



Dear Shareholders,

In last year's letter, we were envisioning a bright road ahead for AUTO1 Group. 2024 was a fantastic first milestone on our profitable growth journey, demonstrating the strength and resilience of our vertically integrated business model and the power of our digital trading platform.

2024 truly was a landmark year for AUTO1 Group:

- **Total units sold grew to 689,773, up 17.7% year over year**
- **Merchant units sold grew to 615,335 units, up 17.7% year over year**
- **Retail units sold grew to 74,438 units, up 18.0% year over year**
- **Gross Profit grew to EUR 724.7 million, up 37.3% year over year**
- **Full-Year Adjusted EBITDA of EUR 109.2 million, up EUR 153.2 million year over year**
- **Adjusted EBITDA margin of 1.7%, up 2.5 percentage points year over year**
- **Merchant Sales financed of EUR 782 million, an increase of EUR 732 million**
- **Consumer Financing Portfolio grew to EUR 365 million, up 36% year over year**

In 2024 our market share climbed to 2.5%, a showcase of the value we provide to our customers. We are pursuing a value-first strategy across all segments, strongly focusing on the drivers of value creation for all customers we are serving. And while we have been performing this strategy from the very beginning, we took another major step forward in understanding our customers' needs, expectations and priorities in the last year resulting in superior demand levels across the board. Value in our business can mean higher selling prices, lower buy prices, lower processing cost, greater selection, greater convenience, highly motivated staff, increased trust, fast and reliable delivery and competitive financing.

To execute this strategy successfully, we are managing our business very closely, meticulously analyzing comprehensive customer, inventory, margin and cost data sets on a daily basis for all our business units, steadily asking questions with the aim to better understand our customers and the business we are operating for them. We feel very aligned with Sam Walton when we constantly study and question our daily management of the business with the goal to improve it further and further. And we are sometimes surprised about how much we can still learn in a business like Merchant, one

that we have been operating for more than 12 years. Consequently, we continue to go through a massive learning curve at an increasing pace in our much younger Retail business.

### *Merchant*

Our Merchant business showed very strong momentum throughout 2024. Units sold climbed 17.7% to 615,335, while growth rates throughout the year accelerated from Q1 with 5.5% to Q2 with 16.7%, and then further to Q3 and Q4 with levels of around 25%. In total, we enabled 44,600 Partner Dealers to find, purchase and rapidly receive the best units for their stock with the average basket growing 3% year on year. Transports to our Partners increased by roughly 30%, driven by a much more diversified logistics supplier base and competitive pricing. We improved delivery time by 4 days year on year, proof of the highly attractive solutions we offer. Besides logistics, we upgraded our AI recommendation algorithms, optimized document tracking and refined equipment and car condition translations with the goal to maximize convenience for our Partners. Merchant GPU grew to EUR 914, an increase of 14.1% year on year. We attribute this increase to the additional value we created for our Partners through improved selection, faster delivery, better platform experience, expanded financing volume and continued advances of our AI pricing algorithms.

Our Merchant financing business continued its initial success throughout 2024. After starting in Germany, France, Spain and Austria at the end of 2023, we additionally enabled this product in Belgium and the Netherlands last year. While total financing transactions grew from EUR 50 million in 2023 more than fifteenfold to EUR 782 million last year, only a little more than 3,000 dealers utilized the solution so far. Designed to be the most convenient professional financing solution, we offer qualified dealers an instant credit line embedded directly into our platform, enabling them to finance a car with a single click and repay seamlessly. AUTO1 Financing is fast, transparent, and designed to genuinely help our Dealers grow their business.

