



Dear Shareholders,

AUTO1 Group is a technology company that aims to maximize value for Merchants and Consumers when buying, selling or financing their next vehicle. We are - for now - working in the EUR 700 Billion used car market of Europe, which is one of the largest markets in the world. It is characterized by a very high degree of fragmentation and often lacks great customer experience. We founded AUTO1 Group in 2012 to help transition this market to the future, driven by AI pricing, low transaction costs and high levels of Consumer and Merchant satisfaction.

Financially, we aim to consolidate the used car market on the AUTO1 Group platform by maximizing the value for Merchants and Consumers when buying, selling or financing their next car. Value can consist of higher selling prices, lower buy prices, better customer satisfaction, faster processing times, greater selection or liquidity support through financing. We believe that the financial opportunities that we currently pursue can be worth in excess of EUR 100 Billion in the long run.

To achieve our mission, we offer a range of products and services on our platform aimed at maximizing value for our clients.

- C2B Buying: a vast and dense network of branches that connects our private Customers with the highest Europe-wide price for their vehicle, often beating their local achievable price
- Remarketing: a B2B sales solution, that offers our selling dealer partners access to the highest Europe-wide price for their wholesale inventory, often beating their local achievable price, combined with fast processing speed
- AUTO1.com Merchant platform: a platform for professional car buyers, accessed by thousands of Merchants on a weekly basis for sourcing the best next car for their stock, supported by powerful logistics for fast delivery
- AUTO1.com Merchant Financing: wholesale financing solutions to support our best Dealer Partners to grow their business organically, speeding up delivery time as no prior payment is required
- Autohero: the EU-wide leading online shopping solution for used cars, with a well recognized European Retail Brand, vast selection and home delivery at competitive prices, supreme levels of customer experience, perfectly positioned to address the growing demand for shopping used cars online
- Autohero Consumer Financing: available in Germany and Austria, an inhouse financing solution, 250+ Million EUR portfolio and growing, completely digital process, with the fastest financing approval of any retailer

While some of our products feel brand new, others are developed, the result of years of iteration to finally arrive in their current form. What unites them, is that all of them have been developed in-house and are deeply tied to the AUTO1 Group platform. They are also all data contributors to our technology infrastructure and thus help us to develop our AI pricing advantage further.

2023, an important and remarkable year of transition

In 2023, we helped more than 520,000 Customers sell their car for a higher price, funding them with more than EUR 4.1 Billion, supported more than 39,000¹ Partner Dealers with finding, purchasing and delivering the best fitting units for their stock, carried out more than 910,000 transports through our partners, helped more than 60,000 Retail Customers to find their new car, supported more than 20,000 of them with financing for more than EUR 275 Million and provided millions of Consumers with a price estimate for their car.

While these figures describe the huge scale of our business well, 2023 was the first time that we set profitability as the leading goal for a business year. For the past 12 months, we worked extremely hard to find the right balance between investments, our cost base, units and gross profit to achieve it. That goal however was not only a short-term goal; it represented something much bigger: the foundation for long-term profitable growth. How could we configure our various products in a way that would give us the potential to grow double-digit as a group, continue key investments and show a clear way to cash flow break-even?

In the following I would like to go product by product and explain how we look at the value they generate for our Merchant Partners or Consumers, the stage of development that each of them are in, their future growth potential, their path towards profitability, and how they fit into our overall growth strategy and financial target setting.

C2B Buying

We generate value for our C2B Customers when our Europe-wide price beats competing local offers or when our selling solution is more convenient than alternatives. Consequently we invested for years into our AI pricing technology, our evaluation processes and our branch network to maximize the value that we provide to our Customers. We started C2B buying in 2012, went through a massive growth track and continue to see a lot of opportunity in our largest supply channel. We believe that our branch network has the potential of more than 1,500 branches and that a more dense network is perceived by our Customers as more convenient. We also believe that by continuing to invest into AI pricing we will set ourselves further apart from our competition and increase the share of highest prices offered to our clients. Financially, C2B benefited from over nine years of growth investment and has been a profitable business since 2020. We aim to maximize growth in C2B to increase our total profitability or generate cash to invest into our other products.

Remarketing

We generate value for our Remarketing Partners when our Europe-wide price beats competing local offers, when our price is higher than the price of a competing Remarketing solution or when our

¹ Full Year 2023: 39,100 buying Merchants, out of 69,000 actively viewing Merchants (monthly average) on the AUTO1.com Merchant Platform

selling solution is more convenient, especially regarding pick-up speed and document handling. We started our Remarketing solution in 2016 and since then, have seen strong growth to over 80,000 units in 2022. The product has benefited from over 7 years of growth and technology investment. We see a lot of future growth potential in Remarketing, first and foremost driven by the massive EUR 150 Billion B2B market in Europe, which is very much locally organized today. We believe that we can aggregate the B2B market by continuing to invest into the excellence of our Remarketing product. If we had to assess the strength of our solution today, we would label it a good product, but with room for improvement. Throughout 2023, we rightsized the Remarketing business by eliminating unprofitable units and as a consequence, massively improved unit economics and hit break-even in Q4 of 2023. We aim to grow Remarketing profitably from our current base and believe we will be able to do so by product iteration and innovation.

