

ANNUAL REPORT
2021

Financial Overview

Summary of Key Figures

Group Key Figures	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Change Q4 YoY	FY YoY
Units sold (#)	117,320	457,431	130,537	142,715	156,530	166,949	596,731	42.3%	30.5%
Revenue (in million EUR)	779.1	2,829.7	899.5	1,065.1	1,260.2	1,550.2	4,775.0	99.0%	68.7%
ASP (EUR)	6,641	-	6,891	7,463	8,051	9,285	-	39.8%	-
Gross profit (in million EUR)	82.8	285.9	86.4	99.3	116.3	128.9	430.9	55.7%	50.7%
GPU (EUR)	706	-	662	696	743	772	-	9.4%	-
Adjusted EBITDA (in million EUR)	(22.1)	(15.2)	(14.3)	(22.9)	(24.7)	(45.2)	(107.2)	(104.1%)	(606.2%)
Inventory (in million EUR)	209.4	209.4	251.2	280.9	383.7	583.5	583.5	178.6%	178.6%

Segment Key Figures

Merchant Key Figures	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Change Q4 YoY	FY YoY
Units sold (#)	113,133	447,278	122,722	134,300	145,255	153,074	555,531	35.3%	24.2%
<i>thereof C2B</i>	98,267	396,648	106,140	116,367	126,647	132,036	481,190	34.4%	21.3%
<i>thereof Remarketing</i>	14,866	50,630	16,582	17,933	18,608	21,038	74,161	41.5%	46.5%
Revenue (in million EUR)	726.5	2,697.1	803.1	951.0	1,100.3	1,341.6	4,196.0	84.7%	55.6%
<i>thereof C2B</i>	609.5	2,348.6	671.8	799.0	933.1	1,140.9	3,544.7	87.2%	50.9%
<i>thereof Remarketing</i>	117.0	348.5	131.3	152.0	167.3	200.7	651.3	71.6%	86.9%
ASP (EUR)	6,422	-	6,544	7,081	7,575	8,764	-	36.5%	-
<i>thereof C2B</i>	6,202.7	-	6,329.2	6,866.3	7,367.5	8,641	-	39.3%	-
<i>thereof Remarketing</i>	7,867.9	-	7,918.0	8,473.9	8,989.8	9,541	-	21.3%	-
Gross profit (in million EUR)	81.6	283.0	84.4	96.2	112.2	123.1	415.9	50.9%	47.0%
GPU (EUR)	721	-	688	717	772	804	-	11.5%	-

Retail Key Figures	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Change Q4 YoY	FY YoY
Units sold (#)	4,187	10,153	7,815	8,415	11,275	13,875	41,380	231.4%	307.6%
Revenue (in million EUR)	52.7	132.6	96.5	114.1	159.8	208.6	579.0	296.1%	336.6%
ASP (EUR)	12,575	-	12,342	13,565	14,174	15,032	-	19.5%	-
Gross profit (in million EUR)	1.2	2.9	2.0	3.1	4.1	5.8	15.0	377.9%	417.1%
GPU (EUR)	290	-	255	363	365	418	-	44.0%	-



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Building the Best Way to Buy and Sell Cars Online



AUTO1 Group is focused on building the leading used car business across Europe. We are a business led by founders with an entrepreneurial spirit, longstanding industry experience, the proven ability to scale, and a lasting commitment to our mission.




