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ANNUAL REPORT 2023

Financial Key Figures

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

in EUR million	12M 2023	12M 2022	Variance absolute	Variance in percent
Revenues and earnings 11 88 0 Solutions Group				
Revenues	57.1	56.0	1.0	1.9 %
EBITDA[1]	2.6	2.4	0.3	10.9 %
Net income (loss)	-4.3	-3.5	-0.8	-23.0 %
Details segments				
Revenues Digital	44.8	43.7	1.1	2.6 %
EBITDA[1] Digital	2.6	2.3	0.3	13.7 %
Revenues Directory Assistance	12.3	12.4	-0.1	-0.8 %
EBITDA[1] Directory Assistance	0.0	0.1	-0.1	-77.0 %
Statement of financial position				
Total assets	20.9	26.4	-5.5	-21.0 %
Cash and cash equivalents[2]	1.5	1.5	0.0	2.1 %
Equity	3.4	6.6	-3.2	-47.8 %
Equity ratio	16.5 %	25.1 %		
Cash Flow				
Cash Flow from operating activities	1.7	-0.3	2.0	>100 %
Cash Flow from investment activities	0.1	0.2	-0.1	-47.6 %
Cash Flow from financing activities	-1.8	0.2	-2.0	>-100 %
Net Cash Flow[3]	0.0	0.1	-0.1	-70.4 %
Key figures for the 11 88 0 share				
Earnings per share (in EUR)	-0.17	-0.14	-0.03	-21.4 %
Share price (in EUR)[4]	0.72	1.09	-0.37	-33.9 %
Market capitalisation	18.9	27.2	-8.27	-30.5 %
Other KPIs				
Digital cancellation rate (in percent)	31.0	25.0	6.0	24.0 %
Revenue per call (in EUR)	4.86	4.68	0.18	3.8 %
Number of employees[5] group	514	545	-31	-5.7 %

1 Earnings before interest, tax, depreciation and amortisation
2 Portfolio of cash
3 Operating cash flow plus cash flow from investing activities plus cash flow from financing activities
4 Xetra-closing prices as of last trading day 29 December 2023
5 Headcounts as of 31 Deccember 2023 closing date (excluding the Managment Board, trainees, „mini-jobs“ 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.

About us

Combined Management Report of the 11 88 0 Solutions Group and the 11 88 0 Solutions AG

Consolidated Financial Statements

Letter of the Management Board

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

2023 was a groundbreaking year for our company, as we set a new course right from the start. The goal with which we started the 2023 financial year was very ambitious: We want to work significantly more profitably in the future to better meet the current omnipresent economic challenges and increase and accelerate the growth of our company. To this end, we have streamlined processes and introduced new, efficient structures.

From the first day of 2023, we have focused on higher profitability and have not allowed ourselves to be deterred by negative conditions such as a significant increase in the number of corporate insolvencies compared to the previous year. With great success, as we were already able to show a trend reversal after the first three months. Our efficiency measures showed an initial positive development, which we were able to further manifest in the following quarters. We were already able to report a positive operative cash flow in early summer 2023.

We have analyzed all products from our broad portfolio in detail and reviewed their efficiency. Based on these analyses, we have introduced new internal structures to simplify processes and tailor products even better to the needs of our customers. We have started to use artificial intelligence to provide better support in both our new customer processes and customer retention. In particular in the acquisition of new customers, self-developed AI solutions now help us to counteract the increased number of payment defaults and significantly improve the quality of our customer structure.

In the segment of Digital business, we have therefore logically merged product and sales areas to respond to customer requirements in a more targeted and faster manner in future. Both existing and new customer processes were optimized once again. Several 11880.com specialist portals were relaunched, and we were also able to increase awareness and sales at werkenntdenBESTEN.de, our major search engine for online reviews, by introducing an industry award.

In the middle of 2023, we made great progress from a strategic perspective: We have wanted to establish ourselves as an important player in the fast-growing pay-per-lead market for years, but we were lacking the resources to realise this step on our own. At the end of August, the opportunity arose to acquire the Cologne-based pay-per-lead provider Ormigo GmbH as part of a non-cash capital increase. Ormigo has been one of the leading providers in this market for almost 20 years and has around 300 long-standing manufacturer partners from relevant product areas such as photocopiers, coffee machines, water dispensers, software, security systems, telecommunications and office suppliers. With the acquisition of Ormigo GmbH, we can now develop the pay-per-lead business area more quickly and thus accelerate the company-wide growth of our company.

In autumn 2023, after a one-year development period, we launched cleverB2B, our own B2B-platform. On the new platform, companies can search for products, manufacturers and service providers in Germany and have a professional purchasing offer prepared by almost 300,000 suppliers. Suppliers, in turn, can respond directly to enquiries and secure orders without further sales efforts. The market offers huge potential, as more than half a million professional purchaser search online every month for suitable products and services for their company.

Our Addressable TV (ATV) service, which enables companies with a monthly budget of just 250 euro to reach their target customer group very efficiently via television, has been extremely well received since its launch one year ago. At the end of 2023, we already had around 200 happy customers.

In our legacy Directory Assistance business, we again had to accept a market-related decline in call volume of around 25 per cent in 2023, as has been the case for many years. In the past financial year, however, we were still able to largely compensate for the decline in Directory Assistance sales with our third-party call centre business. Here, too, we are continuously improving our service quality by using AI, which our customers greatly appreciate: In the past financial year, some of our long-standing customers once again increased their order volume, and we were also able to acquire new corporate customers.

The 2023 financial year was a very busy and intense year for our company, but also a successful one. We managed to implement the strategic shift without losing sight of our long-term goal: With a diverse but highly targeted product portfolio, we want to become the number 1 in the market when it comes to efficient online marketing for small and medium-sized companies in Germany. In 2024, we will continue to pursue our defined efficiency strategy. We want to become even faster and more flexible and continue to operate profitably.

Thank you for travelling this path with us and continuing to place your trust in us.

Sincerely,

Christian Maar

Christian Maar
Chief Executive Officer

Essen, 23 April 2024

Report of the Supervisory Board

for the financial year from 1 January 2023 to 31 December 2023

11 88 0 Solutions AG's 2023 financial year was characterized by the persistently challenging general national and international economic situation. However, thanks to the strategic shift initiated at the beginning of 2023, the Company held up well in the crisis despite the difficult circumstances: the focus was on increasing efficiency, profitability, and economic sustainability in customer relationships. The product portfolio was optimized, and a new portal was added with cleverB2B. In the Digital Business, customer growth was also deliberately avoided in favour of the overall efficiency program. The acquisition of Ormigo GmbH in the third quarter to strengthen the pay-per-lead business area and the cash capital increase in the fourth quarter were further key milestones in the management of the Company in 2023.

In the 2023 financial year, the Supervisory Board of 11 88 0 Solutions AG supported the management of the Executive Board's business in fulfilment of its statutory advisory and supervisory function and was on hand to always advise it.

Supervisory Board activities in the 2023 financial year

The Supervisory Board of 11 88 0 Solutions AG performed the duties incumbent upon it in accordance with the law and the Articles of Association in the 2023 financial year. The management of 11 88 0 Solutions AG by the Management Board member Christian Maar was fully monitored by the Supervisory Board. To this end, the Supervisory Board was informed continuously and in detail about general business developments, key financial figures, global political issues, and the associated potential risks. The Supervisory Board also advised the Executive Board on sustainability issues and was regularly informed about the environmental and social impact of the Company's business activities. The corporate strategy and associated decisions were regularly discussed jointly by the Supervisory Board and the Executive Board. The Supervisory Board also met regularly without the Executive Board.

In the 2023 financial year, the Supervisory Board's monitoring of management related to increasing the Company's efficiency and profitability, which were previously defined as the Company's core objectives for 2023, as well as to the effects of the regulatory influence exerted by the Federal Network Agency. In the Directory Assistance segment, the market-related decline in call volume was largely offset by the cooperation with the Directory Assistance Company FRED 11811. In the third-party call centre business, the Company continued to position itself as a high-quality provider of call centre services by expanding existing customer relationships and acquiring new customers.

The Audit Committee reviewed the accounting and monitored the accounting process, the effectiveness of the internal control system, the risk management system and the Company's internal audit system as well as the audit of the financial statements in the 2023 financial year. This also included reviewing the sustainability report, which extends beyond the usual economic aspects to include environmental and social aspects. The committee also dealt intensively with the efficiency of the Company's internal compliance processes, pending legal disputes and the associated potential risks. The Audit Committee reported in full on these activities to the Supervisory Board.

Following a careful review of the independence and qualification of services and fees provided to date, the Supervisory Board commissioned PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Essen, to audit the annual financial statements and consolidated financial statements for 2023 and to audit the remuneration report.

Organisation of the Supervisory Board's work

A constant and reliable flow of information supports the Supervisory Board in the effective fulfilment of its duties. The full Supervisory Board receives regular reports from the Audit Committee, the Nomination Committee and the Personnel Committee. The Audit Committee monitors the accounting, the Company's internal control system and the audit of the financial statements. It also prepares the basis for discussions and Supervisory Board resolutions on current issues.

In 2016, the Supervisory Board of 11 88 0 Solutions AG had an approval process developed to monitor the independence of the auditor, which ensures the approval of permissible non-audit services by the auditor in accordance with EU Regulation 537/2014, which came into force on 17 June 2016.

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

In the 2023 financial year, the Supervisory Board of 11 88 0 Solutions AG comprised the following members: Dr Michael Wiesbrock (Chairman), Michael Amtmann (Deputy Chairman), Dr Silke Feige, Ralf Ruhrmann, Sandy Jurkschat and Leonard Kiedrowski.

Both, Dr Michael Wiesbrock and Ralf Ruhrmann have expertise in the areas of accounting and auditing and therefore fulfil the legal requirements.

The Audit Committee, chaired by Dr Michael Wiesbrock, also included Ralf Ruhrmann and Sandy Jurkschat.

Dr Michael Wiesbrock and Michael Amtmann were members of the Nomination Committee.

The Personnel Committee was made up of Dr Michael Wiesbrock and Michael Amtmann.

Meetings and attendance

The Supervisory Board held four ordinary meetings in the 2023 financial year, which took place on a quarterly basis. The Supervisory Board also held extraordinary meetings in the middle and end of August 2023: At the first extraordinary meeting, the Executive Board informed the Board about the business model of the target company Ormigo GmbH and the deal ratio of the takeover as part of the capital increase in return for a non-cash contribution. In addition, the auditor of the contribution in kind discussed in detail the preliminary results of the audit of the value of the contribution in kind at the time. At the second extraordinary meeting, the Supervisory Board approved the implementation of the capital increase against contributions in kind with the exclusion of subscription rights by utilising the Authorised Capital 2020 and the associated resolutions on the amendments to the Articles of Association due to the capital increase and on the conclusion of the takeover and contribution agreement.

The Supervisory Board member Michael Amtmann is also Managing Director of united vertical media GmbH (uvm). Against this background, Michael Amtmann abstained from voting in the Supervisory Board's resolution on the approval of the capital increase against contributions in kind by utilising the Authorised Capital 2020 and the associated resolutions on the amendments to the Articles of Association due to a potential conflict of interest. Michael Amtmann also did not participate in the resolution on the approval of the conclusion of the takeover and contribution agreement with Euro Serve Media GmbH, which is part of the Müller Medien family of companies and which in turn holds a 72.3 % stake in 11 88 0 Solutions AG via its holding Company uvm, in accordance with Section 111b (2) AktG. Michael Amtmann also abstained from voting on the resolution regarding the Supervisory Board's approval of the loan agreement between the Company and uvm and the addendum thereto.

All meetings, including extraordinary meetings and committee meetings, were held as hybrid events. This means that members were able to participate both in person and by telephone or video.

All members of the Supervisory Board attended all meetings of the Supervisory Board and the respective committees - insofar as they are members here. In addition, the Supervisory Board passed two resolutions by way of circulation, which were also attended by all members.

The Audit Committee met four times in the 2023 financial year with the participation of all members. The Nomination Committee, which consists of two members, did not meet in the past financial year due to a lack of necessity; the Personnel Committee met five times.

Corporate governance and remuneration of the Management Board

On 26 March 2024, the Supervisory Board unanimously approved the joint declaration of compliance by the Management Board and Supervisory Board of 11 88 0 Solutions AG in accordance with Section 161 of the German Stock Corporation Act (AktG). The Management Board and Supervisory Board of 11 88 0 Solutions AG declare that all recommendations of the German Corporate Governance Code of 28 April 2022 published in the Federal Gazette on 27 June 2022 have been and are being complied with, except for the deviations stated in the declaration of compliance, which are in the interests of the Company. The current declaration of compliance is permanently available to the public on the Company's website at https://ir.11880.com/corporate-governance/entsprechenserklaerung.

The remuneration system for the Management Board approved by the Annual General Meeting in 2022 and the remuneration system for the Supervisory Board are also available on the Company's website at https://ir.11880.com/verguetung-vorstand-und-aufsichtsrat. Together with the Management Board, the Supervisory Board has prepared a remuneration report for the 2023 financial year in accordance with Section 162 of the German Stock Corporation Act (AktG), which was audited by the Company's auditor and issued with an audit opinion in accordance with Section 162 (3) AktG. Following approval of the prepared and audited remuneration report of the Executive Board and Supervisory Board by the 2024 Annual General Meeting, this report will also be made available at the above Internet address.

Audit of the 2023 annual and consolidated financial statements

Based on the resolution of the Annual General Meeting on 13 June 2023, the Supervisory Board commissioned PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Essen, with the audit. The Company's annual financial statements, management report, IFRS consolidated financial statements and Group management report for the 2023 financial year were audited by PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Essen.

The annual financial statements of 11 88 0 Solutions AG, the management report and the Group management report were prepared in accordance with German legal requirements. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union (EU) and in accordance with the supplementary provisions of commercial law applicable under Section 315e (1) of the German Commercial Code (HGB). The annual financial statements, management report, consolidated financial statements and Group management report as of 31 December 2023 were each issued with an unqualified audit opinion. The financial statement documents and audit reports were made available to the members of the Audit Committee and all members of the Supervisory Board in good time. The annual financial statements and management report under commercial law, the IFRS consolidated financial statements and the Group management report as well as the auditor's reports were reviewed by the Audit Committee and the entire Supervisory Board and discussed in detail with the auditor in the Audit Committee. The Audit Committee continuously assured itself of the quality of the audit during the audit process and consulted with the auditor without the Management Board. The auditor took part in the final discussion of the Company's annual financial statements and consolidated financial statements at the Supervisory Board's balance sheet meeting on 25 April 2024, which was held in a combination of face-to-face and video conference. He explained the audit process to all those present, presented the key audit findings, answered questions and was available to provide additional information during the discussions. The Chairman of the Audit Committee also reported to the full Supervisory Board on the audit of the financial statements by the Audit Committee.

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

The Supervisory Board also approved the Company's annual financial statements for 2023 prepared by the Management Board, which are thus adopted. The Supervisory Board also examined the IFRS consolidated financial statements of 11 88 0 Solutions AG and the Group management report in detail; the audit also did not give rise to any objections. It noted and approved the auditor's findings. The Supervisory Board approved the consolidated financial statements for 2023 of 11 88 0 Solutions AG prepared by the Management Board.

Dependent Company report

PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Essen, audited the report on relationships with affiliated companies in the 2023 financial year ("Dependent Company Report") prepared by the Executive Board in accordance with Section 312 of the German Stock Corporation Act (AktG). The dependent Company report was issued with the following unqualified audit opinion in accordance with Section 313 (3) sentence 1 AktG

"Based on our audit and judgement in accordance with professional standards, we confirm that

1. the factual information in the report is correct,
2. the consideration paid by the Company for the legal transactions listed in the report was not inappropriately high."

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

Risk early warning system / control and risk management system

The Management Board of 11 88 0 Solutions AG has set up a monitoring system in accordance with Section 91 (2) of the German Stock Corporation Act to recognise potential risks for the Company and its subsidiaries at an early stage. The result of the auditor's audit has shown that the Management Board has fully complied with its duties in accordance with Section 91 (2) of the German Stock Corporation Act. The Supervisory Board agrees with the result of the audit by the auditor. In accordance with Section 91 (3) of the German Stock Corporation Act, the Management Board of a listed Company must also establish an internal control system and risk management system that is appropriate and effective in view of the scope of the Company's business activities and risk situation, as well as a compliance management system that is aligned with the Company's risk situation. The Management Board regularly monitors compliance with legal provisions and internal guidelines. The Supervisory Board was regularly informed by the Executive Board about the Company's key opportunities and risks and the functioning of the internal control system and the risk management system as part of the monthly Jours Fixes. Its effectiveness was also continuously monitored by the Supervisory Board and by the Audit Committee, especially during the quarterly committee meetings, and no objections were raised.

Separate non-financial report (corporate social responsibility)

11 88 0 Solutions AG is aware of its social responsibility and believes that the Company's activities have an impact on people and the environment. Social and environmental factors have an influence on the Company's success.

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

Closing declaration

We have noted with approval the findings of the auditors PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Essen, and, following consultation with the Audit Committee and our own examination of the annual financial statements, the management report, the consolidated financial statements, and the Group management report of 11 88 0 Solutions AG, we have no objections. We therefore concur with the result of the audit. We have approved the annual financial statements as of 31 December 2023 prepared by the Management Board, which are thus adopted. We also approved the IFRS consolidated financial statements as of 31 December 2023 prepared by the Management Board.

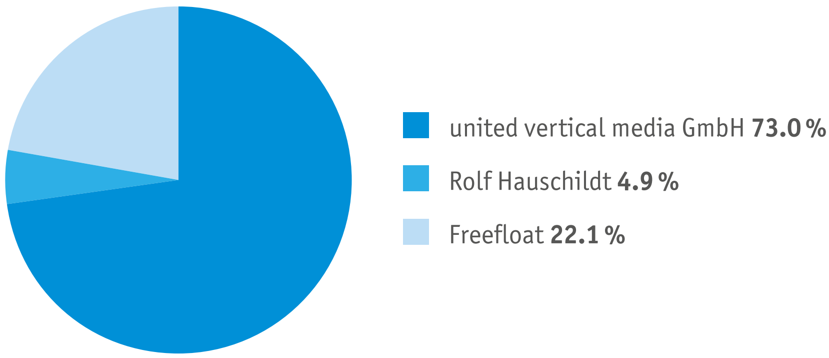
The entire Supervisory Board would like to thank the Management Board, Christian Maar, for his far-sighted leadership in what was undoubtedly a challenging financial year, as well as all employees of 11 88 0 Solutions AG. They are the backbone of this Company and without their unwavering belief in the Company's vision, we would not be anywhere near where we are today.

Essen, 25 April 2024

Dr Michael Wiesbrock
Chairman of the Supervisory Board

11 88 0 Solutions AG on the capital market

Shareholder structure on 31 December 2023



The stock market year 2023 showed more positive trends than 2022 despite the continuing tense geopolitical situation worldwide. However, smaller stocks and technology shares were still not the focus of investors. As a result, the 11 88 0 Solutions share also failed to attract much interest despite the company's positive performance: The value of the share fell by around 30 per cent in the 2023 financial year.

On 13 April 2023, the share recorded a high for the year of EUR 1.22; on 28 November 2023, the share closed at a low for the year of EUR 0.71.

Institutional investors, private shareholders and analysts continued to take an interest in the performance of 11 88 0 Solutions AG in the 2023 financial year. The company's existing major shareholders further increased their shares as part of a non-cash capital increase on 30 August and a cash capital increase on 10 October 2023. Due to the large majority stake held by the main shareholder united vertical media GmbH, many capital market participants are rather cautious about investing in the company.

The shareholding structure of 11 88 0 Solutions AG changed only insignificantly in the 2023 financial year compared to the previous year: As of 31 December 2023, united vertical media GmbH held 73 % of the shares, Rolf Hauschildt held 4.9 % and the free float was 22.1 %.

Investor relations activities

The Management Board and Head of Finance of 11 88 0 Solutions AG organized a conference for analysts and investors to coincide with the publication of the 2022 annual financial statements and all quarterly results in the 2023 financial year. Business development, key financial figures and the company's future strategy were presented at the conferences and then discussed in detail in a question-and-answer session.

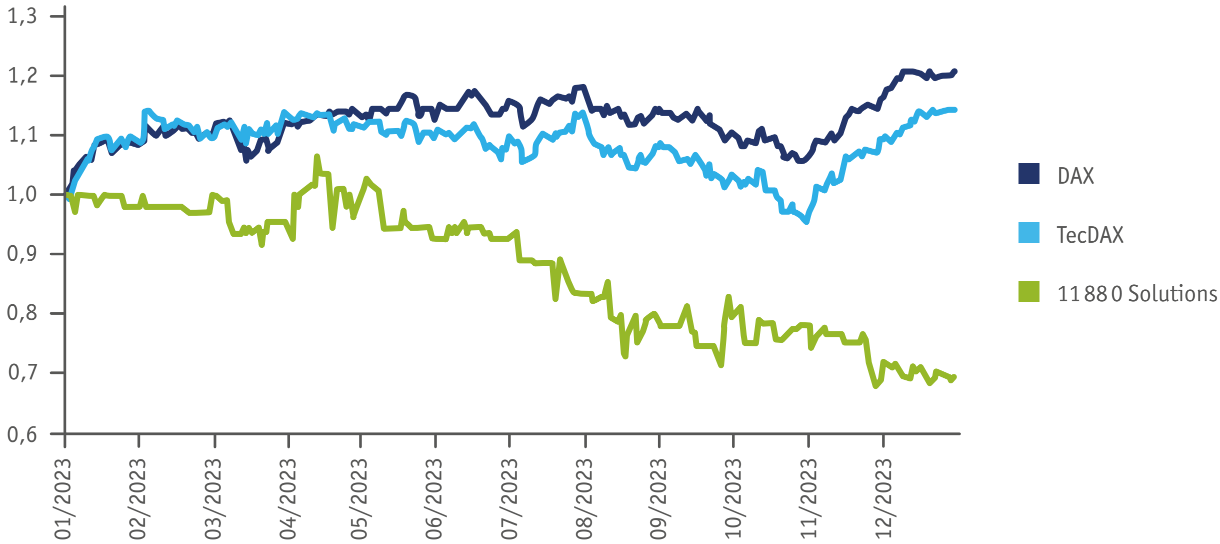
The Annual General Meeting was held virtually on 13 June 2023. All eight items on the meeting's agenda were adopted with an approval rating of 99.9 per cent.

