	**266**	**198**

The other certification services include expenses for the audit of the contribution in kind. Other services include expenses for the preparation of the fairness opinion in accordance with IDW S 8, which was prepared in connection with the intended contribution in kind by united vertical media GmbH of all shares in FAIRRANK GmbH to 11 88 0 Solutions AG. The other services from the previous year comprised expenses for the preparation of the fairness opinion in accordance with IDW S 8, which was prepared in connection with the voluntary public takeover offer of united vertical media GmbH to all shareholders of 11 88 0 Solutions AG.

8. Financial risks

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

The Group's financial liabilities mainly comprised trade accounts payable, other current and non-current liabilities (liabilities to banks) and the available overdraft facilities, which were not utilised during the 2020 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 2 years overdue. In addition, it may in certain cases assume that a financial asset will default if internal or external information indicates that it is unlikely that the Group will receive all outstanding contractual amounts in full before all credit collateral held by it is taken into account. A financial asset is written off if there is no justified expectation that the contractual cash flows will be realised.

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

The 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.

If, in the case of individual circumstances and risk indications (e.g. conspicuous deterioration in payment behaviour or filing for insolvency), creditworthiness is determined to be impaired, individual loss allowances are recognised. If it can no longer be assumed that a trade account receivable will be settled in full or in part (e.g. in case of an affidavit or statute of limitations, unsuccessful collection proceedings or termination of insolvency proceedings), the financial instrument is derecognised. If the reasons for an individual loss allowance no longer apply, any reversals of the loss allowance are recognised in profit or loss.

As of 31 December 2020, the credit risk position of trade receivables was as follows:

in thousand EUR	Gross carrying amount in EUR thousand	Expected default rate for the remaining term of the receivables	Impairment in EUR thousand
Not due	6,773	1.6 %	108
1–90 days past due	1,803	7.4 %	134
91–180 days past due	610	38.2 %	233
> 180 days past due	1,387	34.9 %	484
Default	960	100.0%	960
Total	**11,533**		**1,919**

As of 31 December 2019, the credit risk position of trade receivables was as follows:

in thousand EUR	Gross carrying amount in EUR thousand	Expected default rate for the remaining term of the receivables	Impairment in EUR thousand
Not due	6,355	1.6 %	104
1–90 days past due	1,442	6.4 %	92
91–180 days past due	511	33.0 %	169
> 180 days past due	1,130	29.3 %	330
Default	1,019	100.0%	1,019
Total	**10,457**		**1,714**

In its directory assistance business, the Group enters into transactions with carriers with excellent creditworthiness and/or with customers that have distinguished themselves in the past through low defaults on receivables based on the diverse portfolio. By drawing on our many years of experience, the Company is competent in forecasting this level of bad debt.

Customers in the digital business comprise in particular small and medium-sized enterprises. This business entails a considerably higher 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 the second year.

The default of the debt collection service for the directory assistance business could bring about a temporary loss of data that results in a loss of the pending receivable. The Group would be forced to select a new service provider and integrate it into the dunning processes; this start-up would require a certain amount of time. As in the previous year, the likelihood of default of the collection company is estimated at 5% and, were this to occur, such a default would affect earnings by EUR 0.03 million (2019: EUR 0.03 million).

All major customers are subjected to a review of their creditworthiness, and the receivables portfolios are monitored on an ongoing basis. In addition, the Group was again able to successfully expand the in-house collection call team in the 2020 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 non-current liabilities (liabilities to banks). These amounted to EUR 1,369 thousand as of 31 December 2020 (2019: EUR 1,262 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 in the amount of EUR 47 thousand from September 30, 2021. 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 2020:

Cash outflow in EUR thousand > 1-5 years	Cash outflow in EUR thousand > 5 years
4,083	1,032

The expected cash outflow of the next 12 months can be derived from the current lease liabilities, plus EUR 94 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 (2019: 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 2020, the equity ratio (equity as a percentage of total assets) was 31.10 % (2019: 27.10%). The increase was mainly due to the cash and non-cash capital increase implemented effective 21 September 2020.

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

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 2020 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 2020 financial year in the amount of EUR 15 thousand (previous year: EUR 8 thousand), which accordingly was recognised as a current liability.

10.2 Remuneration of individuals in key management positions

The management comprises members of the Management Board and of the Supervisory Board of 11 88 0 Solutions AG. Notes on the remuneration system for management as well as detailed information regarding the remuneration for each individual member of management can be found in the Group management report in section 11 "Remuneration system".

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

in EUR thousand	2020	2019
Salaries and other current benefits	542	542
Multi-year variable remuneration (deferrals)	34	34
Defined contribution benefit plans	0	0
Total	**576**	**576**

Salaries and other current benefits included fixed remuneration and short-term variable remuneration as well as non-cash compensation and fringe benefits.