• 2021 Key Accomplishments




Record Revenue and Gross Profit




Largest Wholesaler in the EU




Leading Online Car Retailer in the EU



Profitable and Cash Flow Generating Merchant Business

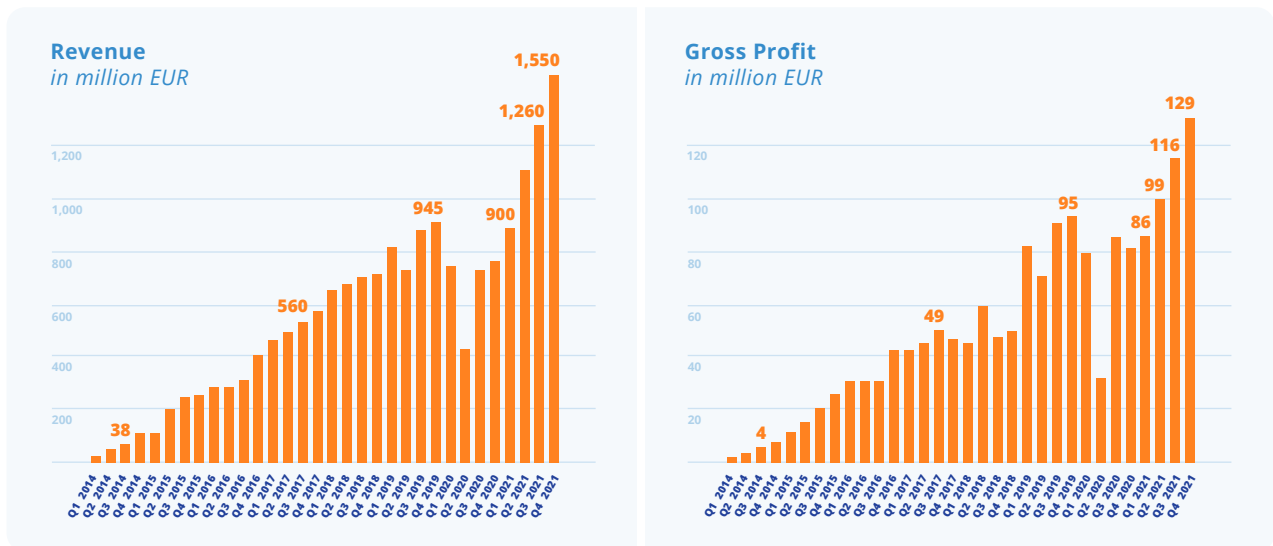


Outstanding Autohero Customer Happiness

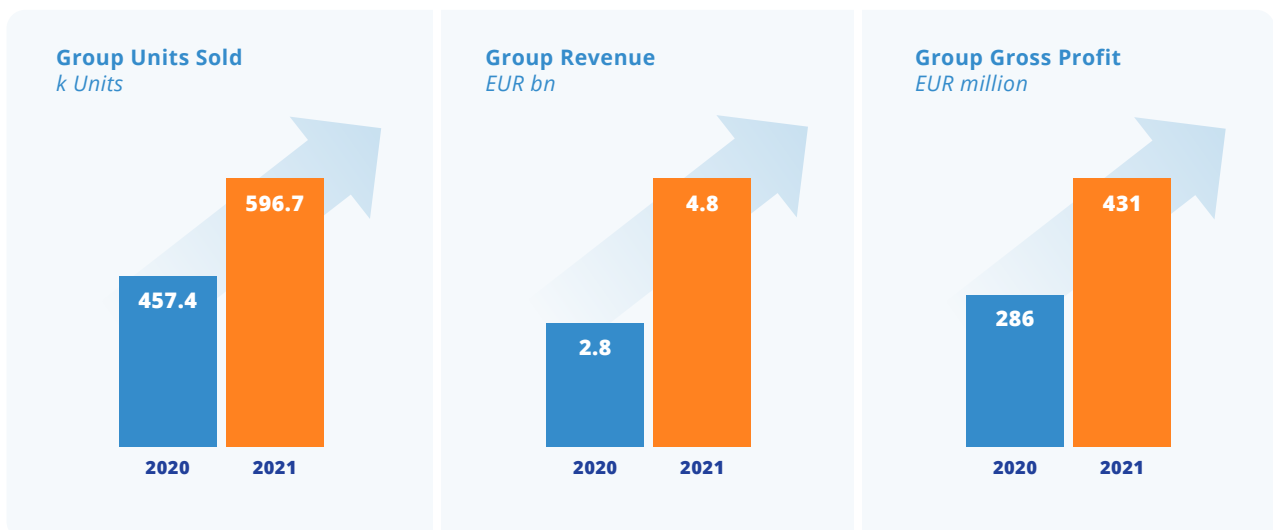


Strong Balance Sheet to Accelerate Used Car Digitization

• Our Q4 Results Reflect Our Long-Term Revenue and Gross Profit Track Record



• Our Q4 Results Reflect Our Long-Term Revenue and Gross Profit Track Record



SHAREHOLDER LETTER



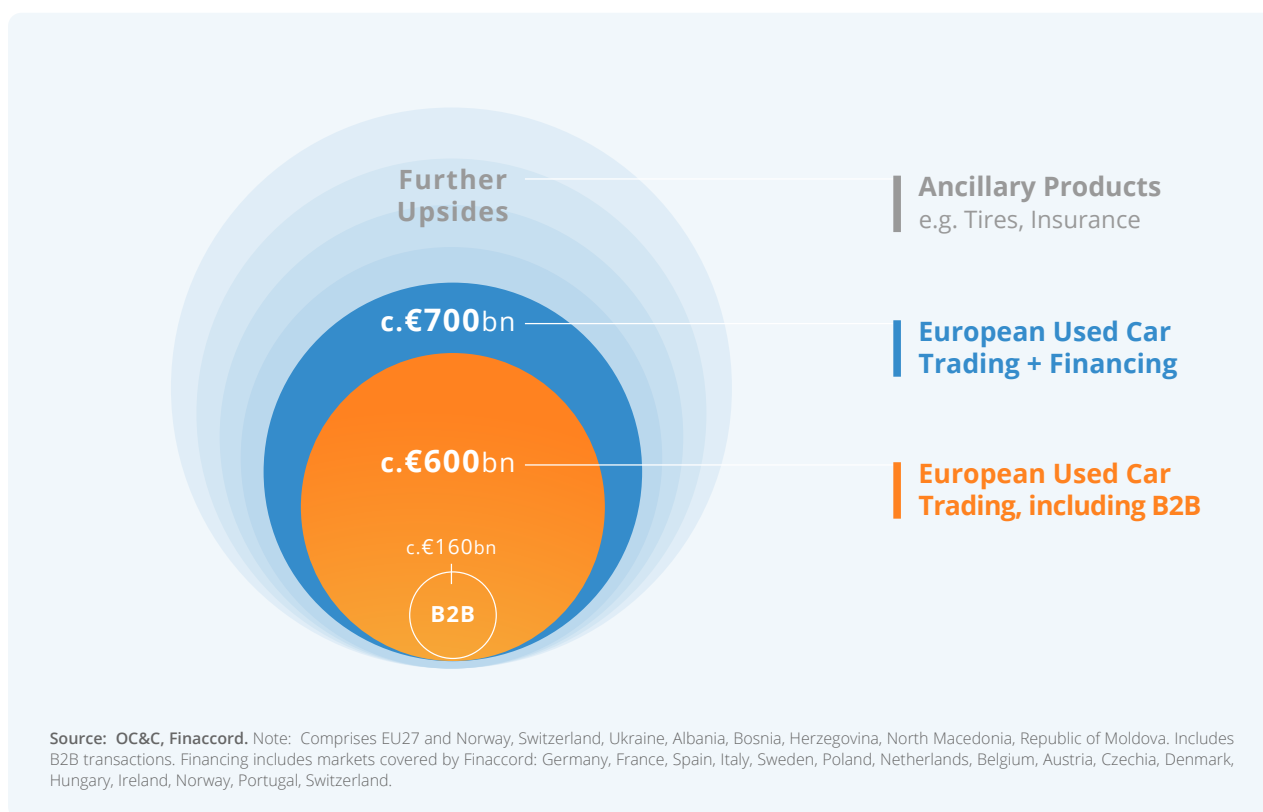
Dear Shareholders,

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.