The Executive Board and IR team always maintained close personal contact with investors and private shareholders in the 2023 financial year. The current business performance and future strategy were explained in individual and group discussions.

On 16 May 2023, CEO Christian Maar and Head of Finance Dr Michael Nerger presented 11 88 0 Solutions AG to capital market participants at the Equity Forum's spring conference.

11 88 0 Solutions share compared to the TecDAX and DAX

01.01.2023 – 31.12.2023



Key figures for the 11 88 0 share		2018	2019	2020	2021	2022	2023
Number of shares	STK.	19,111,091	21,022,200	24,915,200	24,915,200	24,915,200	26,232,200
Share in capital	EUR	19,111,091	21,022,200	24,915,200	24,915,200	24,915,200	26,232,200
Share price at year-end	EUR	1.00	1.56	1.56	1.57	1.09	0.72
Highest share price[1]	EUR	1.285	1.895	1.63	1.82	1.69	1.22
Lowest share price[1]	EUR	0.946	0.962	1.09	1.38	1.05	0.71
Market capitalisation at year-end	MIO. EUR	19.0	32.8	38.9	39.1	27.2	18.89
Earnings per share	EUR	-0.16	-0.16	-0.10	0.03	-0.14	-0.17

1 Xetra closing prices

Combined Management Report of the 11 88 0 Solutions Group and the 11 88 0 Solutions AG

Combined Management Report of the 11 88 0 Solutions Group and 11 88 0 Solutions AG, Essen, for the 2023 financial year

1. Introductory remarks

This management report combines the management reports of the 11 88 0 Solutions AG Group and 11 88 0 Solutions AG for the first time in the current financial year. In it, we report on the course of business, including business performance, as well as the position and expected development of the Group and 11 88 0 Solutions AG. Information pertaining to 11 88 0 Solutions AG is included under 6. Annual financial statements of 11 88 0 Solutions AG (HGB) with the corresponding disclosures. All other disclosures in the combined management report relate to the Group. The consolidated financial statements together with the group management report and the annual financial statements of parent company 11 88 0 Solutions AG are disclosed together in accordance with section 298 (2) sentence 2 and section 315 (5) of the German Commercial Code (HGB).

We report in accordance with German Accounting Standard 20 (GAS 20) “Group Management Report”.

2. Fundamental information about the Group

For the purpose of internal reporting and management control, the 11 88 0 Solutions Group divides its activities into two operating segments: Digital und Directory Assistance. The business activities of both segments are focused almost exclusively on the German market.

In addition to its holding function, 11 88 0 Solutions AG, as the parent company of the 11 88 0 Solutions Group, carries out its own operating business in the telephone directory assistance segment.

In the Digital segment the 11 88 0 Solutions Group offers online packages to give small and medium-sized enterprises (SMEs) an extensive and efficient online presence. In addition to an entry in the 11880.com classified directory and an appropriate 11 88 0 specialist portal, these packages include listing services in additional directory portals, Google Ads and Microsoft Advertising, and the production of websites. We are also offering packages for active review management via our search engine for online reviews werkenntdenBESTEN.de. Addressable TV (ATV) is also part of the product portfolio. ATV delivers tailored TV advertising targeted at customerspecific viewers. In the second half of 2023, the Company launched the cleverB2B B2B platform, where companies search for products, manufacturers and service providers in Germany and have suppliers prepare a professional quotation to purchase from them. Providers, in turn, can respond directly to inquiries and conveniently generate orders.

Via its subsidiary FAIRRANK GmbH, the Group offers the core services of search engine optimisation (SEO), online advertising, search engine advertising (SEA) and usability optimisation. Added in early September 2023, Ormigo GmbH bolsters the 11 88 0 Group’s pay-per-lead business.

For larger companies, the 11 88 0 Solutions Group also offers stand-alone or network solutions for access to the latest digital telephone book and yellow pages database.

In its second division, the Directory Assistance segment, the 11 88 0 Solutions Group offers directory assistance services. Consumers can call a service number to receive telephone numbers and addresses in Germany and worldwide via telephone, email or text in addition to other information on timetables and flight schedules, share prices, movie schedules, hotel reservations and much more. Callers can also be connected directly to the desired subscribers upon request. The conventional directory assistance business is in decline.

In the Directory Assistance segment, 11 88 0 Solutions Group employees also provide customer services as part of the continuously growing call centre third-party business. Their aim is to efficiently handle inquiries and problems and continuously improve service quality to meet increasing market requirements. A telephone secretarial service is also offered.

Basis of presentation

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

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

Financial key figures

Revenue:

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

Within the Digital segment, revenues for the media business are generated through business with new customers and existing customers. The basis for sustainable revenue growth is an efficient sales team in new customer business and a focus in customer retention management on customer loyalty especially by offering products optimised for customers. The software solutions business also offers digital telephone books and yellow pages on DVD and as an intranet solution, as well as database solutions. FAIRRANK GmbH primarily serves medium-sized customers with solutions mainly in the area of search engine optimization and search engine advertising. Ormigo GmbH offers services as part of the pay-per-lead business.

In the Directory Assistance segment, revenue in both the traditional business and the 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

The main key figure used by the Group to control profitability is EBITDA (earnings before interest, taxes, depreciation and amortisation). The 11 88 0 Solutions Group uses this key indicator to control the profitability of the Group.

Cash holdings

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

Cash holdings is the sum total of cash and restricted cash at Group level.

Non-financial key figures

The development of new and existing customers as well as the churn rate as key figures measuring customer loyalty and satisfaction in the Digital segment

A high level of customer loyalty and satisfaction is of particular importance for the development of the Digital segment. This basically involves making use of a support model to establish a long and sustainable relationship between paying customers and the Company. This secures future revenues and increases the profitability of the Digital segment.

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

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

Call volume and revenue per call in the Directory Assistance segment

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

Employee satisfaction

In 2023, workplace engagement and employee satisfaction were impacted by a multitude of factors stemming from the challenges and changes in previous years. Some of the key factors were:

Flexible working: The option to work flexibly, whether in terms of working hours or place of work (working from home), played a major role in our employees' satisfaction.

Technological equipment and support: The quality of the technological equipment and the availability of resources to support efficient workflows, particularly in the context of remote working, were key factors.

Opportunities for development: Opportunities for continuing professional and personal development, including training, upskilling and career opportunities, had a major impact on satisfaction.

These factors were not only crucial to maintaining employee satisfaction and engagement; they also served to attract and retain talent at a time when many sectors are experiencing a skills shortage.

Political and geopolitical crises are also having a significant impact on employees and workplaces, both directly and indirectly. The effects can be diverse.

The most important impacts on employees as a result of the crises mentioned are as follows:

Uncertainty and stress: Global tensions are leading to uncertainty, which can have a negative impact on employees' well-being and mental health. Fear of the future, worries about one's own safety and security or that of the family and potential job instability can increase stress.

Effects on working conditions: Crises can result in the need to adapt workflows in response to changing market conditions.

Diversity and inclusion: Geopolitical crises can also exacerbate social and ethnic tensions, which can lead to challenges around workplace diversity and inclusion.

The complex effects mentioned above require a crisis management strategy that helps the Company to take employees' satisfaction and security needs into account. The process of digitalisation accelerated by the COVID-19 pandemic has enabled hybrid workplace models to be created and continued and thus made work-life balance yet more important. Especially in times of global crises and unrest, we as an enterprise are aware of our duty to put our employees' security and well-being front and centre. We are proud that employees from over 20 nations work together at our company in peaceful, respectful coexistence.

In 2023, we considered our employees to be one of our more important resources and incorporated their needs, wishes and interests into our decisions and strategies. It is important to recognise our employees as the key to the Company's success, as only satisfied employees make a major contribution to the long-term success of the Group. We want to attract and retain talented individuals and help them to continue developing. To do this, we create a working environment that inspires creativity and loyalty. The Management Board believes that this environment is rooted in an open management culture that is based on mutual trust, respect and commitment. We are continuously investing in initial and continuous training for our employees, fostering their willingness to experiment and their readiness to learn and helping them to develop a personal growth mindset.

The 11 88 0 Solutions Group can rely on its dedicated staff. We believe that the staff's commitment is evident from their enthusiasm for their work, motivation and overall attachment to our Company. In 2023, we made the deliberate decision to forgo an employee survey, as all efforts were invested in the strategic pivot initiated and implemented in 2023 (for details see the section entitled "Course of business and forecast comparison"), the reorganisation within the Company and the post-merger integration of Ormigo GmbH. The most recent employee survey was conducted in the 2021 financial year. At all levels, there was intensive and transparent interaction, enabling the Group to gain a picture of employee opinion and sentiment at all times.

For more information on our goals relating to corporate governance, the environment, our employees, social matters, human rights and anti-corruption matters and what we have already achieved in these areas, please refer to our combined separate non-financial report drafted in accordance with Section 315b (3) of the German Commercial Code (HGB) and Section 289b (3) HGB. This report for the 2023 financial year will be published on our website in April 2024. The report can be accessed at https://ir.11880.com/corporate-governance/csr-bericht.

3. Macroeconomic and sector-specific environment

Macroeconomic environment

The information below is taken from the ifo Economic Forecast for Winter 2023, ifo Schnelldienst 2023, December Special Edition.

Global gross domestic product (GDP) rose by 2.7 % in financial year 2023, an increase on a par with the previous year (also 2.7 %).

In the third quarter of 2023, global economic output accelerated, as the pace of expansion picked up in both China and the USA. Although global industrial production rose in the third quarter compared with the previous three-month period, a sustained upturn was not yet in evidence. Global trade in goods, on the other hand, fell for the fourth quarter in succession, but has more recently stabilised. The structure of private household consumption has normalised in many countries following the end of the pandemic and services rather than goods are in increasing demand again, impacting negatively on global trade.

The crude oil price has stabilised at a medium level in recent weeks, whereas the natural gas price has risen since the summer. Key interest rates are likely to have peaked in the USA and the euro zone. In both economic areas, inflation has fallen sharply, while labour markets remain tight.

In the euro zone, however, consumer demand among private households has weakened in the face of a more unfavourable trend in real wages. In addition, the previous year's energy price shock is still depressing industrial activity, particularly in the industry-heavy regions of central Europe. Economic output remained more or less unchanged between the fourth quarter of 2022 and the third quarter of 2023. Nevertheless, labour markets in the euro zone also remain tight. The labour shortage resulting from demographic trends is increasing companies' search costs and reducing their chances of recruiting. The inflation rate quickly fell to 2.4 % in November 2023, only a little above the target set by the European Central Bank (ECB).

The global economy is likely to expand at only a moderate rate during the six months of winter. The weakness in industrial activity will persist over the coming months, especially as order books and business expectations in industry are still poor. In many places, the fall in inflation and its delayed reflection in pay will contribute to a strong increase in real incomes in the forecast period. Private households' consumer spending is becoming the central linchpin in the economic recovery.

Overall, the growth in global output is likely to fall from 2.7 % in the current year to 2.0 % in the coming year and 2.3 % in 2025.

In the euro zone, the pace of growth in economic output is likely to accelerate from 0.5 % in the 2023 reporting period to 1.0 % in the coming year and 1.5 % in 2025. Inflation should continue to fall in the forecast period until 2025, albeit at different speeds. In the euro zone, higher energy and food price increases in the course of the war in Ukraine had a stronger impact on consumer prices. Inflation in the euro zone is likely to slow from 5.5 % in financial year 2023 to 2.3 % in the coming year before dropping to 1.7 % in 2025.

The German economy has been treading water since the beginning of 2023. Although the inflation rate came down over the course of the year and the rise in wage incomes accelerated compared with the previous year, private consumption failed to recover, in part because some of the gain in purchasing power was saved. Overall, therefore, the economy cooled sharply from the start of the year onwards and the recovery originally expected in the second half of the year failed to materialise. Companies are increasingly complaining that demand for goods and services is too low.

Generally, the course is set for recovery in the forecast period of 2024 to 2025. Inflation continues to come down, wage incomes are rising at strong rates and employment is higher than ever before in the reunified Germany. Purchasing power therefore continues to rebound, and demand across the economy should rise again. Moreover, as inflation is falling, interest rates should have passed their peak.

Overall, real GDP will fall by 0.3 % in financial year 2023 and rise by 0.9 % in 2024. It will then grow by 1.3 % in 2025.

Sector-specific environment

The data given below is taken from the “OKV Prognose für digitale Werbung 2023” published by the German Association for the Digital Economy (Bundesverband Digitale Wirtschaft e.V. - BVDW) and dated 20 September 2023 (source: OVK-Prognose für digitale Werbung 2023 – Umsätze auf Wachstumskurs - Bundesverband Digitale Wirtschaft (BVDW) e. V.).

In 2023, the Online-Vermarkterkreis (OVK), the working group at the German Association for the Digital Economy (Bundesverband Digitale Wirtschaft e.V. - BVDW) that advocates for online display marketers, expects revenues from digital display advertising to rise to EUR 5.467 billion. This represents an increase of 5.6 percent, according to the Online-Vermarkterkreis (OVK) working group at the German Association for the Digital Economy (BVDW).

The current OVK forecast exceeds the spring forecast for growth of 4.6 percent. This positive change is attributable to the further stabilisation of economic conditions. “The market is seeing a strong need among companies for reliability, plus advertisers are attaching more importance to high-quality and safe inventory,” says Rasmus Giese (United Internet Media), Chair of the OVK. This is precisely where display advertising plays to its strengths: flexibility in booking, efficiency, transparent performance measurement and brand safety. “High-quality and safe inventory will continue to experience stronger demand from advertisers going forward, not least of all in order to protect themselves from inferior or fake content, which will spread through generative AI,” says Giese.

The strong demand for efficiency and flexibility in display advertising is borne out by the percentage of programmatic advertising. According to the OVK forecast, 72 percent of display advertising revenues will be booked through largely automated and data-based mechanisms in 2023. The percentage of private deals here appears to be increasing. These framework agreements between customer and marketer provide more safety and flexibility for placements booked programmatically.

Within online advertising, moving images and audio are recording strong growth. The OVK predicts a market volume of EUR 2.175 billion for video formats in 2023. This represents a 14 percent increase on the previous year and a 40 percent share of total spending. The online audio segment is also recording sharp growth. Advertising revenues of EUR 127 million will be generated here this year, an increase of 11 percent. Advertising in the podcast environment already makes up EUR 42 million.

4. Course of business and forecast comparison

Management’s overall assessment of the course of business

Financial year 2023 was heavily impacted by the indirect effects of international crises and Germany’s economic performance, which also resulted in more restrained spending among the 11 88 0 Solutions AG Group’s customers. A double-digit increase in insolvencies at German companies created an additional drag on the 11 88 0 Solutions AG Group’s business performance.

The Group initiated a strategy change from growth to efficiency and cost discipline at the start of financial year 2023. In this context, all products and processes were analysed for efficiency with a view to increasing profitability. Various measures were implemented based on the findings. The customer acquisition process, for example, incorporates artificial intelligence that identifies high-risk customers and is intended to reduce the risk of defaults on payments.

The successful products in financial year 2023 included the corporate website, which was brought to market in 2022 after being redesigned, and Addressable TV (ATV). ATV combines the advertising impact of television with digital targeting of the direct target group and can be implemented on a relatively small monthly budget. A year after its introduction, 11 88 0 Solutions AG already counted around 180 ATV customers at the end of 2023. In the second half of 2023, the Company launched the cleverB2B B2B platform.

Upon the transaction’s entry in the commercial register on 01 September 2023, 11 88 0 Solutions AG acquired pay-per-lead provider Ormigo GmbH through a non-cash capital increase. The Company had been intending to establish itself in this growing market for some time already. The acquisition enabled it to save the cost of entering the market by itself and can accelerate 11 88 0 Solutions AG’s long-term growth.

In October 2023, it was decided to carry out a cash capital increase from authorised capital against contributions in cash while issuing 317,000 new shares at an issue price of EUR 1.05 11 88 0 Solutions AG plans to use the cash inflow to more quickly establish itself in the pay-per-lead business and implement a profitability-driven corporate structure.

At the subsidiary FAIRRANK GmbH, the product portfolio was modified and, as in the entire Group, reviewed and adjusted primarily for efficiency in financial year 2023. By taking these steps, the online marketing agency, which mainly develops and implements SEO, SEA and social media campaigns for larger companies, has positioned itself well for the future.

In 11880 Solutions AG's second business segment, which comprises directory assistance and call centre services, call volumes at the 11880 directory assistance service continued to decline due to market-related factors. Revenues from call centre services were increased by acquiring new customers and growing the volume of orders from existing customers.

Forecast comparison for the 11880 Solutions Group (consolidated financial statements)

Consolidated revenues rose slightly year-on-year to EUR 57.1 million (previous year: EUR 56.0 million). The actual revenue volume generated in financial year 2023 thus is within the range of EUR 55.5 million to EUR 62.2 million projected at the start of the year, even without considering the revenue share contributed by Ormigo GmbH (EUR 0.5 million).

Consolidated EBITDA amounted to EUR 2.6 million, an increase of EUR 0.3 million compared to the previous year, thus reaching the range of EUR 2.5 million to EUR 4.0 million anticipated at the start of the year. Ormigo's share of EBITDA was EUR -0.02 million, which meant the forecast was met even when deducting this amount.

The consolidated EBITDA for the financial year results from the operating result of EUR -3.0 million (previous year: EUR -3.4 million) plus depreciation and amortisation reported within the cost of revenues totalling EUR 0.8 million (previous year: EUR 0.7 million), depreciation and amortisation within selling and distribution costs amounting to EUR 3.9 million (previous year: EUR 4.3 million) as well as depreciation and amortisation reported within general administrative expenses of EUR 0.6 million (previous year: EUR 0.7 million) and the impairment losses of EUR 0.2 million resulting from the impairment testing of goodwill that are shown under other operating expenses.

At EUR 1.5 million (previous year: EUR 1.5 million), cash and cash equivalents were within the forecast corridor of EUR 1.0 million to EUR 3.6 million published at the start of the year, even when taking into account the net cash inflows from the non-cash and cash capital increases realised but not included in the forecasts in 2023 (EUR 0.5 million) and cash inflows from the granting of shareholder loans assumed in the forecasts but not utilised due to sufficient liquidity (EUR 2.0 million).

In the Digital segment in 2023, the churn rate was 31%, whereas the Group had originally expected a churn rate in line with the previous year (25%).

It was originally envisaged that customer growth in 2023 would be moderate. Thanks to a range of measures aimed at achieving a sustained reduction in bad debt losses, the existing customer base was cleansed of a significant number of customers with a poor payment history in 2023. Moreover, in customer acquisition, additional measures were introduced in the pre-selection process, including implementing a prepayment process, reducing dunning levels and focusing on specific sectors. These initiatives led to a sustained reduction in the default rate and the stabilisation of incoming payments in 2023. As a result of these cleansing measures, the customer base declined overall in 2023.

The negative trend in call volume in the traditional business of Directory Assistance segment continued as expected. The Group expected call volume to decline by around 18% in 2023. The call volume actually declined by 25% in 2023. This means that the guidance was not met.

Revenue per call showed a small year-on-year increase of 4% in 2023. This was due to the extended billable talk time per call. This key figure was projected to show a slight increase compared with the previous year. The guidance was therefore met.

5. Financial situation

The following figures are inclusive of Ormigo GmbH, based in Cologne, which was included in the basis of consolidation as of 01 September 2023. Income and expenses were recognised from September through to December 2023. The acquired assets and liabilities of Ormigo GmbH were included in the consolidated financial statements with preliminary fair values as part of the initial consolidation and then adjusted. The prior-year comparative amounts therefore exclude the amounts for Ormigo GmbH.

Results of operations

Consolidated revenues in the 2023 financial year were EUR 57.1 million, compared to EUR 56.0 million in the previous year. The rise was mainly attributable to the Digital segment. The strategic pivot made in financial year 2023, from growth track to efficiency and cost discipline, led to lower revenue growth due to the focus on highly solvent customers and customer groups. Ormigo GmbH accounted for revenues of EUR 0.5 million. For more information on revenue, see the paragraph in the Segment report.

The corresponding cost of revenues in the 2023 financial year totalled EUR 33.6 million (previous year: EUR 32.9 million), an increase of around 2 % compared to the previous year. This increase was mainly due to higher provisions for variable salary components and the share of Ormigo GmbH in the amount of EUR 0.4 million.

Selling and distribution costs fell slightly by 1 % to EUR 12.9 million (previous year: EUR 13.1 million). This decline was mainly due to a reduction in amortisation of capitalised costs to obtain a contract in line with the lower volume of provisions for concluding customer contracts.

General administrative expenses decreased by EUR 0.8 million year-on-year to EUR 9.7 million (previous year: EUR 10.4 million) and primarily include the costs of corporate services such as finance, legal, human resources, technology, costs of the Management Board and infrastructure costs of these units. The decrease is due in particular to the cost reduction measures initiated, especially the reduction in consulting costs.

Impairments of receivables increased by EUR 0.5 million from EUR 3.0 million in the previous year to EUR 3.5 million in the year under review. Significant customer portfolios were systematically purged and removed from the accounts in financial year 2023.

One significant item within other operating income / expenses of EUR -0.3 million (previous year: EUR -0.03 million) was the impairment of goodwill in 11 88 0 Internet Services AG (AKL) totalling EUR -0.2 million.

Consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by EUR 0.3 million to EUR 2.6 million (previous year: EUR 2.4 million). This positive trend was triggered by significant savings in general administrative expenses and selling and distribution costs as well as a moderate increase in revenues, with cost of sales and impairment losses on receivables having an offsetting effect.

As in the previous year, net financial income ended 2023 with net expenses of EUR 0.3 million. Among other things, this item includes the interest expense for the shareholder loan utilised.

In 2023, there was an income tax result of EUR -1.0 million, primarily related to deferred tax assets (previous year: income of EUR 0.2 million).

The net income / loss for the period amounted to EUR -4.3 million compared to EUR -3.5 million in the previous year.