One major driver behind these strong Merchant results was the increase in selection for our Partner Dealers, driven by our accelerated branch rollout strategy in C2B. In total we added 114 new branches in 2024 in our consumer buying operation, an increase of 26% year over year. In the majority of those branches we started to purchase vehicles in the second half of the year, improving convenience for our selling customers by increasing the accessibility of our network. Together with this large step-up in the number of branches, our teams improved the management framework of our purchasing operations, positioning them for sustainable long-term growth while maintaining tight cost control. We aim to operate as lean as possible to be able to offer our customers highly competitive selling prices. Similarly, we started to pilot AI agents for inbound customer service, primarily to increase coverage outside office hours. In total, we helped 646,000 customers sell their car for a higher price last year, funding them with more than EUR 4.8 Billion.

### *Retail*

Our Retail business delivered new records across all metrics in 2024: We sold 74,438 cars in our youngest division, up 18.0% year on year. While we started slow with Q1 units slightly down, unit growth strongly accelerated in Q2 to 22.9%, Q3 to 28.3% and Q4 to 30.5% year on year. Retail GPU was EUR 2,163 for 2024, growing 26.4% year on year, driven by constant GPU gains in all quarters from EUR 1,956 in Q1 to EUR 2,077 in Q2, EUR 2,263 in Q3 and then EUR 2,318 in Q4. 2024 marks the 5th consecutive year of Retail GPU increases. As a consequence of strong unit and GPU growth, total Retail Gross Profit increased to EUR 162.1 million, growing 49.1% year over year.

While the financial performance of Retail is moving in a strong direction, growing double digit and increasing GPU, we are convinced it's even more important that we are rewarded with continued high NPS levels of around 70 by our customers. We attribute our strong results to the value we provide to our Retail customers. We increased selection in 2024 with a larger, but also wider stock, improved Retail pricing through higher precision and more data and aided trust through more transparency about car condition and history. We enhanced convenience for our customers through a variety of measures, including but not limited to the launch of the Autohero mobile app, AI integrations in email and chatbot systems, improved recommendation algorithms and a better warranty offering. We made delivery time a strong priority in 2024, delivering 20% faster year on year, driven by the rollout of express hubs, which can receive cars within 72 hours. We also improved our scheduling systems to give our customers the opportunity to pick the exact date and time for their delivery themselves, further enhancing convenience. Finally, we worked hard to scale our in house production capacities for future growth, increased processing speed and decreased production cost by achieving better efficiencies.

Our Consumer financing offering continues to be a key value driver, guaranteeing affordability and enhancing customer satisfaction. In 2024, we helped more than 25,500 customers with tailored financing solutions, growing our consumer financing portfolio by more than 36% year on year to EUR 365 million. We are pursuing a hybrid financing strategy right now, consisting of internal financing for Germany and Austria, and external financing for all other markets. Our in-house financing solution provides a seamlessly digitally integrated process with instant approval and tailored payment plans for best in class customer experience, fostering trust and long-term loyalty while driving customer retention and repeat transactions. In July of 2024 we completed the first public securitization of our Consumer loan portfolio, demonstrating the quality of our loan book. It is enabling us to achieve a significantly lower cost of capital, setting the stage for increased profitability and less capital usage. In our external financing markets, we partner with a combined strong set of over 30 lenders to ensure maximum flexibility and attractivity. We will continue to invest into our financing platform and expand our in-house financing solutions to other countries.

Our conviction that our vertically integrated retail business model is superior to the traditional brick and mortar approach grows with every month of operation. We are convinced that our way of operating retail will lead to substantially lower unit cost at scale, while generating superior gross profit per unit as a consequence of outstanding customer value generation. We believe that we are slowly starting to see the first signs of operational leverage in Retail, but that we're barely scratching the surface at this point. What we're most excited about however, is the learning curve we will go through in Retail - it seems unlimited. Going forward, we aim to find the best balance between unit growth, GPU growth, Opex per unit and investments into future growth of Retail.