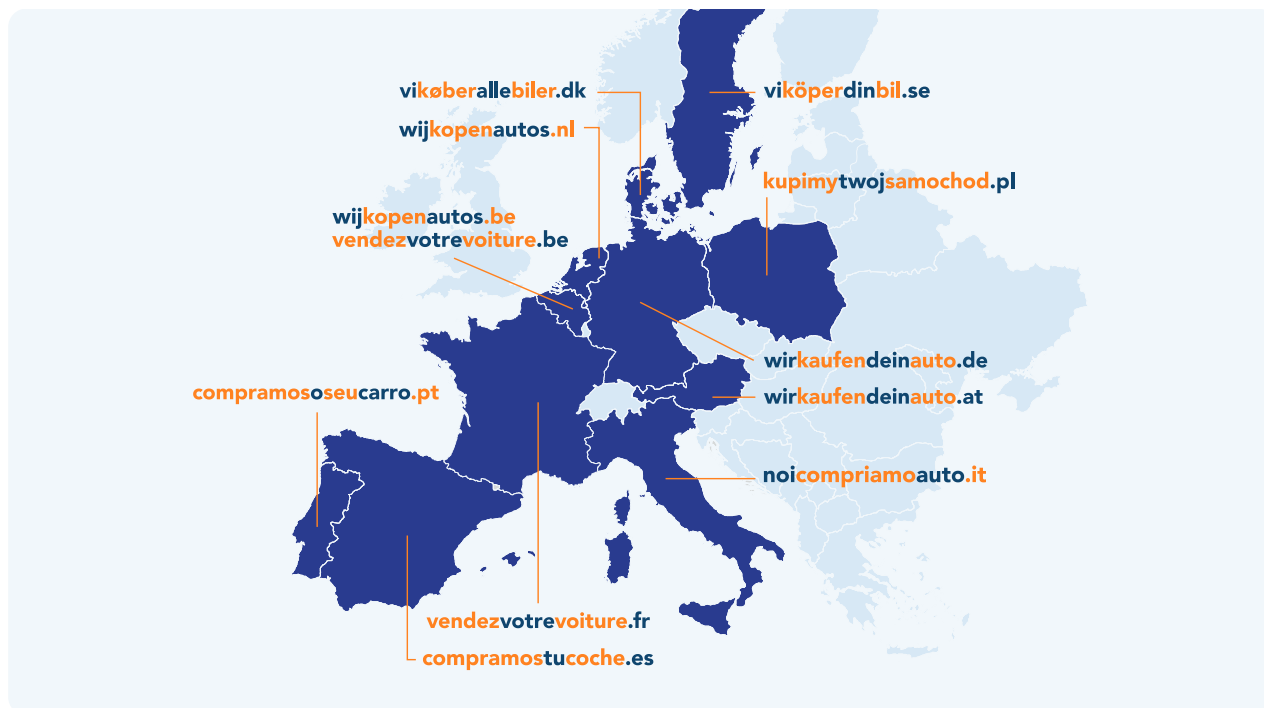
We started with the sell side. We built an easy and free way for customers to evaluate the current market price of their car online and provided an opportunity to drop it off at a location close to their home. These privately owned cars became the inflow side of our AUTO1.com market platform. We started 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.

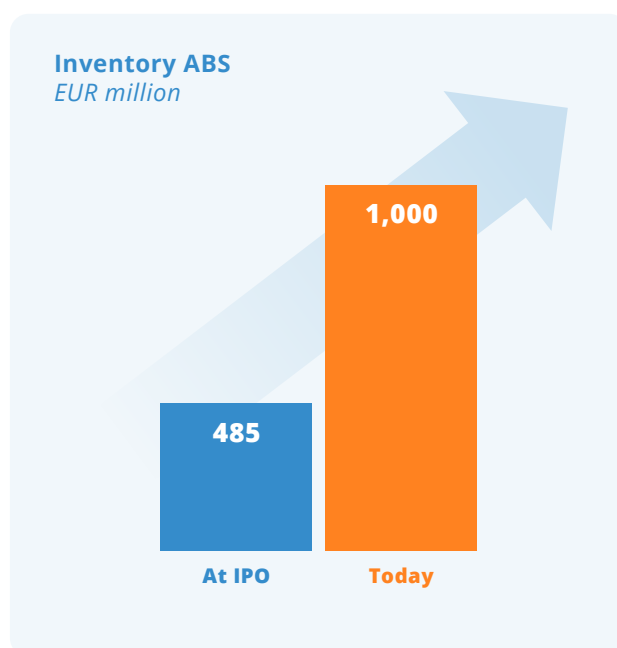
Our relentless focus on customer experience differentiates us from many of our competitors. We believe that providing excellent customer experiences will allow us to build one of the strongest brands in this industry, where the importance of customer happiness and brand is traditionally being undervalued. 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.