Segment report

Revenues in the Digital segment rose by EUR 1.1 million from EUR 43.7 million in the previous year to EUR 44.8 million. The customer base in the Digital business fell due to the change in strategy. Price adjustments had a positive offsetting impact on revenues. At EUR 2.6 million, EBITDA was up on the previous year's figure of EUR 2.3 million. Ormigo GmbH's share of revenues of EUR 0.5 million is entirely attributable to this operating segment.

In the past financial year, revenues in the Directory Assistance segment amounted to EUR 12.3 million, down slightly compared with the previous year (previous year: EUR 12.4 million). At EUR 0.0 million, EBITDA at the reporting date was slightly down on the previous year's figure of EUR 0.1 million.

Net assets and financial position

Capital expenditures

The total investments in intangible assets and property and equipment as of the reporting date excluding capitalised right-of-use assets in accordance with IFRS 16 and capitalised costs to obtain a contract were EUR 0.3 million (previous year: EUR 0.4 million). As in the previous year, there were also capital expenditures of EUR 0.2 million in internally generated intangible assets in order to make the product portfolio of the 11 88 0 Solutions Group in the Digital segment competitive.

Capitalised costs to obtain a contract (commission) amounted to EUR 2.6 million in the reporting period (previous year: EUR 3.3 million).

With the entry in the commercial register on September 1, 2023, 11 88 0 Solutions AG acquired the pay-per-lead provider Ormigo GmbH as an investment in the future as part of a non-cash capital increase.

Only insignificant investments were made in the Directory Assistance segment.

As in the previous year, the 11880 Solutions Group as of 31 December 2023 had no noteworthy open obligations from capital expenditures which will be incurred in financial year 2024.

Statement of financial position

As of the reporting date, total assets amounted to EUR 20.9 million, down by EUR -5.5 million compared to prior-year figure of EUR 26.4 million.

Assets

On the assets side of the statement of financial position, current assets decreased from EUR 10.7 million in the previous year to EUR 8.0 million. This was due primarily to the EUR 2.5 million decline in trade receivables from EUR 8.5 million in the previous year to EUR 6.0 million as of the reporting date as a result of the increased measures to cleanse the receivables ledger of existing balances in financial year 2023. Other current assets declined from EUR 0.6 million in the previous year to EUR 0.4 million in the current financial year due to a reduction in prepaid expenses.

As of the reporting date, liquid assets were exclusively kept with German financial institutions.

As of the reporting date, the Group had non-current assets worth EUR 12.9 million (previous year: EUR 15.7 million). The decrease of EUR 2.9 million resulted primarily from significantly reduced carrying amounts of capitalised right-of-use assets. Furthermore, the carrying amounts of capitalised costs to obtain a contract decreased compared with the previous year due to a decline in additions as part of the aforementioned derecognition of the receivables portfolio. Goodwill rose from EUR 3.7 million to EUR 4.1 million due to the addition of EUR 0.6 million from the initial consolidation of Ormigo GmbH and fell due to the impairment of EUR 0.2 million resulting from the impairment test on the goodwill of 11880 Internet Services AG (AKL).

Equity and liabilities

On the liabilities side, current liabilities decreased by EUR 1.3 million to EUR 12.2 million (previous year: EUR 13.5 million). The largest decrease was recorded in other current liabilities, which fell from EUR 6.5 million in the previous year to EUR 5.2 million in the financial year. The reduction is primarily due to lower contract liabilities in connection with the adjustment of old receivables.

Non-current liabilities of EUR 5.2 million decreased by EUR 1.1 million compared with the previous year (EUR 6.3 million). The year-on-year decrease is primarily the result of the scheduled reduction in non-current lease liabilities (IFRS 16).

Equity decreased by EUR 3.2 million year-on-year to EUR 3.5 million (previous year: EUR 6.6 million). The change is due mainly to the net loss for the period of EUR -4.3 million as well as to a EUR 0.2 million reduction in additional paid-in capital, firstly from the measurement of the shares from the acquisition of Ormigo GmbH at the date of initial consolidation pursuant to IFRS 13.34 and, secondly, in connection with the recognition through other comprehensive income of direct expenses for capital increases. Conversely, the share capital increased by EUR 1.3 million in the course of the non-cash capital increase and cash capital increase carried out in the financial year. In addition, the actuarial gains and losses presented in other components of equity showed a year-on-year change of EUR -0.01 million (previous year: positive change of EUR 0.3 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.

Cash flows from operating activities in the past financial year showed inflows of EUR 1.7 million (previous year: outflows of EUR -0.3 million). This was due to a significant reduction in trade receivables after deducting the effect of the decrease in contract liabilities and lower payments for contract initiation costs.

Cash inflows from investing activities at the 31 December 2023 reporting date amounted to EUR 0.1 million (previous year: cash inflows of EUR 0.2 million). This change is mainly attributable to the significant positive effect of the sale of financial assets measured at fair value in the previous year. At EUR 0,4 million, the most significant inflow in the current financial year is due to the transfer of cash and cash equivalents as part of the initial consolidation of Ormigo GmbH.

Cash flow from financing activities amounted to EUR -1.8 million as at the reporting date (previous year: cash inflow of EUR 0.2 million) and mainly relates to the repayment of lease liabilities and loans, which were partially offset by proceeds from the cash capital increase.

Net cash flows as of the reporting date were EUR 0.03 million (previous year: EUR 0.1 million).

The portfolio of cash and cash equivalents held by the 11 88 0 Solutions Group amounted to EUR 1.5 million (previous year: EUR 1.5 million) as at 31 December 2023. This figure includes restricted cash totalling EUR 0.1 million at the reporting date, unchanged from the previous year.

The Group had an unutilized overdraft facility of EUR 1.0 million (previous year: EUR 1.0 million) with a financial institution at its disposal as of 31 December 2023 as well as a credit line of EUR 2.0 million provided by the main shareholder of 11 88 0 Solutions AG, united vertical media GmbH (uvm), Nuremberg, which has not yet been utilized.

Summary assessment of the position of the Group by the Management Board

The Management Board of 11 88 0 Solutions AG considers 2023 to have been a very labour-intensive, yet successful financial year. The strategic pivot away from unconditional growth and towards a focus on profitability with the aim of better meeting the economic challenges was implemented at high speed. Processes were streamlined and new, efficient structures created. Measures were also taken to drive efficiency and will be further refined and pursued in 2024. The new focus takes the Company a step closer to its long-term goal of being a leading player with a targeted portfolio of products when it comes to providing efficient online marketing services for small and medium-sized enterprises in Germany.

6. Annual financial statements of 11 88 0 Solutions AG (HGB)

Basis of presentation

11 88 0 Solutions AG is the parent company of the 11 88 0 Solutions Group. As well as functioning as a holding company, 11 88 0 Solutions AG engages in its own business activities in the Directory Assistance segment, while its subsidiaries, most notably 11 88 0 Internet Services AG and FAIRRANK GmbH, as well as Ormigo GmbH after its addition to the Group in September 2023, predominantly operate in the Digital segment. The business activities of both divisions are focused almost exclusively on the German market.

Within the Directory Assistance division, 11 88 0 Solution AG offers the services already described for the 11 88 0 Solutions Group.

Financial key figures

Revenue

Consolidated revenue are one of the main key performance indicators. Revenue at 11 88 0 Solutions AG relate exclusively to the Directory Assistance business.

In the Directory Assistance business, 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.

Net profit / loss for the year

The main key figure used by 11 88 0 Solutions AG to control profitability net profit / loss for the year.

Non-financial key figures

Different key figures are used for non-financial performance: In the Directory Assistance business, the non-financial key figures "call volume" and "revenue per call" play a central role. Since the non-financial key figures are managed at Group level, we refer to the comments in the corresponding section on the 11 88 0 Solutions Group.

Employee satisfaction is also measured as a non-financial key performance indicator at the level of 11 88 0 Solutions AG.

Comparison with 2023 planning

Revenues developed in line with the prior-year figure at EUR 11.9 million and were generated solely in the Directory Assistance business. The planning for 2023 assumed that revenues would be slightly down on the previous year's level (previous year: EUR 11.9 million); the Company slightly exceeded this guidance.

A net loss for the financial year slightly higher than the previous year was forecast for 2023 (previous year: EUR -2.7 million). The

Company generated a net loss for the financial year of EUR -2.2 million, thus meeting the guidance.

At the 31 December 2023 reporting date, cash and balances with financial institutions at 11 88 0 Solutions AG totalled EUR 0.7 million (previous year: EUR 0.6 million).

11 88 0 Solutions AG has entered into framework agreements with all Group companies, one purpose of which is to balance liquidity among those companies to ensure that they have a and sufficient supply of liquidity from operating cash flows at all times.

Cash holdings and non-financial key figures are projected only at Group level; no forecasts were made at the individual company level.

For information about performance in the Directory Assistance business and the non-financial key figures of call volumes and revenue per call, please refer to the Group's disclosures in the section entitled "Course of business and forecast comparison".

Financial situation

Development of results of operations in 2023

Revenues, which are generated exclusively in Germany, were in line with the prior-year figure in 2023 at EUR 11.9 million. As in the previous year, no revenues were generated in the Digital segment. Sales in the third-party call center business increased significantly by EUR 1.0 million compared to the previous year. Sales in the traditional directory assistance business decreased to the same extent.

Other operating income amounted to EUR 1.8 million, showing a decrease of EUR 0.4 million compared to the previous year (previous year: EUR 2.2 million). There was a particularly marked decline in income from cost recharges within the Group.

The cost of materials fell by EUR 0.3 million from EUR 6.0 million in the previous year to EUR 5.6 million. This decline is attributable to savings in licensing and line costs.

The rise in personnel expenses from EUR 5.4 million to EUR 5.6 million is due to higher basic salaries as well as increased additions to personnel provisions.

Other operating expenses decreased significantly by EUR 0.9 million to EUR 5.2 million in the year under review (previous year: EUR 6.0 million). The main causes of this decline were significant savings in fees and consulting costs as well as advertising costs.

Net financial income was positive in the financial year under review at EUR 0.5 million, a slight reduction compared to the previous year (EUR 0.7 million), mainly due to the decline in income from loans of financial assets.

As in the previous year, no expenses for taxes on income were incurred in 2023.

The net loss for the financial year of EUR 2.2 million was lower than the previous year (previous year: net loss for the financial year of EUR 2.7 million), primarily due to the savings on fees and consulting costs.

Capital expenditures

As in the previous year, no significant investments were made in property and equipment or intangible assets during the financial year under review.

Statement of financial position

The total assets of 11 88 0 Solutions AG decreased from EUR 39.5 million to EUR 39.0 million as of 31 December 2023.

Non-current assets increased by EUR 0.5 million year-on-year, rising from EUR 35.0 million to EUR 35.5 million. Shares in affiliated companies increased by EUR 1.1 million due to the shares in the newly acquired Ormigo GmbH, including incidental acquisition costs. Loans to affiliated companies decreased by EUR 0.5 million to EUR 10.8 million (previous year: EUR 11.3 million). This reduction was due to the decrease in loans to 11 88 0 Internet Services AG in the amount of EUR 3.0 million and an offsetting increase in loans due to the reclassification of loan receivables from FAIRRANK GmbH in the amount of EUR 2.5 million.

Current assets of EUR 3.4 million fell by EUR 1.0 million compared to the prior-year figure of EUR 4.4 million, primarily as a result of the reclassification of current receivables from affiliated companies as non-current borrowings in the amount of EUR 1.4 million.

Trade accounts receivable amounted to EUR 1.7 million, declining slightly by EUR 0.1 million compared to the previous year (previous year: EUR 1.8 million). Receivables from affiliated companies totalled EUR 1.0 million as of the reporting date, falling, due to above mentioned reclassification, by EUR 0.9 million compared to the previous year.

Cash and balances with financial institutions amounted to EUR 0.7 million (previous year: EUR 0.6 million).

Equity decreased by EUR 0.8 million to EUR 35.1 million (previous year: EUR 35.9 million). As of the 31 December 2023 reporting date, 11880 Solutions AG reported an accumulated deficit of EUR 30.5 million (previous year: accumulated deficit of EUR 28.3 million). This year-on-year change primarily resulted from the net loss for the financial year of EUR 2.2 million offset by the effects of the capital increase against contribution in kind and the cash capital increase carried out in the 2023 financial year. The equity ratio was 90.1 % as of 31 December 2023 (31 December 2022: 90.9 %).

Provisions of EUR 2.5 million decreased by EUR 0.2 million compared with the previous year. The key components of this figure are provisions for personnel and provisions for outstanding invoices.

Liabilities increased by EUR 0.4 million compared to the previous year (EUR 0.9 million to 1,4 million). Trade accounts payable amounted to EUR 0.1 million as of the 31 December 2023 reporting date (previous year: EUR 0.1 million). Liabilities to affiliated companies of EUR 0.5 million (previous year: EUR 0.1 million) increased by EUR 0.4 million primarily as a result of the continued use of intra-Group services. Other liabilities remained unchanged from the previous year at EUR 0.8 million.

11880 Solutions AG has no liabilities in foreign currencies or liabilities to banks.

Cash flow and financing

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

11880 Solutions AG was able to use equity to cover any financial requirements that arose during the course of the year.

When investing its liquidity, 11880 Solutions AG pursues as conservative an investment approach as possible in order to minimise the risk of losses.

As of the 31 December 2023 reporting date, 11880 Solutions AG had liquidity (cash and balances with financial institutions) of EUR 0.7 million (previous year: EUR 0.6 million). The Company has a guarantee credit line of EUR 0.3 million (previous year: EUR 0.3 million).

As of the reporting date, the Company's contingent liabilities were unchanged from the previous year and primarily consisted of guarantees totalling EUR 1,200 thousand.

Summary assessment of the position of 11880 Solutions AG by the Management Board

The Management Board of 11880 Solutions AG's assessment of the 2023 financial year for 11880 Solutions AG is the same as that at Group level outlined above. The Company shares the same focus on the Directory Assistance business in particular, with a focus on stabilising and continuing to expand the call centre third-party business.

Risk management

For information about opportunity and risk management, please refer to section 6. Opportunity and risk management As opportunities and risks are recorded, managed and assessed at Group level for 11880 Solutions AG, 11880 Solutions AG's risks, particularly those relating to the Directory Assistance business, are also outlined and assessed there.

The following opportunities and risks assessed for the Group also essentially affect 11880 Solutions AG as a separate entity:

- Market development, risks and opportunities in the Directory Assistance segment
- Financial and liquidity risks
- Technology risks

Guidance

On the revenue side, the Company expects revenues at or slightly below the previous year's figure for the 2024 financial year (2023: EUR 11.9 million).

The reason for the moderate expected decline in revenues is the ongoing sharp deterioration in revenues in the traditional directory assistance business, which cannot be fully offset by continued intact growth in the call centre third-party business in any of the forecast scenarios.

As a result, a net loss for the financial year at or slightly below the prior-year figure is anticipated for the 2024 financial year (2023: EUR -2.2 million).

7. Research and development

As a service provider, the 11 88 0 Solutions Group does not carry out basic research in the original sense, and therefore no research costs were incurred. However, the Company did recognise development costs for internal software generation that serve to generate revenue in the Digital and Directory Assistance segments. In 2023, the 11 88 0 Solutions Group also had its own development resources at its headquarters in Essen. The basic range of services in this area included mainly the programming of applications and the enhancement of the specialist portals. The total amount recognised for internally generated intangible assets in relation to the service ranges described above was EUR 0.2 million in the past financial year (previous year: EUR 0.2 million). Amortisation of capitalised development costs in the reporting period amounted to EUR 0.2 million (previous year: EUR 0.3 million).

8. Employees

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

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

Comprehensive digitalisation and the increasing use of artificial intelligence (AI) have fundamentally reshaped our lives and thus also the way we work. We are seeing new forms of collaboration and virtual networking, innovative business models and a greater degree of automation of activities. It is critical that managers and employees have the necessary skills to use digital technologies to do their jobs effectively and efficiently. Ultimately, they provide the foundation for our success – both now and in the future. It is therefore a core task for us to equip our managers and employees with digital skills while at the same time ensuring that we are attractive as employers for talented people. We need to create working environments and use technology that enable us to connect with each other. Participative leadership has solidified in 2023, which means that it will be necessary to analyse and interpret information and developments on this even more quickly in the future in order to make informed decisions. Overall, digital transformation and the use of artificial intelligence offer significant advantages as this technology is transforming industries, boosting efficiency, driving innovation, improving quality and fundamentally opening up new possibilities that were previously unattainable. We want to leverage these great opportunities as best as possible.

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

As of 31 December 2023 the 11 88 0 Solutions Group including Ormigo GmbH with its 12 employees had 514 employees Group-wide as defined by Section 267 of the HGB (headcount; excluding the Management Board, trainees, interns and dormant employment contracts), 31 less than a year ago (previous year: 545). The decline is mainly attributable to operations.

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

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

9. Opportunity and risk management

The 11 88 0 Solutions AG Group is also responsible for the risks and opportunities of all subsidiaries and second-tier subsidiaries. The cumulative risks and opportunities of all companies are therefore summarized below and presented as the 11 88 0 Solutions Group.

General information

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

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

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

Opportunities are events or developments triggered by internal or external factors that could have a positive impact on expected financial developments and the achievement of the Company's strategic goals. Opportunities are not recorded and assessed to a comparable extent as risks.

The 11 88 0 Solutions Group's risk management system contains the entirety of all organisational regulations and measures for identifying and dealing with opportunities and risks associated with the Company's business activities. The 11 88 0 Solutions Group's risk management system is used for the early recognition, assessment and control of internal and external risks and opportunities. As an inherent part of the risk management system, the risk early warning system is designed to identify material risks, particularly going-concern risks, in a timely manner in order to introduce appropriate countermeasures. Risks with a net weighted amount of damage of less than €25 thousand are not included in the risk assessment.

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

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

Risk management system of the 11 88 0 Solutions Group

Performance Management	Compliance Management	Internal control system	Risk management system
Controlling / operational areas	Compliance committee / operational areas	Accounting / IT / operational areas	Controlling / operational areas
• Ongoing reporting on key KPIs • Budget • Forecast • Variance analyses • Investment controlling • Performance management • Special analyses	• Policies / Regulations • Risk prevention • Process optimisation • Fraud prevention • Data protection • Sanctions	• Accounting-related ICS • Document management system • Dual-control principle • Process documentation • Plausibility analyses • IT systems • Audit specifications • Policy competencies • Sustainability	• Risk identification • Risk assessment • Risk control • Risk monitoring • Risk avoidance • Risk management process • Risk report

The 11880 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 11880 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 11880 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 policies 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 11880 Solutions Group). The Compliance Committee meets several times a year, and holds extraordinary meetings to address specific and / or time-critical questions and issues as required.

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

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

Internal control system

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

There is no legal definition of the internal control and risk management system with respect to the accounting process and the consolidated accounting process. The 11 88 0 Solutions Group understands the internal control and risk management system to be a comprehensive system and bases it on the definitions provided by the Institut der Wirtschaftsprüfer in Deutschland e. V. (Institute of Public Auditors in Germany, IDA), Düsseldorf, for the internal control system relevant to the financial reporting system (ISA [DE] 315 revised subsection 18 et seq. in conjunction with A90) and for the risk management system (IDW PS 340, subsection 4).

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

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

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

With respect to the **accounting process**, the Group has implemented the following structures and processes:

Full responsibility for the 11 88 0 Solutions Group's ICS lies with the Management Board of 11 88 0 Solutions AG. All of the Group's strategic business areas are integrated via a specifically defined management and reporting organisation. Meetings are held once every two weeks with the department and division heads to discuss all relevant key performance indicators of the operating business.

The departments and divisions involved in the accounting process are appropriately equipped, both in terms of quantity and quality. Accounting data that has been received or passed on is regularly reviewed for completeness and correctness. In April 2023, the new electronic document management system (DocuWare) was introduced, supported by programmed plausibility checks, among other things.

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

The dual-control principle is also applied for important transactions, such as orders as well as invoice control, order and contract creation, and the approval of payment runs, for example. Confirmations of review and payment instructions must be signed and dated electronically in the DocuWare systems since April 2023.

Invoices received are also submitted to the relevant departments in line with the dual-control principle to ensure that these are factually and arithmetically correct. This principle states that no single person alone may be responsible for all process steps. Instead, sufficiently qualified individuals must be involved in the process in order to recognise and remedy possible deviations and control weaknesses. Specifically, this process means that the party placing the order must provide a signature to confirm that the goods were received or the service was rendered according to the order specifications.

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

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

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

The aim of the internal control and risk management system for the accounting process, the main features of which are described above, is to ensure that business facts are consistently recorded, processed and recognised correctly in the accounting and incorporated in the external financial reporting. The right personnel, the use of appropriate software and clear legal and internal company specifications form the basis for a proper, uniform and continuous accounting process. The clear definition of areas of responsibility, as well as various control and review mechanisms, as described in more detail above, make it possible to ensure correct and responsible accounting. Specifically, this ensures that business transactions can be recorded, processed, documented and recognised immediately and correctly in the accounts in accordance with legal requirements and internal policies. 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 CFO also responsible for risk controlling in their role as the Head of Controlling, under the overall organisational responsibility of the Management Board. As part of the Group's management system, the **Group's controlling** department primarily has the following responsibilities:

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

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

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

The following risk types are differentiated within the risk management system of the 11 88 0 Solutions Group:

- Market risks
- Financial and liquidity risks
- Personnel risks
- Process 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. Despite the market risks caused by the global energy crisis and inflation, the overall risk exposure remains unchanged overall compared to the previous year. Only the level of technology risks has seen a positive change from low to very low .

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.

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

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

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

Presentation of fundamental opportunities and significant individual risks

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

Market development, risks and opportunities in the Digital segment

This segment relevant to the Group is still expected to see dynamic market growth in the coming years, and current trends, particularly the trend towards the digitalisation of our (potential) customers' business models, are expected to continue.

With a high number of commercial search queries again in financial year 2023, the 11 88 0 Solutions Group has secured an excellent position for itself in this market with its 11880.com online directory and the complementary specialist portals.