During the 2020 financial year, remuneration totalling EUR 24 thousand was paid out to former members of the Management Board (2019: EUR 0 thousand).

A total of EUR 1,844 thousand was recognised as of 31 December 2020 (2019: EUR 1,702 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 141 thousand in the 2020 financial year (2019: EUR 125 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. Michael Amtmann	vice Chairman of the Supervisory Board since 12 June 2019, Managing Director of united vertical media GmbH, Nuremberg	none
Mr. Helmar Hipp	Member of the Supervisory Board Since 12 June 2018, Member of the Management Board (Marketing, Sales and Product Development) of Zwilling J.A. Henckels AG, Solingen	Member of the Advisory Board of Fahrrad XXL GmbH & Co. KG (unlisted, advisory board not a statutory body)
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 • ARHARH Resort Holding AG, Zurich, Switzerland - Member of the Board of Directors • Travel Charme Hotels & Resorts Holding 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	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 and Corporate Communications, Technology and the Directory Assistance/Call Centre Third-party Business	none

12. Report on post-balance sheet date events

No reportable events of particular significance occurred between the end of the financial year up until the time of preparation of these consolidated financial statements.

13. German Corporate Governance Code

The German Corporate Governance Code was adopted by the “Government Commission German Corporate Governance Code” on 26 February 2002 and has been revised several times in the meantime. The current version is dated 16 December 2019. The Code presents essential statutory regulations for the management and supervision of German listed companies and contains internationally and nationally recognised standards for good and responsible governance.

The joint declaration of compliance by the Management Board and Supervisory Board of 11 88 0 Solutions AG in accordance with section 161 AktG relating to the German Corporate Governance Code was made in December 2020 (as per 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, 23 March 2021

The Management Board

Christian Maar

Independent auditor's report

„The following copy of the auditor's report also includes an "Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes" ("Separate report on ESEF conformity"). The subject matter (ESEF documents to be audited) to which the separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette".

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 December 31, 2020, 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 January 1 to December 31, 2020, 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 January 1 to December 31, 2020. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to § [Article] 289f HGB [Handelsgesetzbuch: German Commercial Code] and § 315d HGB.

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 § 315e Abs. 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2020, and of its financial performance for the financial year from January 1 to December 31, 2020, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the statement on corporate governance referred to above.

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 January 1 to December 31, 2020. 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 50.8 million is recognized in the consolidated income statement. The key streams of revenue presented in the consolidated financial statements stem from services the Company offers to give small and medium-sized enterprises an online presence and to provide access to data in digital telephone book and yellow pages, directory assistance services, and call center and secretarial services. This significant item in terms of its amount is subject to a particular risk of an accounting misstatement due to the complexity of the systems required for accurately recognizing and deferring various streams of revenue. In addition, IFRS 15 "Revenue from Contracts with Customers" requires the executive directors to make estimates and judgments in certain areas and contains extensive disclosure requirements. Against this background, the recognition of various streams of revenue was of particular significance in the context of our audit.

(2) In the knowledge that the complexity and the need to make estimates and assumptions give rise to an increased risk of accounting misstatements, as part of our audit we initially assessed the processes and controls put in place by the Group, including the IT systems used for the purposes of revenue recognition.

Our audit approach included testing of the controls and verification procedures. This included an assessment of the IT system environment for invoicing and measurement, other relevant systems supporting the accounting treatment of revenue, and the invoicing and measurement systems up to entries in the general ledger. We then reviewed customer invoices and receipts of payment on a test basis and obtained balance confirmations for business customers. Based on a review of customer contracts, we verified the identification of performance obligations and assessed whether these services are performed over time or at a point in time. We assessed the appropriateness of the procedures used and the estimates and judgments made by the executive directors with respect to the recognition and deferment of revenue, and assessed whether the disclosures in the notes to the financial statements were complete and appropriate.

We were able to satisfy ourselves that the systems, processes and controls in place are appropriate and that the estimates and assumptions made by the executive directors are sufficiently documented and substantiated to ensure that revenue is properly accounted for.

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

Other Information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to § 289f HGB and § 315d HGB.

The other information comprises further the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report, and the separate non-financial group report pursuant to § 315b Abs. 3 HGB.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

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

Responsibilities of the 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.

Based on 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 for 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

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

Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with § 317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file 11880_Solutions_AG_KA+KLB_ESEF-2020-12-31.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 engagement only extends 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 this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2020 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above.

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the group management report contained in the above mentioned attached electronic file in accordance with § 317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: 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 reproduction 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 executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited group management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

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

Group Auditor's Responsibilities for the Assurance Engagement 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 engagement. 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 conclusion.