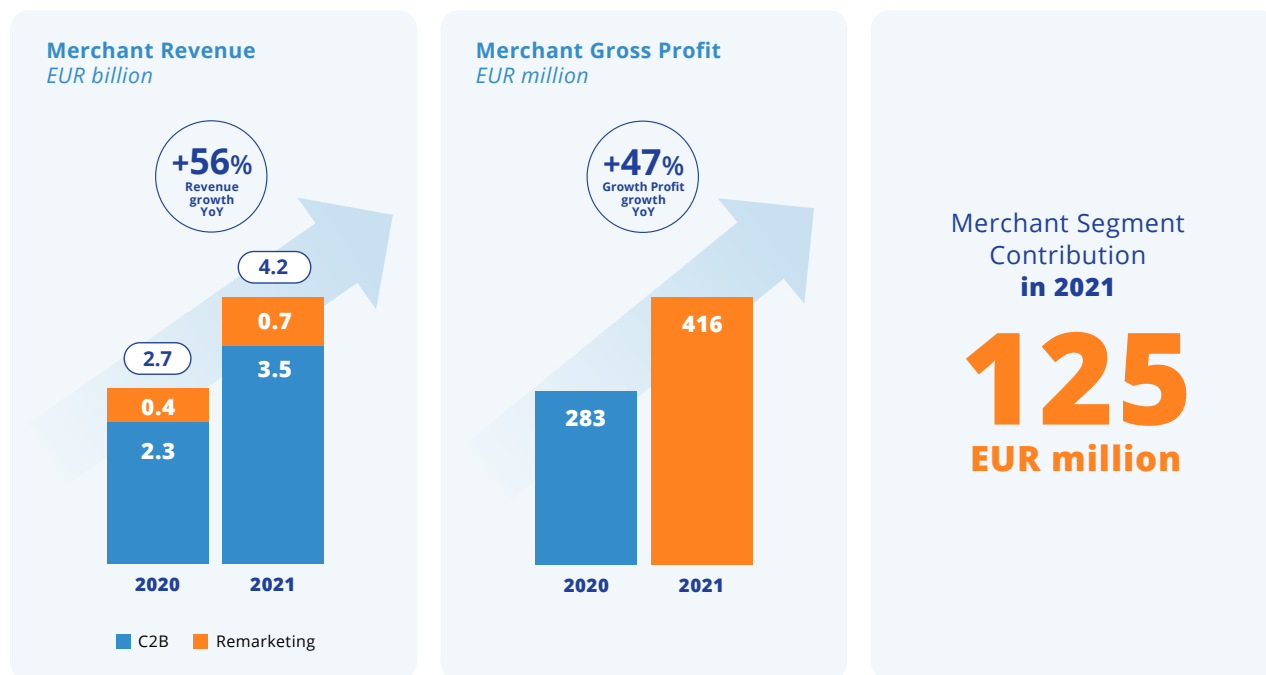


To finance our growing inventory, we closed our first asset backed loan (ABL) in 2015, providing us with EUR 35 million of debt financing. 12 months later we were able to expand that facility to EUR 125 million. In 2019, we extended our ABL to EUR 260 million and then transformed it one year later into a EUR 485 million non-recourse, rated asset backed securitization (ABS). Finally, we upsized our ABS to EUR 1 billion at the beginning of March. 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 10th 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.

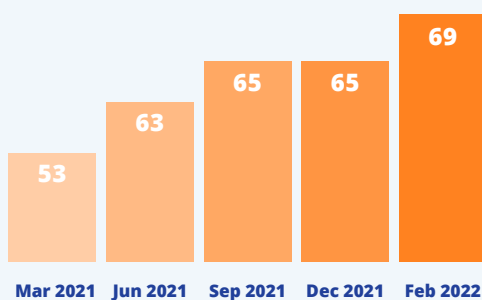
Our Autohero-Store offers already today close to 15,000 cars to choose from. This is a much larger amount of choice than you would have at an average European offline dealership, which we estimate to be around 150. We can present such a large number of cars to our customers without any offline presence, 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).



Autohero NPS
All markets



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

02

SUPERVISORY BOARD REPORT



Dear Shareholders,

In the financial year 2021, the Supervisory Board of the Company conscientiously fulfilled the duties assigned to it by law, the articles of association, and the rules of procedure. This report informs about the work of the Supervisory Board in the financial year 2021.

The Supervisory Board continuously monitored the Management Board during the year under review and advised it on all matters of importance to the Company. To monitor the Management Board, the Supervisory Board uses a reporting system designed according to its specifications; furthermore, measures of particular importance are submitted to the Supervisory Board in advance for approval. As a result, the Supervisory Board is informed promptly of the situation of the Company and the Group and is always involved in decisions of fundamental importance.

Work of the Supervisory Board; Attendance at Meetings; Cooperation between the Supervisory Board and the Management Board

The Supervisory Board held a total of 9 meetings in financial year 2021, some were attended by members of the Supervisory Board via video conference. The statutory cycle of two meetings per calendar half-year was adhered to. In addition, the Supervisory Board passed resolutions by circular resolution on several occasions. The members of the Supervisory Board attended the meetings of the Supervisory Board in the reporting period as follows:

Name	Meetings	Comment
Dr. Gerhard Cromme	9/9	-
Andrin Bachmann	9/9	-
Gerd Häusler	9/9	-
Anthony Doeh	4/4	Until 2 February 2021
Hakan Koç	9/9	-
Sylvie Mutschler	5/5	From 3 February 2021

In the financial year 2021, the Company's Management Board reported to the Supervisory Board regularly, promptly and comprehensively, both in regular meetings and, if necessary, outside meetings, on the net assets, financial position and results of operations of the Company and the Group, as well as on issues relating to risk management and internal control systems. As part of this process, the Management Board informed the Supervisory Board about all relevant issues relating to strategy, operational planning and the associated risks and opportunities, the Company's economic development, and all relevant business-policy processes. The content of the reports was discussed intensively at the meetings of the Supervisory Board. The Management Board and the Supervisory Board discussed in detail all significant business transactions and key decisions for financial year 2021.

The members of the Supervisory Board were also in regular contact with those of the Management Board outside the meetings, in particular the Chairman of the Supervisory Board and the Chairman of the Audit Committee.

The Management Board provided the information required for the Supervisory Board's decision-making regarding measures that had to be submitted to the Supervisory Board for approval by the Management Board.