This large number of search queries and the leads generated from these in a commercial environment are key assets for the 11 88 0 Solutions Group when selling online ad products to SMEs. With its products for website creation, the sale of prominently-placed advertisements and the adoption of search engine optimisation measures, the 11 88 0 Solutions Group has established itself as one of the leading providers of all-in-one services for regional online advertising targeting SMEs in Germany.

Further operational opportunities arise from boosting productivity of sales in the digital business by employing more efficient tools. Conversely, should sales productivity perform less well than expected, this would constitute a risk.

In 2023, receivables due from existing customers with a poor payment history were removed from the accounts, or the relationship with those customers was terminated, in the context of the so-called efficiency case for improving profitability and liquidity. Among other outcomes, this is resulting in an increase in the churn rate and a relatively high level of bad debt losses being recognised in the financial statements. As the customer cleansing process only affected customers with a very poor payment history or very poor payment forecasts, it does not entail any negative effects on total incoming payments. Moreover, in 2023, the sales process was geared to acquiring more profitable and, in particular, highly solvent customers by applying modern AI techniques, making increased use of prepayment processes and conducting credit checks. This and the customer base cleansing process largely completed in 2023 will result in lower bad debt losses in the coming years. For financial year 2024, a lower churn rate than in financial year 2023 was assumed in the course of the budget planning process.

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

Market development, risks and opportunities in the Directory Assistance segment

Due to the continued 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 2024 and subsequent forecast years. However, there is a chance – albeit a small one – that the market will shrink to a lesser degree than projected.

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

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

The key individual risks are outlined in brief below.

Market risks

In the Digital segment, products are sold in outbound. This sales channel is in line with current legislation. However, there is the risk that legislators could restrict telephone contacts to corporate customers in future. This would inevitably have a negative impact on opportunities to acquire new customers and thus on revenue and margins in this segment. The 11 88 0 Solutions Group's legal department is closely involved with this subject and is working on counteracting this risk by developing comprehensive measures to increase legal certainty. In addition, this risk is countered by actively obtaining opt-ins; that is, gaining consent from potential customers to contact them.

In the Directory Assistance segment, the service is provided by external service providers as well as the Company's own employees. These external service providers are deployed mainly in the call centre third-party business. Here, there is a risk that an external service provider will fail as a result of being in a poor financial position, in which case it would not be possible to have internal and external labour services make up for the allocated capacity at short notice and revenues would be lost as a result. To counter this risk, we liaise closely with our external service providers and try to avoid becoming commercially dependent on individual service providers.

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

As in the previous year, the market risks are assessed as *medium*.

Financial and liquidity risks

The Group is continually optimising its funding base and limits its financial risk with the aim of safeguarding the Group's financial independence. The financial risks are part of the risk management system and are also monitored by way of rolling monthly finance planning and financial analysis within the context of liquidity management. In 2023, the Group continued to implement suitable countermeasures in the form of structural measures and sustainable cost discipline and enhanced its system aimed at continually monitoring outgoing and incoming payments.

A resolution passed by the Annual General Meeting on 16 June 2021 authorised the Management Board to increase the Company's share capital, with the approval of the Supervisory Board, once or several times by up to a total of EUR 9,590,900 until 15 June 2026 (Authorised Capital 2021).

Taking into account the authorised capital of up to EUR 1,549,664 that was resolved by the 2020 Annual General Meeting and was still outstanding as of 31 December 2023 (Authorised Capital 2020), the Company has authorised capital totalling up to EUR 11,140,564 as of 31 December 2023.

The Company also has the option to implement a conditional capital increase of up to EUR 2,000,000.00 (Conditional Capital 2020) to service bonds (convertible bonds and / or options or participation rights) that may be issued by 17 June 2025 in accordance with the authorising resolution under agenda item 8 letter (a) of the Annual General Meeting on 18 June 2020.

The Company also has the option to implement a conditional capital increase of up to EUR 2,000,000.00 (Conditional Capital 2022) to service subscription rights from stock options that may be issued by 13 June 2027 in accordance with the authorising resolution under agenda item 8 letter (a) of the Annual General Meeting on 14 June 2022.

As of 31 December 2023, the 11 88 0 Solutions Group had cash of EUR 1.5 million (previous year: EUR 1.5 million) at its disposal to finance its further business activities. This figure includes restricted cash totalling EUR 0.1 million at the reporting date, unchanged from the previous year. The 11 88 0 Solutions Group also has an unused credit facility with a financial institution of EUR 1.0 million (previous year: EUR 1.0 million).

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

Additionally, in March 2023, united vertical media GmbH granted 11 88 0 Internet Services AG a further credit facility of EUR 2.0 million to ensure that it has sufficient liquidity at group level. Based on an amendment to the agreement signed in January 2024, this credit facility can be drawn down at short notice as needed until 31 March 2025 and is repayable by 31 December 2027. The remaining terms correspond to those already agreed for the existing shareholder loan. This credit facility was not utilised in the 2023 financial year.

Measures to enhance efficiency have already been developed and financially assessed with a view to counteracting the continuous decline in volumes in directory assistance and the related deterioration in earnings. However, the work to fully implement all measures has not yet been completed, as a result of which there is a risk that the financial improvements may not be fully realised. Clear milestones have been set in order to minimise that risk. These are continuously monitored by the Group's controlling department so that immediate measures can be taken where necessary.

Generally, there is a risk that bad debt losses on trade receivables could occur at a higher level than assumed in the budget. To reduce this risk, the Company has already introduced various initiatives that include making adjustments to specific marketing campaigns, expanding credit checks and increasing the use of prepayment arrangements. The ongoing optimisation of the dunning process also helps to steadily reduce this risk.

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

As in the previous year, the level of financial and liquidity risk is *medium*.

Personnel risks

There is a risk that insufficiently qualified employees could be hired in the sales department, which could cause us to fall short of sales targets. The Group primarily addresses this risk by working intensively with recruiters as well as by acquiring external call centre capacity and carrying out its recruitment efforts across a broad geographical area. New sales approaches are also being tested, particularly in the form of home working opportunities to expand the potential employee base.

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

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

Process risks

The significant risk in the process risks category is that any negative press will have an adverse impact on sales contract conclusion rates. Specifically, 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 to minimise the risk of negative press. The key measures here are intensive and regular training for sales employees, comprehensive compliance management with consistent sanctions for breaches of statutory and internal requirements, and strict quality controls. On the other hand, these organisational measures are designed to equip sales employees with appropriate rules and lines of argument in the event of actual individual cases of negative press, either justified or unjustified. Due to the measures outlined above, this risk is classified as *very low* overall.

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

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

Unlike in the previous year, technology risks are considered to be *very low* overall.

Legal and regulatory 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 regulatory risks.

In line with the previous year, the 11 88 0 Solutions Group rates both legal and regulatory risks as *very low*.

Overall statement of the Management Board on the risk management system of the 11 88 0 Solutions Group [1]
Through its structured processes, the transparent and systematic risk management system of the 11 88 0 Solutions Group contributes to the efficient management of the overall risks in the Group. The Management Board is not currently aware of any facts that indicate that the systems are not appropriate and effective. Despite the risks being comprehensively analysed, however, their occurrence cannot be entirely ruled out. For our assessment of the appropriateness and effectiveness of the risk management system and the internal control system, please refer to the commentary in the corporate governance declaration.

10. Report on expected developments

The statements made here are based on the 11 88 0 Solutions Group's operations planning for the 2024 financial year, as adopted by the Management Board and Supervisory Board in late December 2023.

With regard to the ongoing military conflict between Russia and Ukraine and the current conflicts in the Middle East the Executive Board shares the general political assessment that this conflict will not escalate into a Europe-wide or even global conflict. Based on these assumptions and in view of the fact that the 11 88 0 Solutions Group has no material business relationships with customers or suppliers from Russia and Ukraine or countries involved in the Middle East conflict, the company still does not believe, based on currently available information, that the aforementioned conflicts will have a materially negative impact on the implementation of business planning.

Strategy of the 11 88 0 Solutions Group
In financial year 2024, the 11 88 0 Solutions Group will maintain the strategy adopted last year and continue to place emphasis on efficiency, cost discipline and a faster return on investment. In financial year 2024, it also intends to do more to optimise and relaunch lines of business and to bolster and further develop the pay-per-lead business, primarily through Ormigo GmbH, the entity acquired in 2023. Product strategies and enhancements to artificial intelligence (AI) will likewise be front and centre in financial year 2024.

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

Digital segment
In the Digital business, the 11 88 0 Solutions Group continued to optimise its existing product range and redesigned and focused its offerings in 2023. The Company will make increasing use of these developments and continue them in the coming 2024 financial year.

In the area of new customer business, the Group will again be working on an increase in the 2024 financial year. In addition to providing innovative products, the Company intends to implement further price increases in the Digital segment to take account of both rising costs and the improved range of services on offer. Through the aforementioned measures aimed at achieving a sustained reduction in bad debt losses, the existing customer base was cleansed of a significant number of customers with a poor payment history in 2023. Together with the measures introduced in customer acquisition, such as implementing a prepayment process, reducing dunning levels and focusing on specific sectors, this is intended to bring about a sustained improvement in the margin in financial year 2024. In this context, cost reductions are expected

[1] *Paragraph unrelated to the management report and unaudited.*

on items such as bad debt losses, data purchasing and production costs in 2024.

In its business with existing customers, the 11 88 0 Solutions Group anticipates that the aforementioned customer cleansing measures will continue to impact on the customer base in 2024. The 11 88 0 Solutions Group thus expects a further moderate reduction in the customer base accompanied by a simultaneous increase in average customer value and clear improvement in payment behaviour. Its conservative prediction for 2024 is for a churn rate approx. 27 %

The optimisations being implemented significantly improve the online presence of portfolio customers. The improvement in the customer portfolio's quality should also serve as a sustainable basis for upselling and contract renewal revenue. Customer satisfaction is to be promoted, among other things, by selling sustainable products with a focus on usability and efficiency.

As planned, the Company will continue to invest in optimising the organisational, product and service structure of FAIRRANK GmbH in order to create sustainable growth opportunities in the business with larger customers that are serviced by dedicated key account staff. Due to the positive performance from FAIRRANK GmbH in 2023 compared with the previous year, the necessary optimisations will be reduced significantly in 2024 and the entity will be able to generate positive earnings independently over the medium term.

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 2024 and volumes will decrease by around 25 %.

To offset the effects of this downturn in revenue, the Group is continuing to work on achieving a sustainable increase in revenue per call. The Group expects to be able to grown revenue per call slightly in 2024 by implementing moderate price increases. In addition to stabilising the call centre third-party business, the Company is always reviewing and testing new business models and collaboration opportunities in order to compensate for the deterioration of the traditional directory assistance business and ensure the segment's long-term success.

11 88 0 Solutions Group – Overall assessment of the Management Board

As a result of different trends prevailing in the two segments, Digital and Directory Assistance, the Group continues to evolve into a digital company. The Group will continue to push its Digital segment in 2024. However, the Company is also working on long-term strategies and on further expanding its call centre third-party business in the Directory Assistance segment.

At Group level, the 11 88 0 Solutions Group expects to post revenues of EUR 54.3 million to EUR 60.0 million in 2024. In comparison, revenues were generated in the amount of EUR 57.1 million in 2023. With respect to profitability, the Group expects EBITDA in 2024 to be in the range of EUR 3.1 million to EUR 4.6 million. In comparison, the Company generated EBITDA of EUR 2.6 million in 2023.

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

Taking into account the budget plans approved in December 2023 and without utilising the as yet unused credit facility provided by majority shareholder united vertical media GmbH, the Company expects cash holdings of EUR 1.9 million to EUR 2.7 million for the end of 2024.

Cash holdings are projected only at Group level.

Finance strategy

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

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

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

11. Disclosures pursuant to section 289a HGB and 315a HGB and explanatory report in accordance with section 176 (1) sentence 1 AktG

Composition of subscribed capital

As of 31 December 2023 11 88 0 Solutions AG's subscribed capital was composed of 26,232,200 no-par value ordinary bearer shares (no-par value shares) (previous year: 24,915,200 shares). As of 31 December 2023, 26,232,200 of these shares were outstanding (previous year: 24,915,200 shares).

Restrictions affecting voting rights and the transfer of shares

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

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

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

- united vertical media GmbH and related parties: 73.00 % (*)

(*) The percentage results from the latest WpHG notifications available to 11 88 0 Solutions AG and takes into account all capital increases implemented since September 2019. As these notifications only have to be disclosed if shareholders exceed or fall below certain thresholds, it cannot be ruled out that the ownership ratios within the threshold intervals have changed since the latest notification.

Shares with special rights conferring powers of control

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

Appointment and dismissal of members of the Management Board

The Management Board of 11 88 0 Solutions AG is comprised of one or several members. The appointment of deputy members of the Management Board is permitted pursuant to Art. 3.1 (1) of the Articles of Association. The Supervisory Board determines the number, the appointment and the dismissal of the ordinary and the deputy members of the Management Board, and may also appoint a Management Board chairman.

Amendment of the Articles of Association

Pursuant to section 179 AktG, amendments to the Articles of Association shall be passed by resolutions of the Annual General Meeting. Pursuant to Art. 4.5 of the Articles of Association, the Supervisory Board is authorised to resolve amendments to the Articles of Association that only affect the wording.

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

A resolution passed by the Annual General Meeting on 16 June 2021 authorised the Management Board to increase the Company's share capital, with the approval of the Supervisory Board, once or several times by up to a total of EUR 9,590,900 until 15 June 2026 (Authorised Capital 2021).

Taking into account the authorised capital of up to EUR 1,549,664 that was resolved by the 2020 Annual General Meeting and was still outstanding as of 31 December 2023 (Authorised Capital 2020), the Company has authorised capital totalling up to EUR 11,140,564 as of 31 December 2023.

The Company also has the option to implement a conditional capital increase of up to EUR 2,000,000.00 (Conditional Capital 2020) to service bonds (convertible bonds and / or options or participation rights) that may be issued by 17 June 2025 in accordance with the authorising resolution under agenda item 8 letter (a) of the Annual General Meeting on 18 June 2020.

The Company also has the option to implement a conditional capital increase of up to EUR 2,000,000.00 (Conditional Capital 2022) to service subscription rights from stock options that may be issued by 13 June 2027 in accordance with the authorising resolution under agenda item 8 letter (a) of the Annual General Meeting on 14 June 2022.

Significant agreements entered into by the Company providing for a change of control following a takeover bid

No significant agreements exist as of 31 December 2023.

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).

12. Statement on corporate governance

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

- Joint declaration of compliance by the Management Board and Supervisory Board in accordance with Section 161 AktG relating to the German Corporate Governance Code

- Disclosures on and references to the remuneration system, remuneration resolution and remuneration report
- Disclosures on corporate governance practices, including a description of the compliance management system, a description of the working practices of the Management Board and Supervisory Board as well as the composition and working practices of their committees, and disclosures on the equal participation of women and men (diversity policy).

The 11880 Solutions Group attaches great importance to good and sustainable corporate governance, and adheres to national regulations such as the recommendations of the Government Commission on the German Corporate Governance Code. The Management Board and Supervisory Board of 11880 Solutions AG believes that effective corporate governance that takes company and sector-specific considerations into account provides an important basis for the success of the 11880 Solutions Group. Implementing and complying with these principles is of the highest priority and plays a central role in our corporate governance.

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

Declaration of compliance in accordance with Section 161 AktG

The Management Board and Supervisory Board of 11880 Solutions AG have paid close attention to the corporate governance of 11880 Solutions AG and the Group as well as the individual content of the German Corporate Governance Code during the 2023 financial year, and issued the following declaration in April 2024 in accordance with Section 161 AktG:

In accordance with Section 161 of the German Stock Corporation Act (AktG), the Management Board and Supervisory Board of 11880 Solutions AG hereby declare that all of the recommendations published in the official section of the Federal Gazette on 27 June 2022 by the Government Commission on the German Corporate Governance Code dated 28 April 2022 (“GCGC 2022”) have been complied with since the last declaration of compliance was issued on 28 March 2023 and will continue to be complied with in the future, with the exception of the deviations listed in the full declaration of compliance.

All declarations of compliance issued since the 2002 financial year are permanently available on the Company’s website https://ir.11880.com/corporate-governance/entsprechenserklaerung.

Remuneration system and remuneration report

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

The remuneration report describes the individual remuneration granted and owed to members of the Management Board (Section I) and Supervisory Board (Section II) of 11880 Solutions AG in the 2023 financial year, i.e. in the period from 1 January to 31 December 2023.

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

Code of Conduct

Appropriate conduct by each individual employee of the 11880 Group is essential for maintaining a relationship of trust with our business partners, shareholders, employees and the public. Trust can only be established by strict compliance with the law and our internal company guidelines.

The 11880 Group has a responsibility towards society and conducts itself accordingly. In recognition of the shared responsibility of the 11880 Group and its employees, the 11880 Group summarises the basic binding rules that apply to all of its employees in this Code of Conduct, providing each individual employee with guidance designed to help them when acting independently and in the interests of the Company. This individual responsibility involves many rights and obligations. Every employee is responsible for ensuring that their conduct always complies with the rules contained in this Code of Conduct when carrying out their role. We expect our executives to not only communicate these rules in an appropriate way but also demonstrate them by setting a good example and demand the same from their employees.

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

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

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

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

13. Affiliated companies

The Management Board has prepared a separate report on relationships with affiliated companies in accordance with Section 312 AktG. The report contains the concluding statement: “We declare that based on the circumstances known to us at the time the transactions referred to in the Report on Relationships with Affiliated Companies in financial year 2023 were undertaken, our company in each case received appropriate consideration and was not disadvantaged. Legal transactions with third parties and other measures at the instruction or in the interest of affiliated companies were neither undertaken nor omitted.”

Essen, 23 April 2024

Christian Maar
Member of the Management Board

Responsibility statement

"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Combined 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 April 2024

Christian Maar
Member of the Management Board

Consolidated Financial Statements

Consolidated Financial Statements

Consolidated Statement of Financial Position (IFRS)

in kEUR	Notes	31 December 2023	31 December 2022
ASSETS			
Current assets			
Cash	B1	1,413	1,382
Restricted cash	B1	134	134
Trade accounts receivable	B2	5,972	8,516
Income tax receivables		23	5
Other financial assets	B3	21	38
Other current assets	B4	415	575
Total current assets		**7,978**	**10,650**
Non-current assets			
Goodwill	B5	4,061	3,717
Intangible assets	B6	4,520	5,578
Property and equipment	B7	502	707
Capitalized right of use (IFRS 16)	B8	2,662	3,666
Other non-current assets	B9	407	405
Deferred tax assets	B10	724	1,674
Total non-current assets		**12,876**	**15,746**
Total assets		**20,854**	**26,396**

in kEUR	Notes	31 December 2023	31 December 2022
LIABILITIES AND EQUITY			
Current liabilities			
Trade accounts payable	B11	499	641
Accrued liabilities	B12	5,043	4,791
Income tax liabilities	G10	62	72
Short-term lease liabilities (IFRS 16)	B14	1,372	1,403
Other liabilities due to related parties	B18	0	44
Other current liabilities	B15	5,223	6,514
Total current liabilities		**12,199**	**13,465**
Non-current liabilities			
Provisions	B13	521	465
Provisions for retirement benefits	B16	0	0
Other non-current liabilities	B17	94	281
Other liabilities to Group companies	B18	2,000	2,000
Long-term lease liabilities (IFRS 16)	B14	2,037	3,070
Deferred tax liabilities	B10	553	502
Total non-current liabilities		**5,205**	**6,318**
Total liabilities		**17,404**	**19,783**
Equity			
Share capital	B19.1	26,232	24,915
Additional paid in capital	B19.2	34,300	34,473
Accumulated deficit	B19.3	-57,071	-52,776
Other components of equity	B19.4	-12	1
Equity attributable to owners of the parent		**3,450**	**6,613**
Total equity		**3,450**	**6,613**
Total liabilities and equity		**20,854**	**26,396**

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

Consolidated Income Statement (IFRS)

in kEUR	Notes	1.1. – 31.12.2023	1.1. – 31.12.2022
Revenues	G1	57,054	56,017
Cost of revenues	G2	-33,579	-32,909
Gross profit		**23,475**	**23,108**
Selling and distribution costs	G3	-12,948	-13,059
General administrative expenses	G4	-9,668	-10,426
Impairment losses from receivables	G7	-3,481	-2,958
Other operating income / expense	G8	-341	-32
Operating income (loss)		**-2,963**	**-3,367**
Interest income	G9.1	57	21
Interest expense	G9.1	-190	-100
Interest expenses from lease liabilities (IFRS 16)	G9.1	-187	-236
Gain (loss) from marketable securities	G9.2	0	-21
Gain (loss) on foreign currency translation	G9.3	-1	1
Financial income (loss)		**-321**	**-335**
Income (loss) before income tax		**-3,283**	**-3,701**
Current income tax	G10	-4	-8
Dereferred income tax	G10	-1,007	218
Income tax		**-1,011**	**210**
Net income (loss)		**-4,294**	**-3,491**
Attributable to:			
Owners of the parent		-4,294	-3,491
Earnings per share for net income (loss) for the reporting period attributable to ordinary equity holders of the parent (in euro)	G11	-0.17	-0.14

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

Consolidated Statement of Comprehensive Income (IFRS)

in kEUR	Notes	1.1. – 31.12.2023	1.1. – 31.12.2022
Net income (loss)		**-4,294**	**-3,491**
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss			
Actuarial gains (losses) from pensions and similar obligations, net		-13	493
Deferred tax on acturial gain (losses) from pensions and similar obligations, net		1	-159
Items that can be reclassified subsequently to profit or loss			
Other comprehensive income (loss) after tax	**B15.4**	**-12**	**334**
Other comprehensive income (loss)		**-4,306**	**-3,157**
Attributable to:			
Owners of the parent		-4,306	-3,157

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

Consolidated Statement of Shareholders Equity (IFRS)