### *2025 and beyond*

Our value-first strategy resulted in strong demand generation across our businesses in 2024, driving double digit unit growth and 2.5% market share for AUTO1 Group. Similarly on margin development: In last year's letter, we described our work to lay the foundation for long-term profitable growth by configuring investments, cost structure and margin requirements of our different businesses in a certain way to generate meaningful absolute EBITDA levels while continuing to accelerate growth strongly. Leveraging this foundation in 2024 for the first time led to the first full year positive adjusted EBITDA and a Group adjusted EBITDA margin of 1.7%. However, it still feels like we are

just starting: We have set a long term market share target of 10% and a long term adjusted EBITDA margin target of 5-9% and will continue to execute towards those targets.

AUTO1 has really strong momentum: Our accelerated growth is in full swing and we're ready to deploy our significant competitive advantages for future growth and industry-leading profitability. We couldn't be more excited about what the future holds.

I would like to thank all customers for their business, our teams for the hard work they put in every single day and our investors for their trust and confidence in our vision.

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

PS: I append our first 2021 shareholder letter hereafter as it gets more and more interesting to read looking back



Dear Shareholders,

By raising circa EUR 750 million growth equity at our IPO in February of last year, we set out to leverage our technology, logistics and branding strengths to invest for a massive prize: creating the leader in the EUR 600 billion used car market in Europe, in which we believe online buying will become the dominant transaction in the future.

Equity Markets have been brutal for technology companies over the last couple of months, and certainly for AUTO1 Group shareholders. Nevertheless, by almost any measure, AUTO1 is in a stronger position today than at any time in the past:

- **Total Units sold grew to 597,000, up 30.5% year over year**
- **Total Revenue grew to EUR 4.775 billion, up 68.7% year over year**
- **Total Gross profit grew to EUR 430.9 million, up 50.7% year over year**
- **Retail Units sold grew to 41,400, up 307.6% year over year**
- **NPS for Autohero grew 16 points to 69, from 53 in March 2021**
- **Contribution for our Merchant segment was EUR 125 million**
- **Cash and cash equivalents were EUR 721 million, up EUR 564 million year over year thanks to our successful IPO in February 2021**

As this is my first letter to you, let's take a step back. When we founded AUTO1 in 2012, we were immediately fascinated by the opportunity we had in front of us: Digitizing the EUR 600 billion European used car industry. Everything that we learned about this market seemed to be old-school: Transactions would almost always involve phone calls, emails, vast amounts of time on buy and sell side and an omnipresent level of uncertainty around price and quality. This led to poor customer experiences everywhere: dealers had a hard time finding the right supply in the right quality and quantity and customers did not enjoy buying a car, often presented with long travel, substantial differences between advertised and real condition of the car and general mistrust towards dealerships. We believed (and do even more so today) that thinking in digital systems built with the aim to excel in customer experiences can radically change the currently fragmented market structure, presenting a significant economic opportunity.

We started with the sell side. We built an easy and free way for customers to evaluate the current market price of their car online and provided an opportunity to drop it off at a location close to their home. These privately owned cars became the inflow side of our AUTO1.com market platform. We started to show our inventory to more and more dealers across Europe and were quickly surprised by the strong demand we were seeing. We had found a segment of cars that, in difference to ex-lease and rental cars, dealers were having a hard time finding in scalable amounts.

As of today we have purchased and sold more than 3 million cars from private customers, and we are the number one car trader in the European Union. Was this business easy to build? No. To get us to the top of this market, we had to master countless challenges and had to build numerous skillsets over the years:

The largest learnings were certainly on the price side. Thinking of AUTO1 as a digital (trade) system, we designed our data and pricing models with the ambition in mind to price fully automatic. After 10 years, we can automatically price more than 60% of all cars presented to us. We believe that it will take us less than 3 years to get to 95% from where we are today. We think that our ability to automatically price cars will put us in a position to grow faster than our competitors and commit fewer pricing mistakes, which in turn leads to higher future profitability.

Our relentless focus on customer experience differentiates us from many of our competitors. We believe that providing excellent customer experiences will allow us to build one of the strongest brands in this industry, where the importance of customer happiness and brand is traditionally being undervalued. We think that the absence of well known brands in our industry explains the fragmented nature of the used car business to a large degree. We are convinced that the stronger our brand is, the larger and more profitable our business will become.