It was not necessary to inspect other documents beyond the reports and draft resolutions of the Management Board in the year under review.

Dealing with Conflicts of Interest

Resolutions of the Supervisory Board in the reporting year in connection with the Long Term Incentive Program 2017 were passed without the participation of Hakan Koç as a former member of the Management Board and beneficiary of the Long Term Incentive Program 2017.

Focal Points of the Work of the Supervisory Board

In four meetings in January and February 2021, the Supervisory Board dealt intensively with the upcoming IPO in February 2021. The Presidential Committee was also formed and its members elected. The Supervisory Board adopted new rules of procedure for the Supervisory Board and the Management Board.

At its meeting in March 2021, the Supervisory Board approved the capital increase from authorized capital to settle claims from the 2017 Long Term Incentive Program. The Company's strategy after the IPO was also discussed.

In April 2021, the Supervisory Board discussed the annual and consolidated financial statements for the 2020 financial year in detail in the presence of the auditor and approved and adopted both. The Supervisory Board also adopted the agenda for the 2021 Annual General Meeting and the compensation system for the Management Board.

At the meeting in June 2021, the Management Board presented an overview of the year's business performance to date. The current status of the legal disputes in connection with the minority investment in AUTO1 FT GmbH and the Company's first Annual General Meeting were also discussed. In view of the Covid-19 pandemic, this was held virtually in accordance with legal requirements.

In September 2021, the Supervisory Board dealt with the half-year financial statements and topics relating to the non-financial consolidated report (ESG reporting). In addition, the development of the company since the IPO and the admission to the MDax were discussed and an amendment to the rules of procedure of the Management Board was resolved.

In November 2021, the budget for financial year 2022 was approved and the development of the company as well as the share since the IPO, was discussed together with the Management Board.

Audit and Risk Committee

The Supervisory Board has formed an Audit and Risk Committee („Audit Committee“). In the run-up to the Supervisory Board meetings, it deals not only with the monitoring of accounting, the accounting process, accounting and the audit of the financial statements, the quarterly reports, but also with the internal control system and risk management as well as the structure and ongoing work of the internal audit.

It also prepares Supervisory Board decisions on all these issues and performs its other duties as required by law and laid down in the Supervisory Board's Rules of Procedure.

The Audit Committee consists of the three members Gerd Häusler (Chairman of the Audit Committee), Dr. Gerhard Cromme and Andrin Bachmann. In financial year 2021, the committee held six meetings. Four of the meetings of the Audit Committee were held by video conference due to Covid-19 restrictions. Two of the Audit Committee meetings were held as physical face-to-face meetings. All members of the Audit Committee were present at all meetings.

Presidential and Nomination Committee

The Presidential and Nomination Committee („Presidential Committee“) was formed shortly before the IPO in January 2021 and consists of three members Dr. Gerhard Cromme (Chairman of the Presidential Committee), Gerd Häusler and Hakan Koç. The Presidential Committee prepares certain resolutions of the Supervisory Board and decides on behalf of the Supervisory Board on matters specified in more detail in the Rules of Procedure of the Supervisory Board; as the Nomination Committee, it also nominates suitable candidates to the Supervisory Board for its proposals to the Annual General Meeting for the election of Supervisory Board members. The Presidential Committee met three times in financial year 2021. The meetings of the Presidential Committee were held by video conference due to Covid-19 restrictions. All members of the committee were present at all meetings.

Audit of the Annual and Consolidated Financial Statements for the Financial Year 2021

At the proposal of the Supervisory Board, the Annual General Meeting on 14 January 2021 appointed KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin branch, as the auditor for the Company's stand-alone as well as consolidated financial statements for the financial year 2021.

KPMG AG Wirtschaftsprüfungsgesellschaft audited the annual stand-alone financial statements of AUTO1 Group SE and the consolidated financial statements as well as the combined management report for the financial year 2021 and issued them an unqualified audit certificate. The aforementioned documents were made available to all members of the Supervisory Board in good time and were dealt with in detail at the meeting of the Audit Committee on 21 March 2022 and 4 April 2022 and at the Supervisory Board meeting on 21 March 2022 and 4 April 2022. The auditors attended the meeting of the Audit Committee on 21 March 2022, reported on the main findings of the audit and were available during the discussions to answer questions and provide further information. On the basis of its own examination, the Supervisory Board came to the conclusion that the annual stand-alone and consolidated financial statements as of 31 December 2021 and the combined management report for the financial year 2021 did not give rise to any objections and agreed with the results of the auditor's examination

By resolution dated 4 April 2022, the Supervisory Board approved the annual stand-alone and consolidated financial statements of AUTO1 Group SE as of 31 December 2021, as well as the combined management report for the financial year 2021. The annual financial statements of AUTO1 Group SE for the financial year 2021 are thus adopted.

Corporate Governance and Declaration of Conformity

The shares of AUTO1 Group SE were first admitted to trading on the regulated market of the Frankfurt Stock Exchange in February 2021.

In February/March 2022, the Management Board and Supervisory Board issued the declaration of compliance (Entsprechenserklärung) in accordance with Section 161 of the German Stock Corporation Act (AktG) and have made this permanently accessible to shareholders on the company's website at <https://ir.auto1-group.com> in the „Corporate Governance“ section. With a few exceptions, which are explained in the declaration, AUTO1 Group SE has been following the recommendations of the Code in its currently applicable version of 16 December 2019 from 25 January 2021.

Composition of the Supervisory Board and the Management Board

The following people were members of the Company's Supervisory Board of the Company in financial year 2021: Dr. Gerhard Cromme, Andrin Bachmann, Gerd Häusler, Antony Doeh (until 2 February 2021), Hakan Koç and Sylvie Mutschler (since 3 February 2021). A table showing the members of the Supervisory Board with their respective terms of office and the composition of the committees for the fiscal year 2021 is attached to this report.