	Equity attributable to owners of the parent				
in kEUR	Share capital	Additional paid in capital	Accumulated deficit	Other components of equity	Total equity
Balance at January 1, 2023	**24,915**	**34,473**	**-52,776**	**1**	**6,613**
Net income (loss) (*)			**-4,294**		**-4,294**
Actuarial gains (losses) from pensions and similar obligations				-13	-13
Deferred tax on acturial gains (losses) from pensions and similar obligations				1	1
Other comprehensive income (loss)				**-12**	**-12**
Total comprehensive income (loss)			**-4,294**	**-12**	**-4,306**
Issue of new shares (capital increase)	1,317				1,317
Agio		16			16
Fair Value adjustment IFRS 13		-150			-150
Equity acquisition costs		-57			-57
tax effect thereon		18			18
Balance at December 31, 2023	**26,232**	**34,300**	**-57,071**	**-12**	**3,450**
Balance at January 1, 2022	**24,915**	**34,473**	**-49,285**	**-333**	**9,770**
Net income (loss)			**-3,491**		**-3,491**
Actuarial gains (losses) from pensions and similar obligations				493	493
Deferred tax on acturial gains (losses) from pensions and similar obligations				-159	-159
Other comprehensive income (loss)				**334**	**334**
Total comprehensive income (loss)			**-3,491**	**334**	**-3,157**
Balance at December 31, 2022	**24,915**	**34,473**	**-52,776**	**1**	**6,613**

(*) The period result includes the result of Ormigo GmbH from 1 September until 31 December 2023

Consolidated Statement of Cash Flows (IFRS)

in kEUR	Notes	1.1. – 31.12.2023	1.1. – 31.12.2022
Cash flow from operating activities			
Income (loss) before income tax		-3,283	-3,701
Adjustments for:			
Amortisation and impairment of intangible assets	G6	3,804	4,158
Amortisation and impairment of capitalized-rights-of-use (IFRS 16)	G6	1,307	1,302
Depreciation and impairment of property and equipment	G6	247	283
Gain (loss) on disposal of property and equipment		71	14
Interest income	G9.1	-57	-21
Interest expense	G9.1	376	336
Gain (loss) from marketable securities	G9.2	0	21
Gain (loss) on foreign currency translation	G9.3	1	-1
Valuation allowance for trade accounts receivable	B2	-193	1,324
Gain (loss) from pension provision	B16	0	-12
Impairment of other non-current assets	G2	288	302
Changes in non-current provisions	B13	56	246
Changes in non-current other and financial assets	B17	-290	-255
Payments for contract initiation costs (customer contact > 1 year)	B6	-2,564	-3,304
Impairment of goodwill	B5	243	0
Cash inflows before changes in operating assets and liabilities		**6**	**692**
Changes in operating assets and liabilities:			
Trade accounts receivable	B2	2,975	-1,373
Miscellaneous current assets	B4	187	22
Trade accounts payable	B11	-263	368
Increase / decrease of deferred and other liabilities		-1,193	-9
Income taxes received / paid		-9	3
Cash outflows / inflows from operating activities		**1,703**	**-296**

in kEUR	Notes	1.1. – 31.12.2023	1.1. – 31.12.2022
Cash flow from investing activities			
Purchase of intangible assets excl. customer contracts	B6	-228	-233
Proceeds from the disposal of intangible assets	B6	0	1
Purchase of property and equipment	B7	-69	-179
Transfer of cash from initial consolidation of Ormigo GmbH		379	0
Interest received		0	4
Disposal of financial assets at fair value through profit and loss		0	565
Cash inflows / outflows from investing activities		**82**	**158**
Cash flow from financing activities			
Interest paid		-183	-25
Outflows from the repayment of loans		-290	-188
Interest expenses for leases in accordance with IFRS 16		-187	-236
Deposits from deposit of shares (cash capital increase)		316	0
Payments from the repayment of liabilities from leases (IFRS 16)	B8	-1,369	-1,305
Payouts in connection with capital increases		-41	0
Proceeds from loans received from related parties		0	2,000
Cash inflows / outflows from financing activities		**-1,754**	**246**
Change in cash		**31**	**108**
Cash at the beginning of the reporting period		**1,382**	**1,274**
Cash for the purpose of the cash flow statement at the end of the period		**1,413**	**1,382**
Cash at the end of the reporting period		**1,413**	**1,382**
Cash with and without restricted cash at the end of reporting period		1,546	1,516

G: See corresponding section in the notes to the consolidated income statement.
B: See corresponding section in the notes to the consolidated statement of financial statements.
For further information, see notes to the consolidated financial statements.

Notes to the consolidated financial statements of 11 88 0 Solutions AG, Essen, for financial year 2023

General principles

1. Presentation of the consolidated financial statements

The business operations of the 11 88 0 Solutions Group (hereinafter also referred to as the 11 88 0 Solutions Group / the Group), consisting of 11 88 0 Solutions AG, Essen, and its subsidiaries mainly comprise the provision of online marketing services for small and medium-sized enterprises (SMEs) (Digital segment). They provide companies with an online presence with products such as corporate websites, Google Ads or Microsoft Advertising, search engine optimisation (SEO), online advertising, search engine advertising (SEA) usability optimisation, Google My Business and Facebook company pages and supports them in the planning and implementation of their digital advertising efforts. The Group's companies also provide company entries on its 11 88 0.com online business directory and on partner portals as well as on the 11880.com app and partner apps. We are also offering packages for active review management via the search engine for online reviews werkenntdenBESTEN.de. Addressable TV (ATV) is also part of the product portfolio. ATV delivers tailored TV advertising targeted at customer-specific viewers. In the second half of 2023, the Company launched the cleverB2B platform, where companies search for products, manufacturers and service providers in Germany and have suppliers prepare a professional quotation to purchase from them. Providers, in turn, can respond directly to inquiries and conveniently generate orders. Added in early September 2023, Ormigo GmbH bolsters the 11 88 0 Group's pay-per-lead business.

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

The Directory Assistance segment comprises directory assistance services to private and business customers. 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 2023.

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

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

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

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

The consolidated financial statements and the Group management report prepared as of 31 December 2023 are submitted with the

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

The consolidated financial statements of 11 88 0 Solutions AG for the 2023 financial were released for publication by the Management Board on 23 April 2024.

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 2023 – using uniform accounting principles in accordance with IFRSs.

Below is a statement of the shareholdings of the Group as of 31 December 2023 in accordance with section 313 (2) HGB (German Commercial Code):

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

[1] The shares in this company are held indirectly

Effective as of 1 September 2023, 11 88 0 Solutions AG acquired Ormigo GmbH, which was then added to the basis of consolidation comprising fully consolidated subsidiaries.

1.2 Consolidation methods

Acquisition accounting was based on the acquisition method in accordance with IFRS 3 Business Combinations. This involved measuring the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values. The cost of a business combination is the sum total of the consideration assigned, which is measured at the acquisition-date fair value. Costs incurred in connection with a business combination are recognised as an expense.

Goodwill as of the acquisition date is measured as the difference which is the excess of the consideration assigned over the Group's identifiable assets acquired and liabilities assumed. If this consideration is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised in profit or loss.

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

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

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

1.3 Initial consolidation of acquired companies

With the takeover and contribution agreement dated August 30, 2023 and entry in the commercial register on September 01, 2023 (acquisition date) 11 88 0 Solutions AG directly acquired 100 % of the shares in Ormigo GmbH, Cologne, by a non-cash capital increase from Euro Serve Media GmbH (ESM) based in Nuremberg. As ESM is indirectly controlled by the same persons as united vertical media vertical media GmbH, Nuremberg, as the main shareholder of 11 88 0 Solutions AG, this is a business combination under common control. In the consolidated financial statements, this business combination is applying the purchase method analogously in accordance with IFRS 3.

The ESM was granted within the framework of the capital increase in kind. Your contribution is to be made for 1,000,000 new shares with a nominal value of 1,000,000 euros in the share capital by way of the contribution of the business share in Ormigo GmbH, Cologne.

Ormigo GmbH specializes in generating inquiries from interested parties, so-called leads. These are generated organically through SEO activities and inorganically, in particular through Google or Facebook advertising. Ormigo GmbH offers these leads to its business partners.

The acquisition was primarily based on the following reasons carried out:

- optimal addition to the product portfolio of the 11 88 0 Solutions Group through the business model of Ormigo GmbH,
- Growth and expansion of the pay-per-lead business (PpL) will be accelerated by Ormigo GmbH's higher degree of maturity in this business segment,
- Easily scalable business model with low fixed costs
- Optimization of lead purchasing with, among other things, the aim of reducing lead deactivation rates,
- Process excellence, e.g. by bundling sales, production and customer care resources,
- Strengthening the customer base in the Digital segment.

Goodwill was allocated in full to the Digital segment and is not tax-deductible.

The reasons for the creation of goodwill are primarily all the future cash surpluses resulting from the expected sales and profit growth, which is based on several factors, such as the existing expertise in the pay-per-lead industry and other undefined business potential within the framework of Ormigo GmbH's business model. These include the expansion of the product range to other sectors and customer groups. As these business potentials not meet the recognition criteria for an intangible asset as part of the purchase price allocation, they are reflected in goodwill.

Consideration transferred

The consideration consists of 1,000,000 shares in 11 88 0 Solutions AG, which were traded on September 01, 2023 at a market price of 0.85 per share (observable market price of the identical asset on an active market). The fair value of the consideration transferred therefore amounts to EUR 850 thousand in accordance with the provisions of IFRS 13.

The difference between the nominal amount and the value of the consideration was offset against the capital reserve.

Identifiable assets acquired and liabilities assumed

The purchase price allocation had not yet been completed as at December 31, 2023. The provisional fair values at the time of acquisition are as follows:

Acquired net assets	in EUR thousand
Cash	379
Trade Accounts Receivable	239
Other current Assets	9
Goodwill	587
Capitalized right of use (IFRS 16)	12
Total assets	**1,226**
Trade accounts payable	121
Provisions	90
Other current liabilties	153
Long-Term lease liabilities IFRS 16)	12
Total liabilities	**376**
Net assets at fair value	**850**

The following material items are still to be regarded as provisional in the context of the purchase price allocation, as not all the information required for the valuation was available at the time of valuation:

- **Customer relationships:** The valuation is still preliminary, as the detailed composition of the customer relationships has not yet been conclusively analyzed.
- **Capitalized right-of-use assets (IFRS 16) / non-current lease liabilities (IFRS 16):** The measurement is still preliminary due to the incomplete analysis of the rental and sublease agreements.
- **Other intangible assets:** The identification and analysis of further intangible assets, in particular those that have not yet been capitalized at the acquired company has not yet been fully completed.
- **Deferred taxes:** The analysis of deferred taxes has not yet fully completed.
- **Goodwill:** Goodwill and the corresponding deferred taxes will change on the basis of changes in the aforementioned items and are therefore also to be classified as provisional.

Trade receivables

The acquired trade receivables include gross amounts due from contractual receivables in the amount of EUR 239 thousand. At the time of acquisition, these were assessed as recoverable, so that the fair value also amounted to EUR 239 thousand.

Contingent liabilities

There were no contingent liabilities at the time of acquisition. No contingent liabilities were therefore recognized.

Other information on the business combination

As a result of the acquisition, the Group received cash amounting to 379 thousand euros. This was offset by, among other things, loan liabilities under “Other current liabilities” in the amount of EUR 102 thousand, which had been fully repaid by the balance sheet date.

The Group incurred expenses of EUR 20 thousand in connection with the business combination, mainly for advisory support as part of the due diligence process. These costs are included in administrative expenses.

As the company was included in the consolidated financial statements as at September 01, 2023 consolidated revenue of EUR 547 thousand and a consolidated result of EUR 18 thousand were recognized up to the reporting date. If the companie had been consolidated for the first time as at January 1, 2023, Group sales would have increased by EUR 1.2 million and the Group result would have decreased by EUR 0.1 million.

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 2023 listed in section 4 “Changes in accounting policies”. Accounting and measurement were carried out on going concern basis.

2.1 Revenue from contracts with customers

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

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

The 11 88 0 Group recognises revenues depending on the way in which the promised goods or services are transferred, both over periods of time and at points in time. If contractual consideration includes a variable component (right of return, discount, credit), the Company estimates the amount of consideration likely to be received. The variable consideration is estimated as the expected value from the sum of probability-weighted amounts at the start of the contract (see section 3.1.3) until it is sufficiently probable that the Company has a claim to this amount. This estimate is updated at the end of each (interim) period. For additional information on accounting for assets from rights of return and refund liabilities, see section 2.16.

2.1.1 Digital

2.1.1.1 Media

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

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

2.1.1.2 Software

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

2.1.2 Directory Assistance

The performance obligation in a contract with a customer in the directory assistance business comprises provision of the agreed directory assistance services and subsequent transfer of control over the information to the customer (IFRS 15.B34, 15.B35). Because this performance obligation is therefore not provided by the telecommunications company responsible for billing, the 11 88 0 Group acts as principal in this case. As a result, revenues are recognised in the amount of the gross consideration to which the Group is entitled for the transfer of the information to the customer. The gross amount is based on the number and duration of calls made by the customer via the telecommunications company and recognised in profit or loss as of the date of rendering the service.

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

2.1.3 Payment terms and financing components

The 11 88 0 Group offers standard market payment terms generally not exceeding a period of 30 days.

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

2.2 Recognition of interest income

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

2.3 Foreign currency translation

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

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

2.4 Advertising costs

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

2.5 Cash

In accordance with IAS 7 Statement of Cash Flows, the 11 88 0 Solutions AG considers as cash (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. The carrying amount of cash corresponds to its fair value.

2.6 Financial instruments

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

2.6.1 Definition

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

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

2.6.2 Classification and measurement at initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised in the statement of financial position as of that date on which the corresponding Group company becomes a party to the contractual provisions of the financial instrument (IFRS 9.3.1.1).

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

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

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

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

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

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

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

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

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

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

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

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

- Level 1: Inputs are quoted (unadjusted) prices in active markets accessible to the Company for identical assets and liabilities. The securities allocated to level 1 concern investment fund units whose fair value corresponds to the nominal value multiplied by the quoted (redemption) price on the balance sheet date. The quoted (redemption) prices are based on the net asset value of the corresponding investment fund published daily and can be realised by the 11 88 0 Group by returning them.
- Level 2: Inputs are quoted market prices other than those in Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3: Value of the asset or liability is based on unobservable inputs.

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

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

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

2.6.2.2 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).

2.6.2.3 Financial liabilities measured at amortised cost

As a rule, financial liabilities are subsequently measured at amortised cost as long as the exceptions permitted by IFRS 9.4.2.1 are not applicable. At the reporting date, the 11 88 0 Group had no financial liabilities that would not fulfil the conditions for measurement at amortised cost.

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

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

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

2.6.2.4 Impairment of financial assets

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

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

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

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

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

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

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

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

2.6.2.5 Derecognition of financial assets and financial liabilities

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

In accordance with IFRS 9.3.3.1, a financial liability is derecognised upon performance, cancellation or expiration, and therefore satisfaction, of the underlying obligation. No financial liabilities were transferred or replaced by others in the financial year ended.

2.6.2.6 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are not generally reported at their 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.

There is a regulatory gap in the IFRSs where a business combination involves a transaction under common control. In the case of transactions between businesses under common control, in principle the literature considers two different paths to be appropriate: use of predecessor accounting or remeasurement and thus analogous application of the IFRS 3 acquisition method. In the case of business combinations under common control, in accordance with the corresponding opinions in the literature and as expressed by practitioners the Group applies the IFRS 3 acquisition method.

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 of disposal and value in use. If the carrying amount of the cash-generating unit or group of cash-generating units exceeds its recoverable amount, the difference is recognised as an impairment loss directly in profit or loss.

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

2.8 Internally generated intangible assets

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

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

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

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

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

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

2.9 Acquired intangible assets

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

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

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

2.10 Costs to obtain a contract

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

The additional costs arising from obtaining a customer contract (IFRS 15.91, 15.92) are recognised as an intangible asset in the amount of the sales commission paid at the time the economic claim arises and are amortised over the estimated average customer retention period (IFRS 15.99). Costs that would have arisen regardless of whether the contract was entered into, or that cannot be directly charged to the customer, are expensed when they are incurred in accordance with IFRS 15.93. Furthermore, capitalised costs for which the amortisation period would be less than a year are recognised as an expense as outlined in IFRS 15.94.

If the carrying amount exceeds the remaining portion of the consideration that the Company expects in exchange for the goods or services to which these costs relate, less the costs directly attributable to the delivery of the goods or performance of the services that were not expensed, an impairment loss is recognised in profit or loss.

2.11 Contract assets

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

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

2.12 Property and equipment

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

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

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

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

2.13 Costs to fulfil a contract

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

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

2.14 Impairment of non-financial assets

Non-financial assets are tested for impairment on each closing date if there is an indication that the carrying amount of the asset can no longer be recovered.

An impairment loss is recognised in the amount by which the carrying amount of the asset exceeds its recoverable amount. If the recoverable amount cannot be determined for an individual asset, the recoverable amount of the cash generating item to which the asset belongs is determined in accordance with IAS 36.22. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. In determining the value in use, the estimated future cash flows are discounted to the present value based on a current market-determined pre-tax rate that reflects the risks of the asset that are not taken into account in the cash flows. If the determined recoverable amount of an asset or a cash generating unit is lower than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment losses are immediately recognised in 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. According to IFRS 15.108, contract liabilities are recognized even if customers have not yet fulfilled their obligation (payment), but the Company has an unconditional right to payment under the contract. Contract liabilities are recognised as revenue as soon as the Group has met its contractual obligations.

2.16 Refund liabilities and right of return assets

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

An asset representing the right to reclaim a product already transferred or a service already performed is normally recognised initially at the carrying amount of the asset transferred previously, less anticipated costs for the return (including impairment losses) (IFRS 15.B25). At the end of each reporting period, this measurement is corrected taking into account the changes in expectations regarding products returned. As a rule, the asset is reported separately from the refund liabilities. Due to the insignificance of the amount of right of return assets relating exclusively to software in the Digital segment at the reporting date, no further information is provided.

2.17 Accrued current liabilities

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

2.18 Provisions

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

2.19 Employee benefits (pension and semi-retirement obligations)

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

Defined benefit retirement plans constitute obligations of the 11 88 0 Solutions Group arising from pension entitlements of former Management Board members and their surviving dependants.

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

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

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

Past service costs are immediately recognised in profit or loss.

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

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

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

11 88 0 Solutions AG signed semi-retirement agreements based on the so-called block model.

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

- Settlement amount: relates to the cumulative outstanding settlement amount which is recognised pro rata during the active (employment) phase. The cumulative outstanding settlement amount is based on the difference between the employee's remuneration prior to the start of the semi-retirement agreement and the reduced level of remuneration during the employment phase. The settlement arrears are treated as other long-term benefits according to IAS 19.8 and must be recognised at their present value using the actuarial methodology. The provision made for the settlement arrears will be used during the passive phase, when the employee is no longer working but is continuing to receive remuneration.

- Top-up payments: Top-up payments are generally hybrid in nature, i.e. although the agreement is often considered to be a form of compensation for terminating the employment relationship at an earlier date, payments to be made at a later date are subject to the future performance of work. Despite having the characteristics of severance payments, top-up payments must be recognised on a pro rata basis over the vesting period, due to their dependency on the future performance of work. The vesting period for top-up payments begins when the employee is granted the entitlement to participate in the semi-retirement programme and ends upon this employee entering the passive phase (leave from work).

2.20 Share-based payment

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

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

2.21 Contingent liabilities and assets

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

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

2.22 Leases

The Group leases different offices and storage rooms, parking spaces, vehicles, data lines, other office equipment and IT equipment. Leases are generally entered into for fixed periods of between 1 and 8 years, but may include extension options. The 11 88 0 Group recognises leases on the basis of the lease standard IFRS 16 Leases.

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

The lease liabilities generally comprise the following lease payments:

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

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

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

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

Vehicle leases which the Group enters into with external leasing companies are recognised in accordance with IFRS 16. In case of contracts which are subsequently entered into between the 11 88 0 Solutions Group and its employees, no further assessment is made of whether this constitutes a sublease. The provision of a company car is considered as a portion of the total remuneration received by the respective employee and is treated as an "employee benefit" in accordance with IAS 19. The depreciation charge resulting from capitalisation according to IFRS 16 is reported under depreciation and amortisation.

The 11 88 0 Solutions Group makes use of the exemptions provided for in IFRS 16 for short-term leases (12 months or less) as well as the exemption for leases where the underlying asset has a low value. Payments for leases of low-value assets are recognised as an expense in profit or loss on a straight-line basis. Examples of low-value assets are IT equipment and other operating equipment. Leases (except for office premises) with a term of less than 12 months (short-term leases) are also recognised in profit or loss on a straight-line basis.

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

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

Extension and termination options

Some leases include extension options and / or termination options. With regard to the exercise of extension options in determining the term of a lease, the Group considers all facts and circumstances that create an economic incentive for the lessee to exercise extension options or not to exercise termination options. Changes in the term of the lease arising from the exercise of extension options or termination options are only included in the term of the contract if it is reasonably likely that the lessee will exercise an option to extend the lease or not exercise an option to terminate the lease. This is usually not the case.

2.23 Income taxes

Income taxes comprise current taxes and deferred taxes. Their calculation is based on the tax rates and tax laws expected to be valid for the period in which an asset is realised or a liability is settled, using tax rates those that are enacted or substantively enacted at the reporting date.

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

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

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

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

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

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

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

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

2.24 Earnings per share

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

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

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

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

2.25 Statement of cash flows

The 11 88 0 Solutions Group presents its statement of cash flows in accordance with IAS 7 Statement of Cash Flows. Cash flows from operating activities are presented by choosing the option of using the indirect method in accordance with IAS 7.18b. However, for the presentation of cash flows from investing and financing activities, IAS 7.21 requires the use of the direct method, which has been applied accordingly.

2.26 Summary of measurement policies

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

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

3. Material estimates and discretionary decisions

Determining the carrying amounts of some assets and liabilities requires estimation of the effects of uncertain future events. The preparation of the consolidated financial statements therefore requires management to make discretionary decisions, estimates and assumptions that affect the Group's net assets, financial position and results of operations. Due to the uncertainty associated with these assumptions and estimates, actual results in future periods could lead to significant restatements in the carrying amounts of the assets or liabilities concerned.

All estimates and assumptions are made to the best of our knowledge and belief – in order to provide a true and fair view of the Group's net assets, financial position and results of operations – and are continually evaluated. This applies, in particular, to possible consequences of the war in Ukraine, further geopolitical or trade conflicts as well as climate change, changes in energy prices and changes affecting social issues. The actual amounts may differ from these estimates.