To continuously satisfy our customers, we needed to develop a cost efficient and scalable logistic infrastructure. Cars are special assets - they are large and come with a range of documents that need to arrive together with them. We designed a network of more than 530 branches, logistic centers and delivery hubs that allow us to move cars quickly across Europe. As of today, our network is collecting and delivering close to 1 million cars per year, with an average delivery time to our dealer partners of 9 working days. We believe that the cheaper and faster our transport network will become, the more market share we will be able to gain and the better we will be in leveraging price differences across markets.

To finance our growing inventory, we closed our first asset backed loan (ABL) in 2015, providing us with EUR 35 million of debt financing. 12 months later we were able to expand that facility to EUR 125 million. In 2019, we extended our ABL to EUR 260 million and then transformed it one year later into a EUR 485 million non-recourse, rated asset backed securitization (ABS). Finally, we upsized our ABS to EUR 1 billion just a month ago. We regard our debt financing facilities as a strong competitive advantage and key ingredient for profitable growth.

We estimate that by the end of last year, our Merchant business supplied close to 2% of all units retailed in the European Union to our partner dealers. We will celebrate our 10<sup>th</sup> anniversary this year, but believe we have only barely started our journey to digitize this gigantic industry vertical. We are convinced that higher shares of automatically priced cars in our Merchant business will unlock substantial amounts of future growth in that segment. We expect our Remarketing Business Unit will contribute strongly to our overall Merchant and Retail business growth and EU-wide sourcing potential in the future.

What makes us proud is that our Merchant business contributed EUR 125 million of segment profitability to our group result before headquarter costs last year. It was important for us to prove that the business we have built over the last decade is profitable after all those years of investment. For the first time, our full business broke even in Q1 2020, then again in Q3 2020 on an adjusted EBITDA basis. Since then, our profitability in the Merchant business has been offset by heavy investments into the buy side, our retail business.

Our rationale for going into retail is the same as 10 years ago, when we started the consumer selling business: Buying a car offline is an unpleasant experience.

Most customers start by browsing their markets' one or two classifieds, which is a searchable online list of cars available for sale. Having found an ad that fits their requirements, they can then either call the merchant or write an email. They need to explain which car they are interested in, ask if it's still available and schedule a visit. Next, customers must travel physically to the car of interest to judge its condition. Often, car dealers are not close to the customer's location, so travel time is substantial. Once arrived, you are typically given 10-15 minutes to assess the quality of your next car. Even for a professional car buyer, this is not a lot of time. Should you not like the real condition of the car versus the advertising pictures you have seen online, your visit was for nothing. Then you need to start all over, again. Deciding for a car on the spot does however not mean that you can take it with you. The car must be registered in your name, often receive a fresh service, you need to get a temporary insurance number and of course pay for the car, where some dealers prefer cash over electronic transfers. In other words, you need to return home after you have decided for your next car, then wait until all the above is sorted out, and then travel to the dealership again to finally pick up your car.

We think the future of the car transaction looks different. We believe that by offering our customers the opportunity to buy their next car online, we provide a greater, desirable experience that is superior to buying offline in every way.

Our Autohero-Store offers already today close to 15,000 cars to choose from. This is a much larger amount of choice than you would have at an average European offline dealership, which we estimate to be around 150. We can present such a large number of cars to our customers without any offline presence, because we store them in the huge compounds that are part of our logistics network. This is a key advantage when scaling our offering and increasing profitability over time: we are not bound to expensive retail locations close to cities that need to be easy to reach.

We believe that a key feature of our offering is that all cars have been inspected and photographed in the exact same way and that they show the condition of the car down to the smallest detail. In our store you can browse cars as if you had traveled to us: You can experience the interior and exterior of your car from all angles in the same light condition (without any weather impact). With a feature called Imperfections, our store is showing you signs of usage (e.g., stone chips, scratches) that are typical for used cars which when buying offline, you usually only find at home. We are investing heavily into the

presentation of our cars because we believe that meeting our customers' expectations with the car that we deliver to them is a key ingredient of our strong customer satisfaction scores.