At the Extraordinary General Meeting of the Company on 2 February 2021, the membership of Supervisory Board member Anthony Doeh was terminated by mutual agreement with effect from the end of 2 February 2022. The Extraordinary General Meeting then elected Sylvie Mutschler to succeed Anthony Doeh on the Supervisory Board with effect from 3 February 2022.

The Management Board of AUTO1 Group SE consisted of the two members Christian Bertermann and Markus Boser in the financial year 2021.

Expression of Thanks by the Supervisory Board

The Supervisory Board thanks the members of the Management Board and all employees of the Group for their successful work and personal commitment in financial year 2021, which will continue the success story of the AUTO1 Group.

Berlin, April 2022
For the Supervisory Board

Dr. Gerhard Cromme

CHAIRMAN OF THE SUPERVISORY BOARD

Members of the Supervisory Board, the Audit Committee and the Presidential Committee in the financial year 2021

Name, Function	Profession practiced	Member since	Elected until
Dr. Gerhard Cromme, Vorsitzender	Supervisory Board	2018	2024
Andrin Bachmann, stellvertretender Vorsitzender	Venture Capitalists	2018	2024
Gerd Häusler, Mitglied	Businessman	2018	2024
Anthony Doeh, Mitglied	-	24.09.2020	Until 2 February 2021
Hakan Koç, Mitglied	Entrepreneur	01.12.2020	2024
Sylvie Mutschler, Mitglied	Entrepreneur	03.02.2021	2024

*Audit and Risk Committee
(Audit Committee)*

Name, Position

Gerd Häusler, Chairman

Dr. Gerhard Cromme, Member

Andrin Bachmann, Member

*Presidential and Nominating Committee
(Presidential Committee)*

Name, Position

Dr. Gerhard Cromme, Chairman

Gerd Häusler, Member

Hakan Koç, Member

03

COMBINED MANAGEMENT REPORT



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Group profile

a. Business Model

We are Europe's leading buyer and seller of used cars. Our digital products are based on a unique vertically integrated platform. With more than 596,000 used cars sold in 2021, we are one of Europe's leading partners for buying and selling used cars.

Sales of used cars, including business-to-business (B2B) comes to approx. EUR 600 billion in Europe. However, the online share of this market is still at a very early stage of development. We firmly believe this constitutes a very strong market opportunity for us.

Our leading market position is due to our broad purchasing channels, which allowed us to purchase an average of approx. 2,400 used cars per working day in 2021. Via our consumer brands such as "wirkaufendeinauto.de", we offer consumers in ten European countries an online platform to sell their used cars to AUTO1. In addition, fleet operators and commercial dealers can market their vehicles using our remarketing solutions.

We sell the cars through two additional sales channels: Our B2B brand "AUTO1" is Europe's largest wholesale platform for the sale of used cars. We sell these cars to more than 80,000 commercial dealers in Europe via online auctions. Under our trademark "Autohero", we have created an offer for consumers to sell used cars online. We offer end customers in nine European countries used cars at fixed prices.

Our business activities are based on a vertically integrated, proprietary technology platform that has been specifically developed for the purchase, sale, portfolio management and delivery of used cars in Europe.

b. Objectives and Strategies

We are convinced that the following competitive strengths are the key drivers of our success and distinguish us from our competitors:

- our leading market position with a high volume and great variety in purchasing and sales
- the growing awareness of our brand in Europe and the unique customer experience we offer, both when buying and selling to customers.

To continue our success, we have identified the following key factors of our strategy:

- We want to become Europe's leading retailer for used cars under our "Autohero" brand;
- We are pushing to increase gross profit per vehicle sold in the Retail segment and
- We are continuing to scale our business to promote growth and future profitability.

c. Group Structure

AUTO1 Group SE is the Parent Company of the AUTO1 Group, which comprises 60 directly or indirectly controlled and fully consolidated subsidiaries as at the reporting date. We also consolidate a financing company, AUTO1 Funding B.V. For further information, please see Note 14 in the consolidated financial statements.

The Group's direct and indirect subsidiaries perform all our business activities in Europe.

The Group's only financial liabilities are held through our financing company AUTO1 Funding B.V. as part of an asset-backed securitisation facility. As at the reporting date, we had issued debt securities of EUR 330 million secured by a used car inventory of EUR 584 million and that did not allow any further recourse to the Group. To simplify our pan-European business activities and financing, all vehicles are held via our subsidiaries AUTO1 European Cars B.V. and Auto1 Italia Commercio.

We founded another financing company, Autohero Funding 1 B.V., after the end of the reporting period to facilitate the further development of instalment purchases for Autohero customers. This company will refinance our instalment purchase receivables. As at the reporting date, we had receivables from instalment purchases totalling EUR 49 million (thereof EUR 41 million non-current) that were not offset by financial liabilities.

The shares of the AUTO1 Group SE have been traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange since 4 February 2021. Proceeds from the IPO raised considerable amounts of cash and enabled us to significantly strengthen our equity base. As a result, the Group had cash and liquid investments of EUR 720 million as at the reporting date.

d. Segments

The Group is structured in two segments: Merchant and Retail. The segments offer products for various customer groups and are managed separately as they require different technologies (use of different sales platforms) and marketing strategies. Both segments purchase vehicles from both of the Group's purchasing channels. The purchasing channels encompass the purchase of vehicles from private individuals (C2B channel) and from commercial dealers in the context of remarketing (Remarketing channel).

Merchant

In the Merchant segment, used cars are sold to commercial car dealers via our own brand AUTO1.com. Merchant revenue also includes auction fees, fees for logistics services and all other fees in connection with the provision of vehicles to the dealers.