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.

3.2 Loss allowances on trade accounts receivable and contract assets

The Group recognises loss allowances on trade accounts receivable in order to take expected losses into account that may result from non-receipt of customer payments. In order to take into account the potential credit risk, historical default and loss rates are determined that are adjusted using forward-looking estimates and estimates of general economic conditions and customer-specific factors. The key factors influencing the amount of the loss allowances is the estimate of the likelihood of occurrence of insolvencies and the estimate regarding changes in the technological, economic and legal environment, particularly the market environment. Due to the higher level of loss allowances recognized in the 2023 reporting period, the Group assumes a complete default on trade accounts receivable if contractual payments are 360 years overdue. 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 once a year, and if there are indications of goodwill being impaired, several times 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 of disposal 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.

Although management believes that the assumptions used to calculate the recoverable amount are appropriate, any unforeseeable changes to these planning and measurement assumptions could lead to impairment losses, which could adversely affect the net assets, financial position and results of operations.

3.4 Property and equipment and intangible assets

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

Purchase price allocation carried out upon the initial consolidation of FAIRRANK GmbH resulted in the identification of customer contracts as intangible assets and their recognition at fair value. Based on management's assessment, the amortisation period was fixed at 3 years and the declining balance 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 2023, the carrying amounts of these acquired customer contracts amounted to EUR 0 thousand (previous year: EUR 47 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 costs to fulfil a contract are subject to an annual impairment test.

3.6 Deferred taxes on tax loss carryforwards

In accordance with IAS 12.34, 11 88 0 Solutions AG also recognises deferred taxes on unused tax loss carryforwards. These are to be recognised to the extent that it is probable there will be taxable profit or sufficient deferred tax liabilities in the future against which the unused tax loss carryforwards can be utilised. Management bases its assessment of probability on the criteria set forth under IAS 12.36.

Deferred tax assets on tax loss carryforwards amounted to EUR 3,992 thousand as of the reporting date (2022: EUR 4,353 thousand); see also section 11 in the notes to the consolidated statement of financial position.

3.7 Provisions

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

3.8 Litigation

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

3.9 Employee benefits (pension and semi-retirement obligations)

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

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

3.10 Leases

3.10.1 Incremental borrowing rate of interest

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

To determine the incremental borrowing rate of interest, reference interest rates for a period of up to 5 years are derived from maturity-matched risk-adjusted interest rates. On the basis of the above criteria, interest rates of between 2.3 % 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 unless one of the parties terminates the lease. Therefore, an enforceable contract only exists until the next termination date. There are no further options.

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.

3.12 Impairment of non-financial assets

On each reporting date and during the year in case of indications, the Group assesses the carrying amounts of intangible assets, property, plant and equipment and other non-current assets for indications of impairment. If such indications exist, the recoverable amount of the asset in question is calculated in order to determine the extent of any loss allowance required. If it is not possible to calculate a recoverable amount for an individual asset, the recoverable amount will be determined for the smallest identifiable group of assets (cash generating unit, asset CGU) to which the asset in question can be allocated.

If the recoverable amount of an asset is lower than the carrying amount, a loss allowance will be immediately recognised on this asset in profit or loss. When allocating the impairment loss, the carrying amount will not be reduced below the higher of the fair value less costs of disposal, the value in use and zero (floor in IAS 36.105).

In the case of loss allowances associated with cash generating units which contain goodwill, a loss allowance will be initially recognised on existing goodwill. If the required loss allowance exceeds the carrying amount of this goodwill, as a rule the difference will be distributed proportionately to the remaining non-current assets of the cash generating units.

Insofar as, following the recognition of a loss allowance, a higher recoverable amount subsequently results for the asset or the cash generating unit, this loss allowance will be reversed, while not exceeding the value of the recoverable amount. This reversal may not exceed the amortised carrying amount which would have resulted without the previous loss allowance. The loss allowance will be reversed through profit or loss. Loss allowances on goodwill may not be reversed.

3.13 The effects of the weak overall economic development.

Against the backdrop of the weak overall economic development in Germany, the critical issues of goodwill, other intangible assets and property, plant and equipment, right-of-use assets (IFRS 16), deferred tax assets and trade receivables were tested for impairment.

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 2023 financial year, except for the changes explained below.

New standards and amendments to standards - effective from 1 January 2023:

Title		Changes	Application in annual periods beginning on or after	Anticipated effects on the presentation of the 11 88 0 Group's net assets, financial position and results of operations
IFRS 17	Accounting for insurance contracts	IFRS 17 governs the accounting treatment of and disclosure requirements for insurance contracts and replaces IFRS 4.	01.01.2023	The 11 88 0 Group does not act as an insurer.
IAS 1 und IFRS Practice Statement 2	Disclosures on accounting policies	Clarification that entities must disclose all material accounting policies. Previously, the standard referred to significant accounting policies.	01.01.2023	No material effects
IAS 8	Definition of accounting estimates	Clarification of how to distinguish between changes in accounting policies and accounting estimates.	01.01.2023	No material effects
IAS 12	International Tax Reform - Pillar 2 Model Rules	Possible effects on the accounting treatment of income taxes arising as a result of the upcoming implementation of the OECD model rules.	immediately[1] and 01.01.2023	The 11 88 0 Group does not have any international ties.
	Deferred taxes on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences	Entities are required to recognise deferred taxes for transactions that give rise to equal amounts of taxable and deductible temporary differences on initial recognition.	01.01.2023	No material effects

[1] Entities apply the exemptions immediately but the disclosure requirement applies to annual periods beginning on or after 01 January 2023.

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 2023. The Group usually does not adopt amended standards prior to the effective date, even if individual standards permit this.

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

Title		Changes	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 10 and IAS 28	Sales or Contributions of Assets between an Investor and its Associate or Joint Venture	Clarification that the full gain or loss on the transfer of assets to an associate or joint venture must be recognised when a business as defined in IFRS 3 is transferred.	n/a	No material effects
IAS 1	Classification of Liabilities as Current or Non-current	Clarification of classifying liabilities as current or non-current	01.01.2024	No material effects
IFRS 16	Lease Liability in a Sale and Leaseback	Subsequent measurement of a lease liability in a sale and leaseback	01.01.2024	No material effects

Notes to the Consolidated Income Statement

1. Revenues

Consolidated revenues in the 2023 financial year amounted to EUR 57,054 thousand (2022: EUR 56,017 thousand).

In the financial year, revenues of EUR 4,148 thousand were recognised from contractual liabilities existing as of 31 December 2022 (previous year: EUR 4,849 thousand).

Revenues increased by 3 % compared to the previous year. While revenues in the digital business rose by 2 %, revenues in the Directory Assistance segment fell slightly by 1.0 %.

The revenues of Ormigo GmbH amounting to EUR 547 thousand were fully allocated to the Digital segment.

Further explanations on the development of revenues can be found in the combined Group management report and in the presentation by operating segment under Other notes and disclosures.

2. Cost of revenues

The cost of services rendered in order to generate revenues of EUR 33,579 thousand (2022: EUR 32,909 thousand) primarily consists of capacity and infrastructure costs of the Digital and Directory Assistance segments which were incurred in order to provide products for customers. In particular, these costs comprise personnel costs, data and media costs and costs for third-party services.

The 2 % increase in cost of revenues was mainly due to higher variable personnel costs as well as the equity interest in Ormigo GmbH in the amount of EUR 355 thousand.

In the past financial year, EUR 289 thousand (2022: EUR 255 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 288 thousand (2022: EUR 302 thousand).

3. Selling and distribution costs

The selling and distribution costs of EUR 12,948 thousand (2022: EUR 13,059) mainly included the costs of the Company's own operations staff in the digital business and amortisation of capitalised costs to obtain a contract.

The slight decrease of just under 1.0 % is mainly due to lower depreciation and amortisation of capitalised costs to obtain a contract.

EUR 2,564 thousand in selling and distribution costs (2022: EUR 3,304 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 3,388 thousand (2022: EUR 3,602 thousand).

4. General administrative expenses

The general administrative expenses in the amount of EUR 9,668 thousand (2022: EUR 10,426 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.

Ormigo GmbH's share of general administrative expenses amounted to EUR 209 thousand.

5. Staff costs

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

in EUR thousand	2023	2022
Wages and salaries	20,510	18,885
Social security costs	4,216	3,908
Pension costs	3	3
Multi-year variable remuneration	80	320
Total	**24,809**	**23,116**

The year-on-year rise in wages and salaries resulted primarily from the increase in provisions for bonuses.

6. Depreciation and amortisation

Depreciation and amortisation included in costs of revenue, selling and distribution costs and other administrative expenses were composed as follows in the reporting year from 1 January to 31 December 2023:

in EUR thousand	Cost of revenues	Selling and distribution costs	Other administrative expenses	Total
Amortisation of intangible assets	323	3,449	32	**3,804**
Depreciation of property and equipment	61	32	154	**248**
Depreciation of capitalised right-of-use assets	420	454	433	**1,307**
Total	804	3,935	619	**5,358**

Depreciation and amortisation included in costs of revenue, selling and distribution costs and other administrative expenses were composed as follows in previous year from 1 January to 31 December 2022:

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

7. Impairment losses on receivables

Impairment losses on trade accounts receivable amounting to EUR 3,481 thousand rose by EUR 523 thousand year-on year (2022: EUR 2,958 thousand) and include expenses from additions to loss allowances on trade accounts receivable, income from the reversal of those loss allowances and expenses from the derecognition of such receivables. The increase results primarily from the derecognition of mainly older, unpaid receivables.

For information on impairment losses, please refer to the note “Impairment of financial assets” in the appendix, as well as to the explanations on “Trade and other receivables” in the consolidated balance sheet.

8. Other operating income / expenses

in EUR thousand	2023	2022
Loss on disposal of non-current assets	71	14
Loss allowance on goodwill	243	0
Other operating expenses	54	18
Other operating expenses	**368**	**32**

For details on loss allowances on goodwill, see the Goodwill chapter in the notes to the consolidated statement of financial position.

Other operating income amounted to EUR 27 thousand (previous year: EUR 1 thousand).

9. Net financial income

9.1 Net interest income

in EUR thousand	2023	2022
Other interest and similar income	57	21
Interest and similar income	**57**	**21**
Interest expense from lease liabilities	-187	-236
Interest expense from lease liabilities	**-187**	**-236**
Interest expense from loan liabilities	-122	-55
Interest expense for bank overdrafts and guarantees	-3	-3
Other interest and similar expenses	-65	-42
Interest and similar expenses	**-190**	**-100**
Net interest income	**-320**	**-315**

Net interest income results mainly from compounding of lease liabilities and from interest expense on the shareholder loan extended by united vertical media GmbH.

9.2 Net income from marketable securities

in EUR thousand	2023	2022
Gain on sale of marketable securities and from fair value measurement	0	-21
Net income from marketable securities	**0**	**-21**

In the previous year, the profit / loss from the sale of securities resulted from the sale and measurement of investment fund units. The sales were recognised in the statement of financial position on the trade date.

9.3 Net income from foreign currency translation

in EUR thousand	2023	2022
Gains on foreign currency translation	3	1
Loss on foreign currency translation	-4	0
Net income from foreign currency translation	**-1**	**1**

9.4 Net gains / losses on financial instruments by measurement category

in EUR thousand	2023	2022
Financial assets at amortised cost:		
Trade accounts receivable	-3,481	-2,954
Financial assets at fair value through profit or loss:		
Financial assets measured at fair value	0	-21
Financial liabilities at amortised cost:		
Trade accounts payable	-3	-12
Other current and non-current liabilities	-9	-11
Liabilities to Group companies	-122	-44
Lease liabilities	-187	-236
Total	**-3,802**	**-3,278**

Net income from trade accounts receivable mainly included changes in loss allowances, losses from derecognition, gains from subsequent payments received with interest income and the reversal of valuation allowances previously recognised on trade accounts receivable. The previous year's net income / loss from financial assets measured at fair value resulted from the sale of investment fund units. The net income / loss from financial liabilities resulted in particular from interest expense.

10. Income taxes

The tax rate applicable for the past financial year comprises, for Germany, corporate income tax, the solidarity surcharge applicable on corporate income tax as well as trade tax. In view of the applicable tax trade multipliers, the overall tax rate for the 11 88 0 Solutions AG tax group is 31.6 % (2022: 31.6 %). There is a slight discrepancy in the trade tax rate for 11 88 0 Internet Services AG, and for FAIRRANK GmbH and Seitwert GmbH as well as for Ormigo GmbH, which is due to different rates of assessment.

in EUR thousand	2023	2022
Current income taxes	-4	-8
Deferred income taxes	-1,007	218
Recognised income from income taxes	**-1,011**	**210**

The following fiscal reconciliation shows why the tax income recognised for the current year does not correspond to the expected tax income when earnings before taxes are multiplied with the Group tax rate of 31.6 % applicable for the full 2023 financial year (2022: 31.6 %):

in EUR thousand	2023	2022
Net loss before taxes	**-3,283**	**-3,701**
Applicable tax rate	**31.6 %**	**31.6 %**
Expected income from income taxes	**1,036**	**1,170**
Increase / reduction by:		
Change in loss allowance on deferred taxes	-1,908	-1,196
Tax effects on loss carryforwards for which no deferred tax assets were recognised in the past	0	312
Income tax rate differences	9	11
Tax effects on expenses (permanently) non-deductible for tax purposes / tax-free income	-103	-81
Other	-45	-6
Recognised income tax income	**-1,011**	**210**

At -30.8 %, the effective tax rate as a ratio of the reported income tax expense to the net loss for the period before taxes is significantly higher than in the previous year (2022: 5.7 %). The main reason for the higher ratio is that higher valuation allowances were recognized for deferred tax assets at 11 88 0 Internet Services AG. In addition to significant taxable temporary differences on the liabilities side, the realization of loss carryforwards is also due to positive planning results of 11 88 0 Internet Services AG. At 11 88 0 Solutions AG and FAIRRANK GmbH, deferred tax assets are only recognised for corporate and trade tax loss carryforwards taking into account taxable temporary differences.

As of 31 December 2023, the current tax assets totalled EUR 23 thousand (2022: EUR 5 thousand).

As of 31 December 2023, the 11 88 0 Solutions Group showed deferred tax assets after offsetting in the amount of EUR 724 thousand (2022: EUR 1,674 thousand) and deferred tax liabilities in the amount of EUR 553 thousand (2022: EUR 500 thousand).

11. Earnings per share

Financial year ended on 31 December, in EUR	**2023**	2022
Earnings per share, based on profit / loss for the period	-0.17	-0.14

Financial year ended on 31 December, in EUR thousand	**2023**	2022
Profit / loss for the year for calculating earnings per share	-4,294	-3,491

Financial year ended on 31 December, in thousands of shares	**2023**	2022
Weighted average number of ordinary shares for calculating earnings per share	25,313	24,915

Notes to the consolidated statement of financial position

1. Cash

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

Financial year ended on 31 December, in EUR thousand	**2023**	2022
Bank balances and cash	1,413	1,382
Restricted cash	134	134
Total	**1,547**	**1,516**

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

The fair value of cash amounted to EUR 1,547 thousand (2022: EUR 1,516 thousand) and thus corresponded to its carrying amount.

The 11880 Solutions Group had credit facilities of EUR 1,000 thousand (2022: EUR 1,000 thousand) with financial institutions at its disposal as of 31 December 2023. 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	**31.12.2023**	31.12.2022
Trade accounts receivable, gross	9,249	11,985
Less loss allowances	-3,277	-3,469
Trade accounts receivable, net	**5,972**	**8,516**

As a rule, trade receivables were due within 1 to 30 days.

The following trade accounts receivable were impaired with an amount of EUR 3,277 thousand (2022: EUR 3,469 thousand) as of 31 December 2023. Changes in the allowance account were as follows:

in EUR thousand	2023	2022
Loss allowances on 1 January	**3,469**	**2,145**
Expected losses according to IFRS 9	74	159
Specific valuation allowances	3,566	3,084
Utilisation / derecognition	-3,672	-1,488
Reversal	-160	-431
Loss allowances on 31 December	**3,277**	**3,469**

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

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

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

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

31 December 2023	Gross carrying amount in EUR thousand	Expected default rate for the remaining term of the receivables	Impairment in EUR thousand
Not past due	2,248	3.3 %	74
1–90 days past due	1,749	5.9 %	103
91–180 days past due	838	13.0 %	109
> 180 days past due	1,753	18.8 %	330
Default	2,662	100.0 %	2,662
Total	**9,250**		**3,278**

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

3. Other financial assets

As in the previous year, current other financial assets in the amount of EUR 21 thousand (previous year: EUR 38 thousand) mainly include creditors with debit balances.

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

4. Other current assets

Other current financial assets consisted of the following items:

in EUR thousand	31.12.2023	31.12.2022
Prepayments made	358	465
Receivables from collection service providers	0	61
Other current assets	57	49
Other current assets	**415**	**575**

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

5. Goodwill

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

Cost

in EUR thousand	Goodwill
As of 31 December 2023	**10,678**
As of 31 December 2022	**10,092**

Accumulated impairment

in TEUR	Geschäfts- oder Firmenwert
As of 31 December 2023	**6,617**
As of 31 December 2022	**6,375**

Carrying amounts

in TEUR	Goodwill
Carrying amount as of 31 December 2023	**4,061**
Carrying amount as of 31 December 2022	**3,717**

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

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

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

The (provisional) goodwill from the acquisition of Ormigo GmbH, which was completed via the commercial register entry of 1 September 2023, was fully allocated to the Ormigo CGU (“Ormigo CGU”) as an independent CGU, as real synergies or other positive effects on the Group’s digital units in existence at the acquisition date were not taken into consideration when determining the purchase price for Ormigo GmbH. Due to the short period between the conclusion of the transaction and the reporting date, the goodwill recognised for Ormigo as of 31 December 2023, in the amount of EUR 587 thousand, should be considered provisional. 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 and additional assets or liabilities will be recognised, if applicable. This may result in either an increase and a decrease in the provisionally recognised goodwill of the Ormigo CGU.

The goodwill of 11 88 0 Solutions AG is tested for impairment once a year and in case of relevant indications of potential impairment. On the basis of the information available as of the reporting date and expectations regarding the future development of the market and competitive environment as well as the cash-generating units – to each of which goodwill has been allocated – as of 31 December 2023 an impairment loss was recognised for the AKL / IS-AG CGU in the amount of EUR 243 thousand (recoverable amount: EUR 218 thousand). This is attributable to the increased basic interest rates and to the market-related decline in traditional directory assistance business, which is expected to continue over the next few years. Unlike the AKL overall segment and AKL's business within 11 88 0 Solutions AG, the AKL / IS-AG CGU is not benefiting from the growth in the call centre services business (CCS). Instead, the business model for the AKL CGU within 11 88 0 Internet Services AG is based on directory assistance numbers which enable the provision of traditional directory assistance services and some value-added services in particular. No indication of impairment has resulted for the FAIRRANK and Ormigo CGUs.

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

Due to the still provisional nature of the goodwill of the Ormigo CGU and in view of the recent confirmation of the fair value of the contribution in kind which was provided by the court-appointed contribution auditor on 30 August 2023, in deviation from the normal procedure the fair value of the goodwill for this CGU has been calculated on the basis of a simplified impairment test. For this purpose, in particular the extent to which the business plan considered in the impairment test has been fulfilled to date was analysed. These analyses did not establish any indication of impairment.

The expected future cash flows of the CGUs are determined on the basis of the budget approved by the Supervisory Board of 11 88 0 Solutions AG. The expected cash flows are calculated over a period of three to five years on this basis. The first three years represent detailed planning, while the following two years – if required – represent the extrapolation of trends. Beyond this period, management assumes in each case a CGU-specific long-term growth rate. Please see the following table for details of the goodwill of the AKL / IS-AG and FAIRRANK cash-generating units as of 31 December 2023 and 31 December 2022, as well as the material parameters for the DCF models used.

CGU	**Year**	**Carrying amount Goodwill (EUR thousand)**	**Discount interest rate before tax**	**Discount rate after tax**	**Long-term growth rate p. a. Ø in %**	**Long-term EBIT margin p. a. Ø in %**
CGU AKL / IS-AG	**2023**	174	24.23 %	6.92 %	-20.0 %	15.0 %
	2022	416	21.21 %	9.00 %	-20.00 %	20.0 %
CGU FAIRRANK	**2023**	3,301	9.32 %	6.92 %	1.5 %	16.7 %
	2022	3,301	14.05 %	9.53 %	1.50 %	12.5 %

The discount rates were inferred on the basis of conservative assumptions and using the capital asset pricing model. With regard to the growth opportunities and the potential market trend, we consider an annual rate of growth in free cash flows and thus a growth discount of 1.5 % for the terminal value to be appropriate for the FAIRRANK CGU, bearing in mind current interest rate expectations. For the terminal value, a long-term EBIT margin of 16.7% (previous year: 12.5 %) is expected for the FAIRRANK CGU. On the basis of the generic decline in call volumes in traditional directory assistance business, in relation to the AKL / IS-AG CGU for the terminal value we continue to expect a 20 % annual decrease in the free cash flows, resulting in a corresponding mark-up on the discount rate for the terminal value. For the terminal value for the AKL / IS-AG CGU, a long-term EBIT margin of 15 % (previous year: 20 %) is expected.

Sensitivity of the assumptions made

The sensitivity of the recoverable amounts to changes in key assumptions differs for the individual cash-generating units. Material parameters have been varied within the scope of sensitivity analyses for the CGUs to which goodwill has been allocated. The following parameters in particular have been considered:

- 1.0 percentage point increase / decrease in discount rates (after taxes)
- 1.0 percentage point reduction / increase in the long-term growth rate for the terminal value to 0.5 % or 2.5 % (FAIRRANK CGU) or 5.0 percentage point reduction / increase in the long-term growth rate for the terminal value to -25 % or -15 % (AKL / IS-AG CGU).
- 20 % decrease / increase in the long-term EBIT margin

Even on the basis of sensitivity analyses including these assumptions, no requirement to recognise impairment would arise for the Fairrank CGU. This applies even if all three measurement assumptions were to simultaneously deteriorate by the specified amounts.