In our store, you can buy cars 24/7. We believe that this is a key element of our future growth and profitability in retail. As an offline dealership you are bound to opening hours, which means that you will not be able to capture all demand at all times. You will lose demand when your employees are on a lunch break or ill and you will convert less of your incoming demand when your employees are not fully motivated. You will also lose demand as an offline dealership if the customer's travel time to the dealer's location is too far or there is no convenient way to get there fast. If you like a car in our Autohero-Store, you just add it to the checkout and pay for it (of course electronically).

We then deliver your new car to your doorstep, where it will arrive safely, clean and protected from any weather impact in one of our unique glass trucks. Your car comes with a 14-day return policy or in other words: You can test drive your new car for two weeks and still give it back. Our return rates, however, are below 3%. In our view, this is the most convenient way to buy a car and it is superior to buying a car offline in every way. Our customers rated the Autohero-Store and delivery experience with a net promoter score of 69 for February 2022.

We are convinced that buying online will be *the* dominant way of buying in the future. Roughly 35% of Europeans in our 9 Autohero markets are already considering buying their next car online, market research that we carried out together with our partner YouGov over the course of Q3 last year showed. In an internal survey of more than 6.000 recent Autohero customers, 75% stated that they are likely or very likely to purchase their next car online again.

As a result of the transition to the online world, the competitive landscape will change. A successful online retailer will be able to capture a much larger market share than any traditional offline dealership, while delivering superior profitability at scale. We aim to be that company and because of that, pursue the online opportunity to the fullest.

We believe that we can take a large share of this market over time for the following reasons:

- Our store is open 365 days a year, 24 hours a day, able to always serve all incoming demand
- Our store has no physical constraints on inventory because we don't need to present our cars in expensive showrooms
- Our store will sell cars faster than a human sales representative, because it helps you find the right car quickly and always keeps you up to date on your transaction
- Our store will enjoy growing demand over time, because it delivers the car to you and does not require you to travel



We believe that we can deliver superior profitability at scale for the following reasons:

- We will commit less pricing errors than an average dealership by using our automatic pricing technology in retail, leading to higher car gross profit per unit
- The strength of our brand will allow us to take a premium over the market price of a car over time
- Our sales cost per car will be lower than at a traditional dealership because our store can sell cars without human aid
- Our combined logistics cost per unit will be lower than a traditional dealership's store occupancy cost per unit at scale
- Our refurbishment cost per unit will be lower than at traditional dealerships because we will enjoy economies of scale in our large-scale refurbishment centers over time

On our journey to build that online retailer, we literally have just started. We learned so much about our business and our customers in retail over the last year – but it feels like there is so much more to learn. We are investing heavily into the following areas in 2022 on our path to that large-scale, profitable retailer:

- The selection of cars in our store needs to fit the demand of our customers perfectly, driving up the number of cars sold for the same amount of sessions
- Cars selected for retail need to be priced fully automatically
- Marketing needs to lower as a percentage of revenue over time, while the share of organic traffic needs to increase continuously
- NPS needs to remain at the already high levels we reach and grow further
- Our internal and external refurbishment costs need to reduce further step by step and the share of internal refurbishment needs to grow
- Delivery time to customers needs to improve step by step, driving up sales conversion
- The number of human touch points per car delivered needs to reduce over time

Today, AUTO1 Group is a unique asset. Our team is incredibly talented and hard working to execute on our path towards market leadership and profitability. We have the data, the systems, the brand, the customer relationships, the fulfillment network, the financial strength, the experience, and the dedication to realize our vision of AUTO1, a profitable market leader.

We thank all our customers for the trust they place in us, everyone for the hard work they put in and our investors for their continued support and advice.

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