- Obtain an understanding of internal control relevant to the assurance engagement 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 conclusion 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 applicable as at the balance sheet date on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable a XHTML reproduction 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) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on June 18, 2020. We were engaged by the supervisory board on November 23, 2020. We have been the group auditor of 11880 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).

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Lutz Granderath.

Essen, 27 March 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Lutz Granderath	ppa. Thomas Brunke
German Public Auditor	German Public Auditor

Corporate Information

Headquarter
11 88 0 Solutions AG
Hohenzollernstraße 24
45128 Essen
Germany
Phone: +49 (0)201 8099-188
Fax: +49 (0)201 8099-999

Legal Form: Aktiengesellschaft
Register Office: Amtsgericht Essen HRB 114518

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

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

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

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

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

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

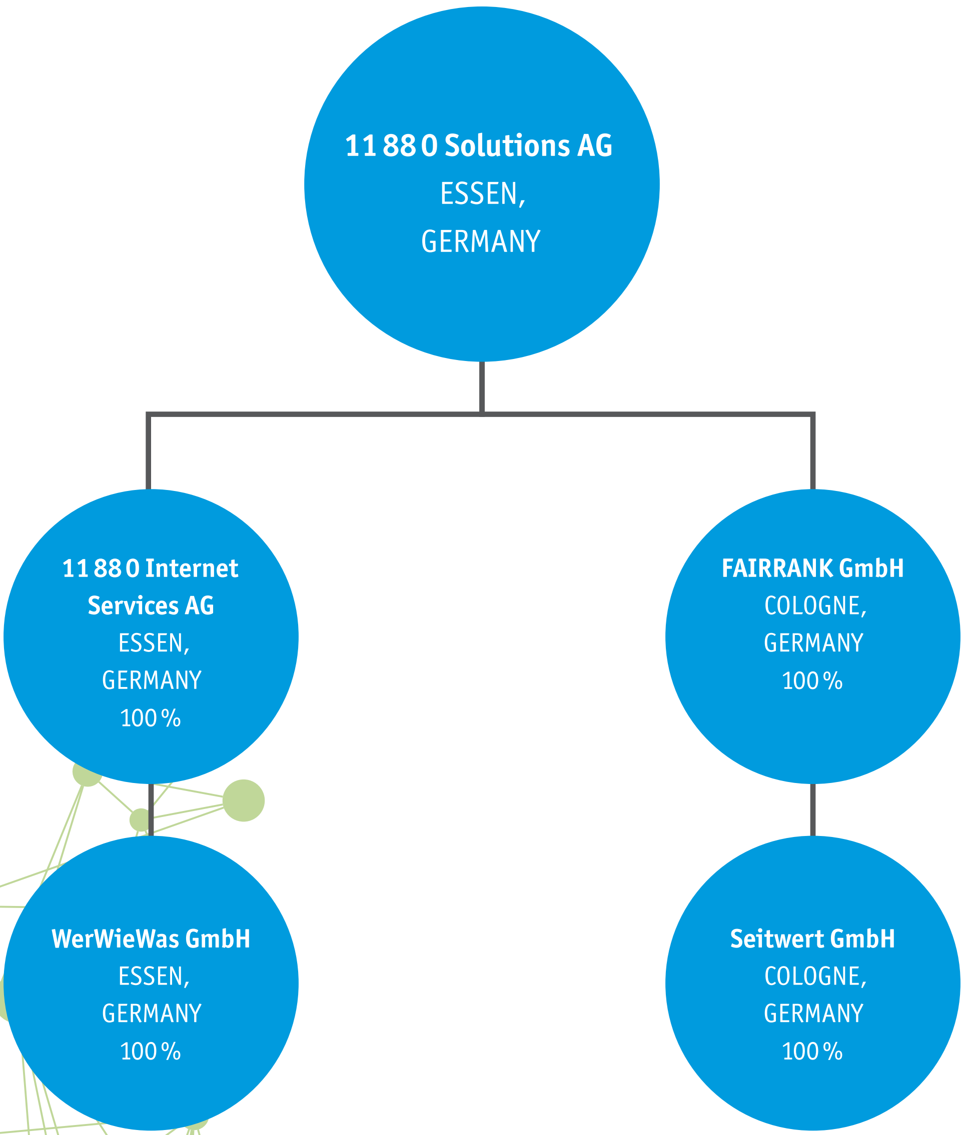
Phone: +49 (0)201 8099-188
Fax: +49 (0)201 8099-999
Mail: Investor.Relations@11880.com

Auditor
PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft, Essen

Forward-looking statements

This document contains forward-looking statements that reflect the management's current views with respect to future events. Such statements are subject to risks and uncertainties that are beyond the ability of 11 88 0 Solutions AG to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants and the actions of government regulators. If any of these or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. 11 88 0 Solutions AG does not intend or assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of these materials.