In the case of scenario analyses based on the assumptions amended as indicated, the following changes in the recoverable amount and thus the impairment loss determined would result for the AKL/ IS-AG CGU:

- A 1.0 percentage point increase / decrease in the discount rate (after taxes) would result in a EUR 6 thousand increase in the impairment loss determined for the AKL / IS-AG CGU to EUR 249 thousand or a EUR 7 thousand decrease in the impairment loss determined for the AKL / IS-AG CGU to EUR 236 thousand.
- All other things being equal, a 5.0 percentage point reduction / increase in the long-term growth rate for the terminal value to -25 % or -15 % overall would increase the impairment loss by EUR 9 thousand to EUR 252 thousand or reduce the impairment loss by EUR 13 thousand to EUR 230 thousand.
- All other things being equal, a 20 % reduction / increase in the long-term EBIT margin would increase the impairment loss by EUR 12 thousand to EUR 255 thousand or reduce the impairment loss by EUR 12 thousand to EUR 231 thousand.
- If the three measurement parameters were to simultaneously deteriorate by the specified amounts, this would increase the impairment loss determined for the AKL / IS-AG CGU by EUR 24 thousand to EUR 266 thousand.
- If the three measurement parameters were to simultaneously improve by the specified amounts, this would reduce the impairment loss determined for the AKL / IS-AG CGU by EUR 37 thousand to EUR 206 thousand.

6. Intangible assets

6.1 Cost

in EUR thousand	Initial carrying amount 1.1.2023	Additions	Reclassifica-tions	Disposals	As of 31.12.2023
Software	**7,805**	0	0	0	**7,805**
Licenses	**12,333**	0	0	0	**12,332**
Internally generated database	**0**	0	0	0	**0**
Acquired customer bases	**0**	0	0	0	**0**
Acquired klickTel brand	**0**	0	0	0	**0**
Acquired customer contracts, FAIRRANK	**359**	0	0	0	**359**
Internally generated intangible assets	**10,037**	228	0	0	**10,265**
Costs to obtain a contract (customer contracts)	**30,698**	2,564	0	0	**33,262**
Other intangible assets	**8**	0	0	0	**8**
Intangible assets being developed / with prepayments	**46**	0	0	-46	**0**
Total	**61,286**	**2,792**	**0**	**-46**	**64,032**

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

6.2 Accumulated amortisation

in EUR thousand	As of 1.1.2023	Amortisation	Disposals	As of 31.12.2023
Software	7,568	139	0	7,707
Licenses	12,325	7	0	12,332
Internally generated database	0	0	0	0
Acquired customer bases	0	0	0	0
Acquired klickTel brand	0	0	0	0
Acquired customer contracts, FAIRRANK	313	47	0	360
Internally generated intangible assets	9,796	223	0	10,019
Costs to obtain a contract (customer contracts)	25,705	3,388	0	29,093
Other intangible assets	0	0	0	0
Intangible assets being developed / with prepayments	0	0	0	0
Total	**55,707**	**3,804**	**0**	**59,511**

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

6.3 Carrying amounts

in EUR thousand	Carrying amounts as of 31 December 2023	Carrying amounts as of 31 December 2022
Software	98	236
Licenses	1	8
Internally generated database	0	0
Acquired customer bases	0	0
Acquired klickTel brand	0	0
Acquired customer contracts, FAIRRANK	0	47
Internally generated intangible assets	245	240
Costs to obtain a contract (customer contracts)	4,168	4,992
Other intangible assets	9	8
Intangible assets being developed / with prepayments	0	46
Total	**4,520**	**5,578**

The useful life of intangible assets was determined in as follows in the 2023 financial year:

Useful life of intangible assets	
Software	3 to 7 years
Licenses	3 to 15 years
Internally generated database	3 years
Acquired customer bases	7 and 10 years resp.
Acquired klickTel brand	10 years
Acquired customer contracts, FAIRRANK	2 to 4 years
Internally generated intangible assets	2 to 5 years
Costs to obtain a contract (customer contracts)	3 years
Other intangible assets	3 years

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

Due to the increased risk-free basic interest rate, the increased impairment losses on receivables and the overall decrease in the customer base due to the increased strategic focus on profitable customers, an impairment test was conducted for the intangible assets, in particular the capitalised costs to obtain a contract. Taking into consideration the revenues and costs expected to result in subsequent years from the customer base as of 31 December 2023 and the current churn rate and conservative discount rates, as in the previous year no indication of impairment resulted in the financial year.

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

Internally generated intangible assets were capitalised development costs for creating or enhancing software. In the year under review, development costs of EUR 1.8 million (2022: EUR 2.2 million) not qualifying for capitalisation were expensed within cost of revenues.

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

7. Property and equipment

7.1 Cost

in EUR thousand	As of 1.1.2023	Additions	Reclassifications	Disposals	As of 31.12.2023
Technical equipment	4,643	45	0	0	4,688
Other equipment, fixtures, furniture and office equipment, and low-value assets	2,409	24	0	-25	2,408
Equipment being purchased / with prepayments	0	0	0	0	0
Total	**7,052**	**69**	**0**	**-25**	**7,096**

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

7.2 Accumulated depreciation

in EUR thousand	As of 1.1.2023	Depreciation	Disposals	As of 31.12.2023
Technical equipment	4,345	108	0	4,453
Other equipment, fixtures, furniture and office equipment, and low-value assets	2,000	140	0	2,140
Total	**6,345**	**248**	**0**	**6,593**

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

7.3 Carrying amounts

in EUR thousand	Carrying amounts as of 31 December 2023	Carrying amounts as of 31 December 2022
Technical equipment	235	298
Other equipment, fixtures, furniture and office equipment, and low-value assets	268	409
Equipment being purchased / with prepayments	0	0
Total	**502**	**707**

The useful life of property and equipment was determined in as follows in the 2023 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 generally 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.

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

8. Capitalised right-of-use assets (IFRS 16)

8.1 Cost

in EUR thousand	As of 1.1.2023	Additions	Disposals	As of 31.12.2023
Buildings	6,935	12	-571	6,376
Fleet units	582	227	-188	621
IT equipment	92	66	0	158
Total	**7,609**	**305**	**-759**	**7,155**

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

8.2 Accumulated depreciation

in EUR thousand	As of 1.1.2023	Additions	Disposals	As of 31.12.2023
Buildings	3,579	1,074	-568	4,085
Fleet units	345	201	-188	358
IT equipment	18	32	0	50
Total	**3,942**	**1,307**	**-756**	**4,493**

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

The depreciation of capitalised right-of-use assets is included in cost of revenues in the amount of EUR 420 thousand (previous year: EUR 317 thousand), in selling and distribution costs in the amount of EUR 454 thousand (previous year: EUR 531 thousand) and in general administrative expenses in the amount of EUR 433 thousand (previous year: EUR 454 thousand).

8.3 Carrying amounts

in EUR thousand	Carrying amounts as of 31 December 2023	Carrying amounts as of 31 December 2022
Buildings	2,291	3,356
Fleet units	263	237
IT equipment	108	74
Total	**2,662**	**3,666**

The useful life of capitalised right-of-use assets is as follows in the 2023 financial year:

Useful life of capitalised right-of-use assets	
Buildings	1 to 8 years
Fleet units	3 years
IT equipment	5 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.

9. Other non-current assets

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

Financial year ended on 31 December, in EUR thousand	2023	2022
Costs to fulfil a contract	403	401
Other	4	4
Total	**407**	**405**

This item primarily includes costs to fulfil a contract (capitalised customer websites), which are depreciated on a straight-line basis over 3 years.

10. 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, and for FAIRRANK GmbH and Seitwert GmbH as well as for Ormigo GmbH, which is due to different rates of assessment.

The deferred taxes consisted of the following:

in EUR thousand	31.12.2023	31.12.2022
Deferred tax assets:		
Tax loss carryforwards	3,501	4,353
Intangible assets	1	36
Other assets	0	46
Provisions	55	184
Lease liabilities	762	1,390
Deferred tax assets before netting of which in other comprehensive income EUR 0 thousand (2022: EUR 41 thousand)	**4,319**	**6,009**
Netting	-3,596	-4,335
Deferred tax assets after netting	**724**	**1,674**
Deferred tax liabilities:		
Property and equipment	-13	-60
Intangible assets	-1,391	-1,687
Right-of-use assets	-840	-1,127
Other assets	-1,893	-1,962
Provisions	-13	0
Deferred tax liabilities before netting of which in other comprehensive income EUR 1 thousand (2022: EUR 159 thousand)	**-4,150**	**-4,835**
Netting	3,596	4,335
Deferred tax liabilities after netting	**-553**	**-500**

As of 31 December 2023, the Group companies' accumulated corporate income tax loss carryforwards amounted to EUR 40,875 thousand (2022: EUR 39,339 thousand). As of 31 December 2023, the Group companies' accumulated trade tax loss carryforwards amounted to EUR 39,645 thousand (2022: EUR 38,201 thousand).

Corporate income tax loss carryforwards that were not applied as a result of insufficient usability amounted to EUR 29,973 thousand (2022: EUR 26,162 thousand) as of the reporting date. Trade tax loss carryforwards that were not applied as a result of insufficient usability amounted to EUR 28,743 thousand (2022: EUR 24,835 thousand) as of 31 December 2023.

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	**2023**	2022
Deferred tax assets		
Current	456	476
Non-current	3,864	5,532
Deferred tax liabilities		
Current	-811	-908
Non-current	-3,338	-3,928

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

11. Trade accounts payable

The trade accounts payable shown as of the reporting date amounted to EUR 499 thousand (2022: EUR 641 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.

Trade accounts payable were recognised at their redemption amount.

12. 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	**2023**	**2022**
Obligations to employees	2,129	1,419
Invoices outstanding	2,906	3,237
Other accrued liabilities	8	135
Total	**5,043**	**4,791**

Obligations to employees included in particular wage and salary payments including variable salary components that are not due until the 2024 financial year.

Of the accrued current liabilities, an amount of EUR 2,906 thousand (2022: EUR 3,237 thousand) is attributable to financial liabilities.

13. Provisions

As of the 31 December 2023 reporting date, the Group had identified and measured all known risks. If the recognition requirements of IAS 37.14 were met, the risks were accounted for in the financial statements in the form of provisions.

The changes in non-current provisions for the 2023 financial year were as follows:

in EUR thousand	Long term incentive (LTI)	Other	Total
	Non-current		
As of 1 January 2023	**320**	**145**	**465**
Reversal	0	-46	-46
Use	0	-42	-42
Addition	80	64	144
As of 31 December 2023	**400**	**121**	**521**

The changes in provisions for the 2022 financial year were as follows:

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

The significant risks included the facts and circumstances presented below.

Other non-current provisions consisted of obligations arising for future tax audits in the amount of EUR 23 thousand (2022: EUR 34 thousand), semi-retirement obligations in the amount of EUR 56 thousand (2022: EUR 38 thousand) as well as provisions for share-based payments to be made in the future (see also other notes and disclosures) for 2023, in the amount of EUR 42 thousand (2022: EUR 73 thousand). The long-term incentive (LTI) contains obligations associated with long-term variable remuneration for Management Board members.

The management expects a liquidity outflow in the amount of approx. EUR 48 thousand in 2024, approx. EUR 31 thousand in 2025 and approx. EUR 442 thousand from 2026. Considerable uncertainty applies in relation to the time of payment of the provision for future tax audits as well as the level of target achievement in terms of the obligation resulting from long-term variable remuneration.

14. Lease liabilities

in EUR thousand	31.12.2023	31.12.2022
Current lease liabilities	**1,372**	**1,403**
Buildings	1,192	1,236
Fleet units	163	149
Other IT	17	18
Non-current lease liabilities	**2,037**	**3,070**
Buildings	1,788	2,929
Fleet units	155	83
Other IT	94	58
Total	**3,409**	**4,473**

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

Lease liabilities do not include short-term leases and leases with assets of low value. In the 2023 financial year, this resulted in expenses of EUR 135 thousand for short-term leases and EUR 17 thousand from leases of a lower value. For 2024, the Group expects expenses to be approximately the same amount.

15. Other current liabilities

Other current liabilities were comprised as follows:

in EUR thousand	31.12.2023	31.12.2022
Contract liabilities	3,608	5,028
VAT liabilities	674	603
Loan liabilities to banks	188	188
Other liabilities	753	696
Total	**5,223**	**6,514**

Contract liabilities relate exclusively to payments received from customers prior to performance of services in the digital business. These are recognised as revenues within the following twelve months. This means that the outstanding benefit obligations still to be fulfilled by the Company correspond to the corresponding transaction price. In the financial year, revenues of EUR 5,028 thousand were recognised from contractual liabilities still existing as of 31 December 2022. The reduction in this item resulted primarily from removing the non-paying customer base from the books.

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

Of the other current liabilities an amount of EUR 188 thousand (2022: EUR 188 thousand) is attributable to financial liabilities.

16. Pension obligations

There are defined contribution plans for retirement benefit plans for employees of the 11 88 0 Solutions Group and additional defined benefit plans for former members of the Management Board.

16.1 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 %	2023	2022
Actuarial interest rate	3.60	4.20
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	2023	2022
Current service cost	-	-
Interest expense	-47	-23
Interest income	56	17
Expenses for defined benefit post-employment benefits recognised in net income	**9**	**-6**
Revaluations of defined benefit post-employment benefits recognised in other comprehensive income	**-9**	**-502**

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	2023	2022
Present value of the defined benefit obligations as of 1 January	**1,109**	**1,797**
Current service cost	0	0
Interest expense	47	23
Actuarial gains (-) or losses (+) from changes in financial assumptions	107	-709
Actuarial gains (-) or losses (+) from changes in demographic assumptions	0	0
Actuarial gains (-) or losses (+) from experience adjustments	2	-2
Present value of the defined benefit obligations as of 31 December	**1,265**	**1,109**

The share of the present value of the defined benefit obligations attributable to beneficiaries no longer with the Company totalled EUR 1,265 thousand (2022: EUR 1,109 thousand).

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

in EUR thousand	2023	2022
Fair value of plan assets as of 1 January	**1,342**	**1,302**
Interest income	56	17
Actuarial gains (+) or losses (-) from experience adjustments excluding the amounts shown in interest income	-15	23
Contributions by the employer	-	-
Fair value of plan assets (before asset ceiling) as of 31 December	**1,383**	**1,342**

The plan assets are reinsurance policies with Pledged claims to the beneficiaries. The insurance company’s investments are broadly diversified broadly diversified in order to balance out price fluctuations as far as possible and to generate stable income. 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	**2023**	2022
Present value of the defined benefit obligation (DBO)	1,265	1,109
Fair value of plan assets	-1,383	-1,342
Net assets (+) / liabilities (+)	**-118**	**-233**
The effect of the ceiling in IAS 19.57 (b) – asset ceiling	118	233
Net assets (+) / liabilities (+) recognised in the statement of financial position	**0**	**0**

In financial year 2023, the asset ceiling in accordance with IAS 19.57 (b) results in a net asset / liability of EUR 0 thousand recognised in the statement of financial position.

The reconciliation of the net obligation is summarised as follows:

	Present value of pension obligation EUR thousand	**Fair value of plan assets** EUR thousand	**Net asset value** EUR thousand
1 January 2023	**-1,109**	**1,109**	**-**
Interest expense (-) / interest income (+)	-47	56	9
Total amount recognised in profit or loss	**-47**	**56**	**9**
Return on plan assets without amounts included in interest (income)	-	-15	-15
Actuarial loss from the change in demographic assumptions	-	-	-
Actuarial loss from the change in financial assumptions	-107	-	-107
Experience adjustments	-2	-	-2
The effect of the ceiling in IAS 19.57 (b) – asset ceiling	-	115	115
Total amount recognised in other comprehensive income	**-109**	**100**	**-9**
31 December 2023	**-1,265**	**1,265**	**-**

	Present value of pension obligation EUR thousand	**Fair value of plan assets** EUR thousand	**Net asset value** EUR thousand
1 January 2022	**-1,797**	**1,302**	**-495**
Interest expense (-) / interest income (+)	-23	17	-7
Total amount recognised in profit or loss	**-23**	**17**	**-7**
Return on plan assets without amounts included in interest (income)	0	23	23
Actuarial loss from the change in demographic assumptions	-	-	-
Actuarial loss from the change in financial assumptions	709	-	709
Experience adjustments	2	-	2
The effect of the ceiling in IAS 19.57 (b) – asset ceiling	-	-233	-233
Total amount recognised in other comprehensive income	**711**	**-210**	**502**
31 December 2022	**-1,109**	**1,109**	**-**

11 88 0 Solutions AG believes it is exposed to risk from defined benefit pension plans. Changes in actuarial assumptions, mainly lowering of the actuarial interest rate, can lead to increased pension obligations. Material underfunding can necessitate payment of additional contributions by the Company.

The Group continually reviews the obligations arising from commitments to pay company retirement pension benefits. One goal here is to avoid material underfunding of pensions. The 11 88 0 Solutions Group did not change its risk management process from the previous year.

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

As of 31 December 2023		Effects on the obligation	
Assumptions	**Change in the assumption**	**Increase in the assumption**	**Decrease in the assumption**
Actuarial interest rate	0.50 %	Decrease by 7.14 %	Increase by 7.99 %

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

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 2023 (previous year: up to 31 December 2022).

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 2023.

The weighted average term of the defined benefit plans is 16 years.

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

16.2 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 18 thousand (2022: EUR 19 thousand), EUR 4 thousand (2022: EUR 3 thousand) of which was attributable to contributions for current or previous Management Board members.

Contributions to the statutory pension scheme amounted to EUR 1,930 thousand in the financial year (2022: EUR 1,800 thousand).

17. Other non-current liabilities / liabilities to banks

The liabilities to banks consist of the following:

in EUR thousand	31.12.2023	31.12.2022
Bank loans		
Non-current	94	281
Total	**94**	**281**

Other non-current liabilities in the amount of EUR 94 thousand as of 31 December 2023 (2022: EUR 281 thousand) only include long-term loan liabilities to banks.

18. Liabilities to Group companies

In financial year 2022, the 11 88 0 Solutions Group took out an unsecured loan of EUR 2,000 thousand from the parent, united vertical media GmbH, Nuremberg, with a term of five years. The loan was reported in the statement of financial position under liabilities due to related parties. The loan was taken out at an interest rate of 6.1 percent p.a. in line with market terms and is due in one lump-sum payment on 31 May 2027. The interest expense amounted to EUR 122 thousand in financial year 2023 (2022: EUR 44 thousand) and was paid in december 2023.

19. Equity

19.1 Subscribed capital

The share capital of 11 88 0 Solutions AG was divided into 26,232,200 (2022: 24,915,200) no-par value shares with a notional interest in the share capital of EUR 1.00 per share. All no-par value shares issued by the Company have been fully paid-in. As of 31 December 2023, the number of shares outstanding amounted to 26,232,200 item (2022: item 24,915,200).

There was a cash and non-cash capital increase in the 2023 financial year in which 1,317,000 shares were subscribed and issued from authorized capital..

A resolution passed by the Annual General Meeting on 16 June 2021 authorised the Management Board to increase the Company's share capital, with the approval of the Supervisory Board, once or several times by up to a total of EUR 9,590,900 until 15 June 2026 (Authorised Capital 2021).

Taking into account the authorised capital of up to EUR 1,549,664 that was resolved by the 2020 Annual General Meeting and was still outstanding as of 31 December 2023 (Authorised Capital 2020), the Company has authorised capital totalling up to EUR 11,140,564 as of 31 December 2023.

The Company also has the option to implement a conditional capital increase of up to EUR 2,000,000.00 (Conditional Capital 2020) to service bonds (convertible bonds and/or options or participation rights) that may be issued by 17 June 2025 in accordance with the authorising resolution under agenda item 8 letter (a) of the Annual General Meeting on 18 June 2020.

The Company also has the option to implement a conditional capital increase of up to EUR 2,000,000.00 (Conditional Capital 2022) to service subscription rights from stock options that may be issued by 13 June 2027 in accordance with the authorising resolution under agenda item 8 letter (a) of the Annual General Meeting on 14 June 2022.

19.2 Additional paid in capital

The additional paid in capital as of 31 December 2023 amounted to EUR 34,300 thousand (2022: EUR 34,473 thousand). Costs of EUR 57 thousand less the tax portion of EUR 18 thousand were recognized as capital increase costs in the capital reserve.

19.3 Accumulated deficit

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

in EUR thousand	
Accumulated deficit as of 1 January 2022	**-49,285**
Net income (loss) for the 2022 financial year	-3,491
Accumulated deficit as of 31 December 2022	**-52,776**
Net income (loss) for the 2023 financial year	-4,294
Accumulated deficit as of 31 December 2023	**-57,071**

19.4 Other components of equity

As of the reporting date, the other components of equity totalled EUR -12 thousand (2022: EUR 1 thousand). The changes were as follows:

in EUR thousand	
Other components of equity as of 1 January 2022	**-333**
Actuarial losses from pensions and similar obligations in the amount of EUR 493 thousand less deferred taxes totalling EUR -159 thousand	334
Other components of equity as of 31 December 2022	**1**
Actuarial losses from pensions and similar obligations as well as semi-retirement obligations in the amount of EUR 493 thousand less deferred taxes totalling EUR -159 thousand	-13
Other components of equity as of 31 December 2023	**-12**

For changes in the presentation of actuarial gains and losses in other components of equity, see the corresponding section on pension obligations.

Other notes and disclosures

1. Statement of cash flows

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

in EUR thousand	1 January 2023	of which cash**	of which non-cash	31 December 2023
Lease liabilities	4,473	-1,556	492	3,409
Liabilities to banks*	468	-188	0	281
Other financial liabilities of Ormigo GmbH	0	-102	102	0
Liabilities to Group companies	2,044	-166	122	2,000
31 December 2023	**6,985**	**-2,012**	**716**	**5,690**

* In addition, EUR 8 thousand in interest was paid.

** The remaining interest payments of EUR 9 thousand resulted from other interest-bearing liabilities.

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

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

** The remaining interest payments of EUR 14 thousand resulted from other interest-bearing liabilities.

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 FAIRRANK GmbH, Cologne, include search engine optimisation (SEO), online advertising and usability optimisation. Acquired in September 2023, Ormigo GmbH, Cologne, offers services as part of the pay-per-lead business. For the purpose of internal reporting and management control, the activities of Fairrank GmbH and Ormigo GmbH were allocated to the Digital segment. The Digital segment also includes the software solutions business, which comprises digital telephone books and yellow pages on CD-ROM and as intranet and database solutions.