Revenue from Merchant business is differentiated based on how the vehicles are procured. All cars purchased through the Group's network of private individuals are classified as "C2B". Meanwhile, cars purchased from commercial fleet operators and dealers and not via the branch network are classified as "remarketing". As there are no operations that result in standalone revenue in the two categories, C2B and remarketing merely represent different purchase channels. Sales are made to the same customer base through an identical distribution channel.

Retail

The Retail segment is focused on the sale of used cars to private customers under the Autohero brand. This also includes revenue from financing and other products such as services for used vehicle purchasing. Vehicles for the "Retail" business are mostly purchased through C2B in some cases through remarketing.

e. Management Systems

The most important financial indicators used for managing business activities are revenue, gross profit (i.e. revenue less cost of materials) and adjusted EBITDA margin (AEBITDA margin), with revenue and gross profit being used at the segment level and adjusted EBITDA at the group level. These performance indicators reflect the Group's clear growth target and together with the non-financial performance indicators are used to measure success and performance.

Besides financial performance indicators, the AUTO1 Group also uses non-financial performance indicators to manage the business at the segment level:

- Number of cars sold
- GPU (gross profit per unit)

The following non-operating effects are not reflected in adjusted EBITDA: (i) share-based payment, (ii) expenses for strategic products, (iii) expenses for capital structuring, (iv) adjustment of previous year liabilities and (v) other non-operating expenses. Other non-operating expenses comprise consulting expenses in connection with financing, expenses for litigation and other non-operating expenses.

f. Research and Development

We see AUTO1 first and foremost as a technology company with the goal of continuously improving our tech platform to make it as pleasant for dealers and private individuals to use as possible. To overcome the associated challenges such as the design of the websites and apps as well as the automation of process workflows, forecasting supply and demand and customer service challenges, AUTO1 primarily invests in qualified staff. More than 515 tech employees from 63 countries (of whom approx. 72% are software engineers) work at 15 locations on cross-platform innovations, as well as on ensuring smooth processes.

We believe that the investments in this area give us a critical competitive edge. When using our products, dealers, customers and external partners are connected via a central IT network. Thanks to the use of a microservice architecture, cloud technologies and the integration of data collection and analytics (by our Data Science Team), we are in a position to manage all AUTO1's corporate functions via our tech platform. Examples of these functional areas are shown below:

- *Digital inspection of cars*
- *Pricing algorithm*
- *Order processing*
- *Real-time auction platform, portfolio management and operating performance indicators*
- *Invoice and payment processing*
- *Logistics and fleet management*
- *Marketing and CRM*

In 2021, technology expenses amounted to KEUR 34,339, which includes salaries for several hundred IT developers and software engineers as well as IT expenses. Expenses in our technology platforms were not capitalised.

Economic Report

General economic conditions

After the downturn in the previous year on account of the Covid-19 pandemic, the global economy recovered in the 2021 financial year and generated growth of 5.9%.

The 5.2% recovery in the eurozone was somewhat weaker than the global average and the German economy picked up by just 2.7% in 2021. This is partly because Germany was comparatively less affected by the economic downturn in 2020. The Eurozone countries that were hit particularly hard by the economic impact of the pandemic also benefited disproportionately from the recovery in 2021.

The global economy is expected to grow by 4.4% in 2022. The figure for the eurozone is predicted at 3.9%. This forecast takes into account factors such as the recent sharp rise in inflation, restrictions on freedom of movement on account of the Covid-19 pandemic, the further spread of the Omicron variant and revised fiscal policy.¹

Nonetheless, particularly in view of the war in the Ukraine, the forecast for economic recovery, both at global level and for the eurozone, is subject to uncertainty. The impact of the war in the Ukraine, the development of the Covid-19 pandemic moving forwards, the state of supply chains combined with the effect of revised fiscal policy and higher inflation will remain crucial to the macroeconomic development.

a. Industry Environment

2021 was another challenging year for the European car market, which began with restrictions being imposed to contain the pandemic.

The shortage of semiconductors had a palpable effect on the new car market throughout the year while also boosting the used car market, prompting extremely high demand and a sharp rise in used car prices.

Total European online B2C used car sales were 9.0% higher in 2021 than in the weak previous year and 7.4% higher than in 2019, before the pandemic. As the shortage of semiconductors caused long lead times for new cars, demand on the used car market increased, causing inventories to decline significantly. At the start of 2022, inventories were about 17% lower overall compared to the time before the start of the Covid-19 pandemic at the beginning of January 2020.

Out of the four biggest markets relevant for us, Spain and Italy saw the greatest increase in used car sales (up 30.2% and 23.5% respectively). Germany and France also saw a year-on-year upturn of 3.5% and 15.1% respectively. Poland was the only country where sales declined slightly (down 1.2%).²

We believe that the used car market is one of the last major markets to make the permanent shift from offline to online. The ongoing penetration of internet and smartphone use as well as the increased desire for individual transport options brought about by Covid-19 are driving the shift towards buying and selling used cars online. Thanks to our range of products and services, we are well equipped to meet this demand.

b. Business Performance

The AUTO1 Group generated strong revenue growth in the 2021 financial year thanks to the sale of 596,731 used cars (2020: 457,431). Revenue picked up by a significant 68.7% year on year to KEUR 4,774,973 (2020: KEUR 2,829,653), rising in both the Merchant and the Retail segments. Revenue in the Merchant segment recovered in 2021 after the pandemic-induced decline in 2020 and exceeded its pre-pandemic 2019 level by 23.6%. Both purchasing channels – C2B and Remarketing – played a major role in this. Revenue in the Retail segment increased to KEUR 578,985 (2020: KEUR 132,603), with 41,380 vehicles sold (2020: 10,153). This represents an increase of 336.6% and is thanks chiefly to growing brand awareness and higher demand for used cars. The cost of materials in the 2021 financial year was KEUR 4,344,097 (2020: KEUR 2,543,744), pushing up gross profit significantly to KEUR 430,876 (2020: KEUR 285,910). At the same time, the gross profit margin per car increased by EUR 97 to EUR 722.