Corporate Structure
11 88 0 Solutions-Group



Financial Calendar 2021

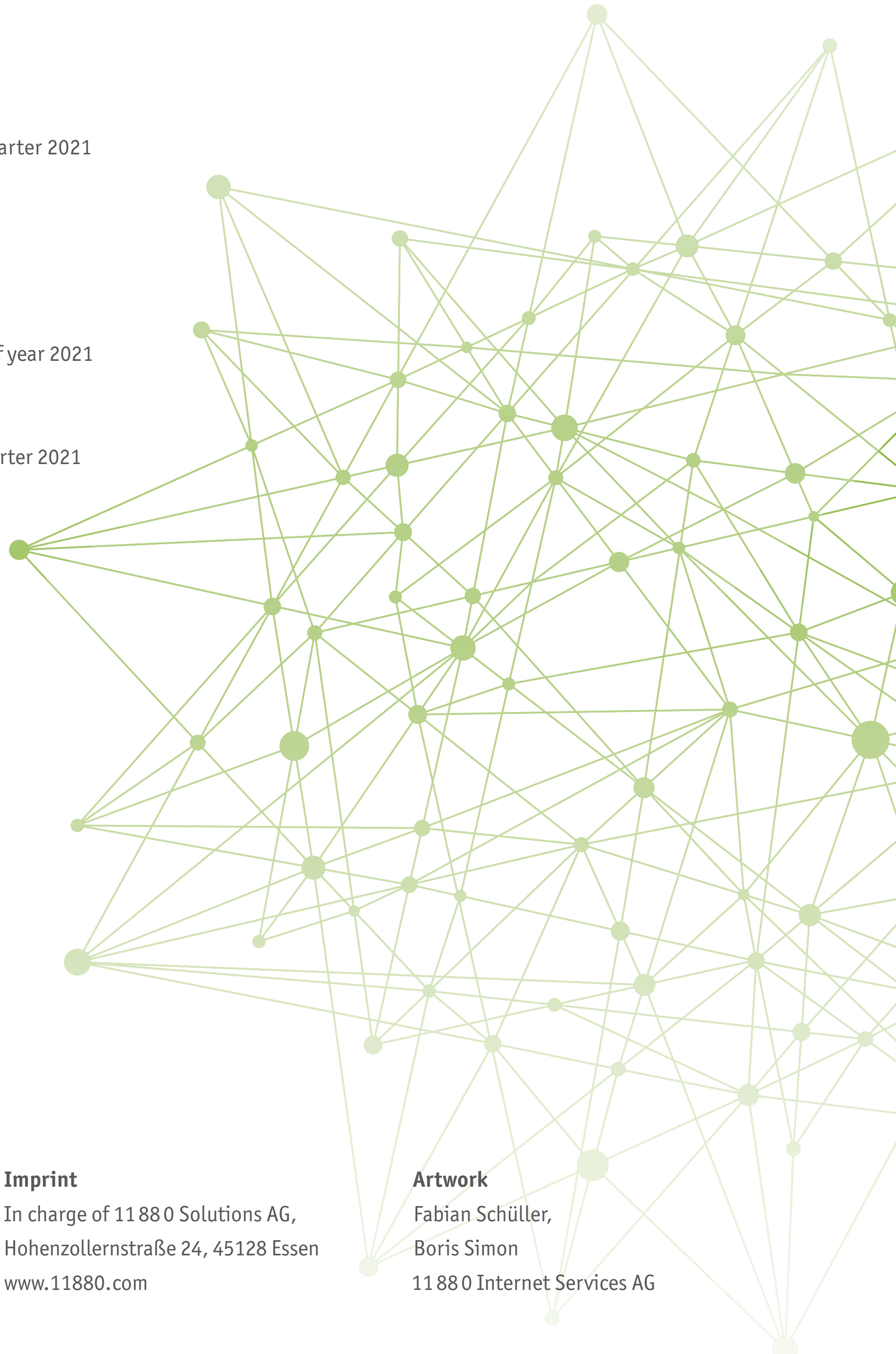
30 March 2021
Publication of the annual report 2020

11 May 2021
Publication of the interim report for the 1st quarter 2021

16 June 2021
Annual general meeting 2021

10 August 2021
Publication of the financial report of the 1st half year 2021

9 November 2021
Publication of the interim report for the 3rd quarter 2021



Imprint

Contact
Investor Relations
Telefon: +49 (0)201 8099-188,
E-Mail: investor.relations@11880.com

Imprint
In charge of 11 88 0 Solutions AG,
Hohenzollernstraße 24, 45128 Essen
www.11880.com

Artwork
Fabian Schüller,
Boris Simon
11 88 0 Internet Services AG

11 88 0 Solutions AG · Hohenzollernstraße 24 · 45128 Essen

www.11880.com