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

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

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

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

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

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

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

Financial year ended on 31 December 2023 in EUR thousand	**Digital**	**Directory Assistance**	**Group**
Revenues			
Revenues from transactions with external customers	44,793	12,261	**57,054**
Of which over periods of time	43,942	94	**44,036**
Of which relating to points in time	850	12,167	**13,017**
Total revenues	**44,793**	**12,261**	**57,054**
Cost of revenues	-22,459	-11,120	**-33,579**
Selling and distribution costs	-12,701	-247	**-12,948**
General administrative expenses, other operating income & expenses	-8,974	-1,036	**-10,009**
Impairment losses on receivables	-3,295	-186	**-3,481**
Operating result	**-2,636**	**-328**	**-2,963**
Depreciation and amortisation	5,014	344	**5,357**
EBITDA	2,621	17	**2,638**
Interest income	53	4	**57**
Interest expense	-335	-41	**-376**
Other finance income / finance costs	0	0	**0**
Gains / losses on foreign currency translation	-1	0	**-1**
Earnings before taxes	-2,869	-415	**-3,283**
Assets and liabilities			
Segment assets			**20,854**
Segment liabilities			**17,404**
Other segment information			
Depreciation of property and equipment	218	30	**247**
Amortisation of intangible assets	3,789	16	**3,804**
Depreciation of capitalised right-of-use assets	1,008	299	**1,307**

Financial year ended on 31 December 2022 in EUR thousand	**Digital**	**Directory Assistance**	**Group**
Revenues			
Revenues from transactions with external customers	43,657	12,360	**56,017**
Of which over periods of time	42,715	106	**42,821**
Of which relating to points in time	942	12,254	**13,196**
Total revenues	**43,657**	**12,360**	**56,017**
Cost of revenues	-21,903	-11,006	**-32,909**
Selling and distribution costs	-12,812	-247	**-13,059**
Impairment losses on receivables	-2,843	-115	**-2,958**
General administrative expenses, other operating income & expenses	-9,185	-1,272	**-10,457**
Operating result	**-3,086**	**-280**	**-3,367**
Depreciation and amortisation	5,391	353	**5,744**
EBITDA	2,305	73	**2,378**
Interest income	19	2	**21**
Interest expense	-293	-43	**-336**
Other finance income	0	0	**0**
Other finance costs	-19	-2	**-21**
Gains / losses on foreign currency translation	1	0	**1**
Earnings before income taxes	-3,378	-323	**-3,701**
Assets and liabilities			
Segment assets			**26,396**
Segment liabilities			**19,783**
Other segment information			
Depreciation of property and equipment	259	24	**283**
Amortisation of intangible assets	4,144	14	**4,158**
Depreciation of capitalised right-of-use assets	988	314	**1,302**

3. Share-based payment

The Management Board of 11 88 0 Solutions AG is entitled to receive variable remuneration each financial year, the value of which depends on the achievement of goals based on personally agreed targets. The amount of variable remuneration is determined individually. The variable remuneration comprises performance-based and qualitative components. A portion of the annual performance-based variable remuneration is converted as variable remuneration invested for the long term into phantom stocks of 11 88 0 Solutions AG (deferrals) that are paid out after a vesting period of two years.

The phantom stocks are converted in connection with the determination of the achievement of goals immediately after the annual financial statements are adopted for the respective financial year for which the targets were agreed. The relevant share price of the phantom stocks at the time of the conversion is the arithmetic mean of the closing price of shares of 11 88 0 Solutions AG in Xetra trading on the Frankfurt Stock Exchange on stock exchange trading days in the three months preceding the adoption of the annual financial statements for the financial year for which the targets were agreed. Thus, the number of phantom stocks granted for a financial year is not determined until the following year.

The value of the phantom stocks will be determined and paid out after the expiration of a vesting period of two years following the conversion into phantom stocks. The amount paid out is determined based on the arithmetic mean of the closing price of shares of 11 88 0 Solutions AG in Xetra trading on the Frankfurt Stock Exchange on stock exchange trading days in the three months preceding the adoption of the annual financial statements for the financial year for which the targets were agreed. Any dividends distributed to shareholders during the vesting period are added to the value thus determined. The amount to be paid out accordingly is limited on the one hand to 120 % of the starting value upon conversion and reduced to EUR 0 on the other hand if the phantom stocks only show 50 % of the original value.

In the 2023 financial year, a personnel expense in the amount of EUR 42 thousand (2022: EUR 0 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.

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 balanced under IFRS 16 and excluding leases not recognised as current and as low-value items are as follows:

in EUR thousand	As of 31 December 2023 Obligations under			As of 31 December 2022 Obligations under		
Maturity	rental and lease contracts	marketing and IT service contracts	consulting and other service contracts	rental and lease contracts	marketing and IT service contracts	consulting and other service contracts
Up to 1 year	1,579	217	1,518	822	204	1,619
Between 1 and 5 years	2,713	69	1,016	911	17	1,384
Total	**4,292**	**286**	**2,534**	**1,733**	**221**	**3,003**

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 135 thousand for 2024. The Group expects leases of low-value assets to result in payments with an overall volume of approx. EUR 17 thousand. Cash outflow is expected to occur in 2024.

5. Contingent liabilities

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

As of the reporting date, the Group companies were involved in just one legal dispute as the defendant.

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

6. Number of employees

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

2023 financial year	As of 31 December 2023		Annual average	
11 88 0 Solutions Group	absolute	in full-time equivalents	absolute	in full-time equivalents
Total	514	461	531	477
of which operators and sales	285	238	298	250
of which administration	229	223	233	227

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

7. Auditors' fees

The expenses for the fees of the auditors (Pricewaterhouse Coopers GmbH Wirtschaftsprüfungsgesellschaft, Essen) for the audit of the 2023 annual financial statements recognised in the income statement were comprised as follows:

in EUR thousand	2023	2022
Audits of financial statements	290	211
Incidental costs of audits of financial statements	8	7
Total	**298**	**218**

8. Financial risks

The group had various financial assets at its disposal, such as trade accounts receivable and cash.

The Group's financial liabilities mainly comprised trade accounts payable, liabilities to Group companies, other current and non-current liabilities and the available overdraft facilities, which were not utilised during the 2023 financial year.

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

In the course of its business activities, the 11 88 0 Solutions Group is exposed to various financial risks – counterparty credit risks, liquidity risk and market risk – which are explained in greater detail below. Detailed information about risk management and control are presented in the Group management report in section 7 "Opportunity and risk management".

8.1 Credit risk

The Group assumes a complete default on a financial asset if contractual payments are 360 years overdue. In addition, the Group 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 is denominated exclusively in euros and are held at highly regarded German financial institutions. 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 trade accounts receivable reported in the statement of financial position are net of impairment losses determined using the simplified approach under IFRS 9. Using the simplified approach, the expected credit losses are calculated over the entire term of the financial instruments. The determination of expected credit losses is based on analyses of historical default rates, age structures, the current development of the economic environment and the creditworthiness of customers. With regard to the counterparty credit risk item trade accounts receivable, please see the disclosures under note 2 Trade accounts receivable.

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

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

Customers in the digital business comprise in particular small and medium-sized enterprises. This business entails a considerably higher credit risk which is taken into account through a professional collection process that is reviewed and optimised in periodic intervals. Overdue trade accounts receivable are handed over by way of dunning letters or calls to a collection company after completion of an internal dunning process. It is written off in full if the account has not been settled after 360 days (previous year: 360 days).

All major customers are subjected to a review of their creditworthiness, and the receivables portfolios are monitored on an ongoing basis. In addition, the Group was again able to successfully utilise the in-house collection call team in the 2023 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. Liquid assets are the key performance indicators.

In the financial year under review, the financial liabilities reported by the Group were trade accounts payable, liabilities to Group companies, and current and non-current liabilities. These amounted to EUR 2,781 thousand as of 31 December 2023 (2022: EUR 3,154 thousand). The trade accounts payable due in full within a period of between 14 and 60 days. The non-current financial liabilities have a due date of 30 June 2025 and must be repaid quarterly at a rate of EUR 47 thousand. The non-current financial liabilities to Group companies have a due date of 31 May 2027 and is due in one lump-sum payment of EUR 2 million. Further information on trade payables as well as current and non-current financial liabilities and non-current liabilities to Group companies can be found in the corresponding disclosures in the "Notes to the consolidated balance sheet" section. Details of transactions with related parties are presented in the section "Other notes to the consolidated balance sheet".

Declining call volumes in the directory assistance business, which makes a significant contribution to the Company's earnings, continues to be one of the factors increasing pressure on the accelerated improvement of profitability in the Digital segment. Sufficient liquidity is ensured with the help of efficiency-enhancing measures, particularly in sales, and sustainable cost discipline. To ensure that 11 88 0 Solutions AG has sufficient liquidity, the parent, united vertical media GmbH, Nuremberg, granted a further credit facility of EUR 2 million. Where required, this credit facility may be drawn down at short notice, as needed, until 31 March 2025 and is repayable by 31 December 2027. 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 2023:

Cash outflow in EUR thousand > 1 – 5 years	Cash outflow in EUR thousand > 5 years
4,131	0

The expected cash outflow of the next 12 months can be derived from the current liabilities (lease liabilities and other liabilities to Group companies) in the amount of EUR 1,560 thousand.

8.3 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.

8.4 Interest rate risk

The Group has only little exposure to interest rate 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 2023, the equity ratio (equity as a percentage of total assets) was 16.5 % (2022: 25.1 %).

There were no changes in the objectives, guidelines and procedures for managing capital compared to the previous year.

10. Related party transactions

As of 31 December 2023, 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. Effective 01 September 2023, 11 88 0 Solutions AG acquired 100 % of the shares in Ormigo GmbH, Cologne. United vertical media GmbH, Nuremberg (Nuremberg Local Court, registration number HRB 28744) in turn holds a 73.0 % interest in 11 88 0 Solutions AG and includes this entity as a fully consolidated company in its HGB consolidated financial statements (largest basis of consolidation). The consolidated financial statements are published in the Company Register.

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

In financial year 2022, the 11 88 0 Internet Services AG took out an unsecured loan of EUR 2,000 thousand from the parent, united vertical media GmbH, Nuremberg, with a term of five years. The loan was reported in the statement of financial position under liabilities due to related parties. The loan was taken out at an interest rate of 6.1 percent p.a. in line with market terms and is due in one lump-sum payment on 31 May 2027. The interest expense amounted to EUR 122 thousand in financial year 2023.

Additionally, in March 2023, the parent, united vertical media GmbH, granted 11 88 0 Internet Services AG a further credit facility of EUR 2 million to ensure that it has sufficient liquidity. The credit facility can be drawn down as needed until 31 March 2025 and is repayable by 31 December 2027. The further terms are the same as those agreed for the existing loan.

10.1 Transactions with related parties (persons)

Related parties include the members of the Executive Board and the Supervisory Board. In the current financial year, the sole member of the Management Board participated in the cash capital increase in October 2023 and acquired 24,000 shares at an issue price of 1.05 euros. There were no other transactions between the 11 8 80 Solutions between the 11 88 0 Solutions Group and members of the Management Board and Supervisory Board that go beyond the existing employment, service or appointment relationship or the contractual remuneration for this relationship.

In the 2023 financial year, one member of the management of the largest shareholder, united vertical media GmbH, Nuremberg, was a member of the Supervisory Board of 11 88 0 Solutions AG. This Supervisory Board member was entitled to Supervisory Board remuneration for financial year 2023 in the amount of EUR 25 thousand (previous year: EUR 21 thousand), which was recognised accordingly as a current liability.

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

The management comprises the sole member of the Management Board. The expenses for the remuneration of the Management Board recognised in the income statement are shown below:

	Management Board	
in EUR thousand	2023	2022
Fixed remuneration – short-term remuneration	440	430
Fringe benefits	39	36
Total	**479**	**466**
One-year variable remuneration (excluding deferral), bonus - short-term variable remuneration	106	63
Multi-year variable remuneration (deferral – 2 years) – share-based payment	42	0
LTI (annual share, at least 5 or 3 years)	80	320
Total	**228**	**383**
Total remuneration	**707**	**849**

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

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

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

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

The variable, performance-related remuneration components consist of short-term variable components in the form of an annual bonus and long-term variable components in the form of bonuses based on long-term performance criteria (**"LTI bonus"**). Variable remuneration components are capped and consist of performance-related and qualitative components. The performance-related components have a multi-year orientation in order to take account of the sustainable development of the Company. Of the short-term annual variable remuneration, 60 % consists of a performance bonus for the achievement of financial targets ("performance bonus") and 40 % of a bonus for the achievement of non-financial targets ("qualitative bonus"). For further information on share-based payment, please refer to the disclosures in 3. Share-based payment under Other notes and disclosures in the notes to the consolidated financial statements. Provisions for share-based payments payable at a future date for the years 2020 to 2023 amounted to EUR 42 thousand as at 31 December 2023 (2022: EUR 73 thousand) and were reported under other non-current provisions.

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

No remuneration was paid to former members of the Management Board in financial year 2023.

A total of EUR 1,265 thousand was recognised as of 31 December 2023 (2022: EUR 1,109 thousand) as a provision for pension obligations to former members of the Management Board and their surviving dependants. For more information on pension commitments, see note 17 in the notes to the consolidated statement of financial position.

The Supervisory Board members received remuneration totalling EUR 136 thousand in the 2023 financial year (2022: EUR 136 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	Member of the Supervisory Board since 12 June 2019 and Vice Chairman of the Supervisory Board since 14 June 2022, Managing Director of united vertical media GmbH, Nuremberg	none
Mr. Ralf Ruhrmann	Member of the Supervisory Board since 12 June 2018, Auditor, tax advisor and Partner, RLT Ruhrmann Tieben & Partner mbB, Essen	• AHRB AG, Zurich, Switzerland - Member of the Board of Directors • ARH Resort Holding AG, Zurich, Switzerland - Member of the Board of Directors • AHRA AG, Zurich, Switzerland - Member of the Board of Directors
Dr. Silke Feige	Member of the Supervisory Board since 14 June 2022, Head of committee and staff work, ZBI GmbH, Erlangen	none
Ms. Sandy Jurkschat (*)	Member of the Supervisory Board since 12 June 2019, Senior Project and Process Manager, 11 88 0 Internet Services AG, Essen	none
Mr. Leonard Kiedrowski (*)	Member of the Supervisory Board since 12 June 2019, Head of IT Service Desk, 11 88 0 Internet Services AG, Essen	none

(*) Employee representatives

The Supervisory Board of 11 88 0 Solutions AG is set up pursuant to the provisions of Sections 96 (1), 101 (1) AktG in conjunction with Sections 1 (1), 2 (1), 3 and 4 et seq. of the German One-Third Employee Participation Act (Drittelbeteiligungsgesetz) and, pursuant to Item 4.1 (1) of the Articles of Association of 11 88 0 Solutions AG, comprises four members elected by the Annual General Meeting and two elected by employees.

11.2 Management Board of 11 88 0 Solutions AG

		(Supervisory Board) positions in the financial year
Mr. Christian Maar	Member of the Management Board since 24 June 2015, Business manager, Essen	none

12. Utilization of exemption provisions pursuant to § Section 264 (3) HGB

The following subsidiary included in the consolidated financial statements of 11 88 0 Solutions AG made use of the exemption provision of Section 264 (3) HGB for the financial year from January 1, 2023 to December 31, 2023:

- 11 88 0 Internet Services AG, Essen

13. Report on post-balance sheet date events

In March 2022, united vertical media GmbH, Nuremberg, had granted the 11 88 0 Solutions Group a further credit facility of EUR 2.0 million to ensure the availability of sufficient liquidity. Where required, the credit line may be drawn down at short notice, as needed, until 31 March 2024 and is repayable by 31 December 2026. The previous time limit on the drawdown period was extended until 31 March 2025 by means of an addendum of 16 January 2024. Moreover, the loan is now repayable by 31 December 2027.

For further details, please refer to note 10 Related party transactions.

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

14. 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 GCGC as amended on 28 April 2022 came into force when it was published in the Federal Gazette on 27 June 2022. The Code presents essential statutory regulations for the management and supervision of German listed companies and contains internationally and nationally recognised standards for good, responsible and sustainable 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 April 2024. The exact wording of the declaration can be retrieved under https://ir.11880.com/corporate-governance/entsprechenserklaerung.

Essen, 23 April 2024

Christian Maar
Member of the Management Board

Independent auditor‘s report

To 11 88 0 Solutions AG, Essen

Report on the audit of the consolidated financial statements and of the group management report

Audit Opinions

We have audited the consolidated financial statements of 11 88 0 Solutions AG, Essen, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated income statement, consolidated statement of shareholder equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2023, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of 11 88 0 Solutions AG, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2023. In accordance with German legal requirements, we have not audited the content of the subsection "Overall statement of the Management Board on the risk management system of the 11 88 0 Solutions Group" in section "9. Opportunity and risk management" of the Group management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2023, and of its financial performance for the financial year from 1 January to 31 December 2023, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the above-mentioned subsection.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. 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 11880 Solutions AG, revenue of € 57.1 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 officers to make estimates and judgments in certain areas and contains extensive disclosure requirements. Against this background, the recognition 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 substantive audit 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 wether 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 11880 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 other information comprises the subsection "Overall statement of the Management Board on the risk management system of the 11880 Solutions Group" in section "9. Opportunity and risk management" of the Group management report as a non-audited component of the group management report.

The other information comprises further

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB
- the separate non-financial report to comply with §§ 289b to 289e HGB and with §§ 315b to 315c HGB
- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

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

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

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

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

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Other legal and regulatory Requirements

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

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file 11880_Solutions_AG_KA_KLB_ESEF-2023-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

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 rendering of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

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

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

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

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error.

We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 13 June 2023. We were engaged by the supervisory board on 21 September 2023. We have been the group auditor of the 11 88 0 Solutions AG, Essen, without interruption since the financial year 2019.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

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

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

German public auditor responsible for the engagement

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

Essen, 25 April 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Philip Meyer zu Spradow	ppa. Thomas Brunke
German Public Auditor	German Public Auditor

Corporate Information

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

Legal Form: Aktiengesellschaft
Register Office: Amtsgericht Essen HRB 114518

USt-ID-Nr.: DE 182 755 407
Tax Number: 112/5965/1276

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.

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

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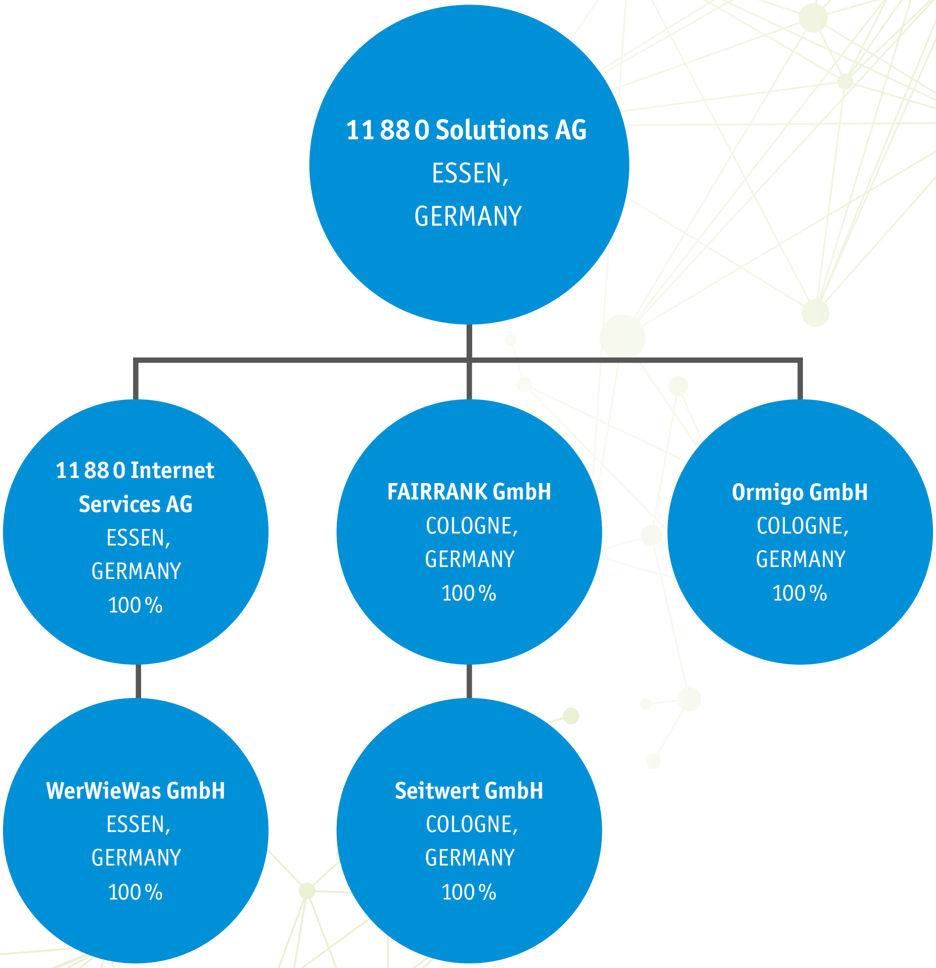
Mail: Investor.Relations@11880.com

Auditor
PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft, Essen

Forward-looking statements

This document contains forward-looking statements that reflect the management’s current views with respect to future events. Such statements are subject to risks and uncertainties that are beyond the ability of 11880 Solutions AG to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants and the actions of government regulators. If any of these or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. 11880 Solutions AG does not intend or assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of these materials.

Shareholding Structure 11 88 0 Solutions Group



Financial Calendar 2024

30 April 2024
Publication of the annual report 2023

7 May 2024
Publication of the interim statement for the 1st quarter 2024

19 June 2024
Annual General Meeting 2024

8 August 2024
Publication of the financial report of the 1st half year 2024

7 November 2024
Publication of the interim statement for the 3rd quarter 2024

Imprint

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