AUTO1.com Merchant platform

We generate value for our Merchant Partners when we offer cars that fit their inventory needs perfectly. Our cars can fit the Dealers needs if they can source the same car cheaper through us than they could do locally or when we are offering a car that they don't have access to or not in the same quality or not with the same options. In addition, our Merchant Partners require fast and easy delivery of the car and the associated documents. Consequently, we invested strongly into matchmaking technology, assembling the right stock, inventory control, our logistics network and document handling capabilities. The AUTO1.com Merchant platform was established in 2013 and benefitted from constant technology investment over the years. In 2023, it generated over EUR 4.5 Billion in sales and sold as well as delivered more than 520,000 cars to our Merchant Partners. We estimate that there are more than 200,000 Merchants across the European Union doing business in our market. In 2023, 39,000 or just 19.5% were active buyers on the AUTO1.com platform. While we have a significant amount of high frequency Merchants, a good share of our active buyers only buys occasionally with us. We believe that increasing the frequency of buying while growing the total active buyer base is one of our key levers for future growth in the Merchant segment.

When looking back at the last years, external market forces have had a major influence on our Merchant business: The supply shortages of new cars during the pandemic led to reduced supply, historically high prices and higher inventory turns for our partner dealers. When used car prices started to roll back, the reverse effect took place: More supply entered the market and inventory turns reduced. While we sold to a slightly higher number of Merchant Partners in 2023 (39,105) than in 2022 (38,684), we experienced an 11% reduction in average basket driven by a normalization of inventory turns, leading to total reduction of 10.6% Merchant units sold compared with 2022. We started to turn around that trend towards the middle of Q3 with increased levels of investment into our Merchant Partner network, product and technology improvements and the launch of AUTO1.com Merchant Financing.

AUTO1.com Merchant Financing

Our Merchant Financing solution is a completely new product. We started it in Q4 of last year and create value for our Merchant Partners when we speed up the delivery time (*a financed car is paid instantly*) and, more importantly, let our Partners organically grow their business with our liquidity. This happens if our partners are using the product on top of other financing lines. No matter if it's used as a convenient temporary financing solution or used to build a bigger business, we have received overwhelmingly positive feedback so far and are very curious about the next months. As we

internally don't charge for customer acquisition, the product is already on the verge of profitability, which is even better news. We believe that our Merchant Financing solution can increase loyalty to the AUTO1.com Merchant platform and by doing so, increase the frequency of purchases while also making the overall product more attractive. We aim to scale it quickly in countries available, increase the overall credit portfolio and consider it as a key growth lever for Merchant demand.

Autohero

We create value for our Retail Customers when we offer the car they are looking for cheaper than it is available locally or when our service of buying the car online including home delivery is perceived as supreme value and therefore, a key buying factor. Out of all the products that we offer, Autohero is the most innovative, with the highest risk / reward profile. It is only four years old in its current form but already has received massive amounts of growth investment, especially post our successful IPO in February of 2021. We faced strong (*online*) competition back then and Autohero emerged as the winner in multiple ways: Today, Autohero is the leading Online-Shop for ordering used cars in the EU. Also, Autohero is the fastest growing European Retailer ever to achieve 64,000 units sold in just 4 years. Already, Autohero belongs to the 10 largest used car Retailers out of the estimated 200,000 across Europe. However, in 2023 Autohero did not grow, but rather shrunk slightly. Why?

The answer is two-fold: On the one hand, it's **very early days** for buying cars online. If we want to compare the market stage of development, then we could compare it with 1999 for ordering books. In that year, only a small fraction of the general population was interested in buying a book online. Fast forward 25 years later, the overwhelming majority favors buying books completely online. The company that saw this coming early and executed perfectly, Amazon, is now worth more than USD 1.7 Trillion - and has just started to pioneer new car sales on their U.S. platform. We don't know if online shopping for used cars will follow the same trend as books or electronics. We do know that virtually all global new car manufacturers are investing heavily in their online sales approach. We also know that Autohero Customers are exceptionally happy and that 82% of our Financing Customers would order their next car with Autohero. To sum it up, right now there is a larger share of Customers that prefer to buy their next car the traditional way, but there is a growing and very satisfied customer base that enjoys and prefers shopping used cars online.

On the other hand, as the market for buying used cars online is so nascent, Autohero requires high levels of growth investment - like many of our other products mentioned above used to - to continue its growth track, further develop the shop technology, improve its selection or speed up delivery times. Those investments however, today have to fit our overall financial route to cash-flow break-even. This means - coming back to the question why Autohero units were flat in 2023 - that we prioritized GPU growth (+673 EUR or 64.8% year on year) and cost base improvements over unit growth, reducing our level of investment into Autohero from the arguably very high level in 2022 to a lower, but **still significant** level in 2023. With Q4 GPU just under EUR 2,000 we believe that we are only 300-400 EUR away from breaking even before Headquarter cost assigned to Autohero. Going forward, we will maximize unit growth in Autohero under the given group profitability constraint. Should we hit break-even before Headquarter cost by either growing in total gross profit or getting more cost efficient or a combination of both, that constraint will obviously vanish.

We believe that a Pan-European Retail brand like Autohero has immense growth potential in the years to come. When we think of the impressive size of our market, its extremely fragmented nature and the desire for trust in used car dealerships, we believe that building an unparalleled brand and buying

experience, no matter where our Customers get in contact with the Autohero brand, is an incredible and massive opportunity. The skills that we added to our company with the launch and scaling of Autohero are enormous: We now know how to mass-purchase suitable cars for Retail within our C2B Buying product, we know how to price them and we learned how to mass-refurbish our stock internally at very competitive costs while keeping NPS at high levels. We built the leading Online-Shopping platform for used cars in the EU, we integrated long-haul transport of Retail cars smartly into our logistics network and we assembled the only existing last mile delivery network of scale, to our knowledge. These are prime skills needed to create the Amazon or Walmart (*or both?*) of used cars. The only thing that we can't do yet and honestly, it bugs us a bit - is to buy and sell a car at the same spot. Or in other words, a question that we will think about in 2024: Why shouldn't Autohero be able to **also** cater to Customers that still prefer to buy a used car the traditional way? Especially as we have a local footprint anyway, with over 430 physical buying branches?

Autohero Consumer Financing

We generate value for our Retail Financing Customers when we offer them liquidity support for a car that they otherwise wouldn't have been able to buy themselves fully, when the interest rates that we offer are competitive and when the process to finance a car is fast and very well integrated into the overall buying experience. We are supporting Customers with two different versions of Retail financing currently, internal and external financing. With the external financing, we try to find the best fitting partner bank for our Customers and receive a commission for a successful transaction. In the following, I would like to concentrate on our internal financing solution, which has been developed fully in-house, launched in 2021 and is currently available for Customers in Germany and Austria. In 2023, we helped nearly 10,000 Customers finance their new Autohero car internally with us, which is a significant share of total orders in those markets. In total, our Consumer Financing portfolio now has a value of EUR 262 million. While Consumer Financing is definitely a key demand driver for Autohero, also from repeat Customers over time, it also will be an important profitability generator in the mid-term. We are currently in the data gathering phase; the portfolio needs a minimum age of three years of performance data to obtain a rating, which is expected for this year. With the rating, our refinancing cost of the portfolio will reduce substantially and thus, enhance the profitability of our credit portfolio. At the moment, the GPU impact from financing is quite limited at around EUR 250-300. However, Autohero is a very young business and the portfolio needs a certain minimum age and size. Over time, we intend to offer our internal financing solution in all Autohero markets as we expand our re-financing options and maintain capital discipline. We assume the long-term GPU potential from financing will be around EUR 1,000 per unit.

Our path ahead: Re-Accelerated, Profitable Growth driven by product excellence

From a financial perspective, we did well in 2023: We earned gross profit of EUR 528 million, that is 40 million more than in the year before and a new company record. We reached our top target of the first break-even quarter on an adjusted EBITDA basis early in Q3 and improved adjusted EBITDA by more than 120 million EUR year on year. We also handled our cash position very well, increasing EUR 6 million year on year to land at EUR 548 million at the end of the year.

If we zoom out a little more, 2023 was a pivotal year in the short history of our company: it was the year we started to lay the foundation for long-term profitable growth. The year we learned how to configure our level of investment per product, their cost structure and margin requirements that lead the way to continued double digit growth, while being on a clear path to cash flow break-even. With

this solid foundation in place, we are eager to start re-accelerating growth across all our business units and are looking at the year ahead with excitement, curiosity and the strong ambition that characterizes our teams.

I want to thank all our Customers across our businesses for their trust in us, all our Employees across Europe for their hard work and tireless dedication and to you, our Shareholders, for your continued support and faith in our vision. Together, we have a bright road ahead.

Christian Bertermann
Co-Founder and Chief Executive Officer
AUTO1 Group SE