Adjusted EBITDA for the AUTO1 Group declined from KEUR -15,166 to KEUR -107,100. Key factors impacting here were higher expenses for marketing, especially in the Retail segment, and higher personnel expenses as more employees were recruited and fewer staff were in short-time work.

As in the past, we will focus on our growth target over the next few years. Part of this involves further expanding the Autohero business.

¹ See IMF, World Economic Outlook January 2022.

² See Indicata Market Watch Covid-19, Edition 23, January 2022.

c. Group's Position

1. Financial Performance

Group earnings in financial year 2021 compared to the prior year 2020 were as follows:

	1 Jan. 2021 -31. Dec. 2021	1 Jan. 2020 -31. Dec. 2020
Revenue (in KEUR)	4,774,973	2,829,653
<i>Revenue growth in %</i>	68.7	(18.6)
Gross profit (in KEUR)	430,876	285,910
Adjusted EBITDA (in KEUR)¹	(107,100)	(15,166)
<i>Adjusted EBITDA margin in %</i>	(2.2)	(0.5)
EBITDA (in KEUR)	(124,412)	(34,849)
<i>EBITDA margin in %²</i>	(2.6)	(1.2)
Sold cars (#)	596,731	457,431
Average number of employees³	4,704	4,111

¹ EBITDA adjusted for items that are reported separately, which comprise non-operating effects such as share-based payment, the correction of liabilities and other non-operating costs. See the following table for the reconciliation to adjusted EBITDA.

² Defined as EBITDA divided by revenue.

³ Full-time equivalents.

The following table presents the reconciliation from EBITDA to adjusted EBITDA:

In KEUR	1 Jan. 2021 -31. Dec. 2021	1 Jan. 2020 -31. Dec. 2020
EBITDA	(124,412)	(34,849)
Share-based payment	5,689	(5,437)
Adjustment of liabilities	-	12,351
Other non-operating expenses	11,623	12,769
Adjusted EBITDA	(107,100)	(15,166)

Revenue Performance

The AUTO1 Group's revenue climbed sharply by 68.7% to KEUR 4,774,973 in the past financial year (2020: KEUR 2,829,653). Here, the Merchant segment accounted for revenue of KEUR 4,195,988 (2020: KEUR 2,697,051) and the Retail segment for KEUR 578,985 (2020: KEUR 132,603).

Merchant business generated year-on-year revenue growth of 55.6%. Increased demand on the used car market in connection with a decline in the supply of new cars and the easing of Covid-19 restrictions on our European markets contributed to this improvement. Many commercial dealers began operating again after temporary closures during the peak of the Covid-19 pandemic and this had a positive effect on the number of vehicles sold in the Merchant segment, which rose by 108,073 to 555,351. The sharp increase in used car prices as a result of lower demand for new cars continued to bolster revenue.

The Retail business also recorded a very substantial rise in revenue (336.6% total revenue growth compared to the previous year), chiefly a result of increased awareness of the Autohero brand and our strongly growing offer of cars. Consumer demand was strong on all our European markets.

Gross Profit Development

The cost of materials increased almost in line with revenue by 70.8% or KEUR 1,800,353 to KEUR 4,344,097, of which KEUR 3,780,080 was attributable to the Merchant business and KEUR 564,017 to the Retail business. The cost of materials include the cost for the sold vehicles, external transport costs (costs for transport to the customer) as the cost of purchased services and other services in connection with the operational processing of vehicle purchases and sales.

In the 2021 financial year, gross profit increased strongly, moving up by KEUR 144,966 to KEUR 430,876. The Merchant segment generated gross profit of KEUR 415,908. Despite the Retail segment currently being in a development phase, it contributed KEUR 14,968 to gross profit. This shall be gradually increased in the future. Gross profit per unit sold (GPU) also improved in both segments.

Business Development by Segment

<i>Merchant</i>	1 Jan. 2021 -31. Dec. 2021	1 Jan. 2020 -31. Dec. 2020
Revenue (in KEUR)	4,195,988	2,697,051
<i>thereof C2B*</i>	3,544,726	2,348,588
<i>thereof Remarketing*</i>	651,262	348,463
<i>Revenue growth in %</i>	55.6	(21.0)
Gross profit (in KEUR)	415,908	283,015
Sold cars (thousands)	555	447
<i>thereof C2B</i>	481	397
<i>thereof Remarketing</i>	74	50
GPU (in EUR)	749	633

* Analysis of revenue by purchase channel

<i>Retail</i>	1 Jan. 2021 -31. Dec. 2021	1 Jan. 2020 -31. Dec. 2020
Revenue (in KEUR)	578,985	132,603
<i>Revenue growth in %</i>	336.6	63.0
Gross profit (in KEUR)	14,968	2,895
Sold cars (thousands)	41	10
GPU (in EUR)	362	285

Development of EBITDA and Adjusted EBITDA

EBITDA at the AUTO1 Group declined by KEUR 89,563 year on year to KEUR -124,412. This was driven mainly by increased other expenses and personnel expenses.

Other operating expenses rose by 86.9% or KEUR 158,370 over the prior year to KEUR 340,618. This increase resulted mainly from a KEUR 125,172 rise in marketing expenses to KEUR 203,275 to increase awareness of the Autohero brand. In addition, internal logistics expenses rose by KEUR 24,704 to KEUR 57,974 due to more car transports compared to the previous year.

Personnel expenses were up 54.3% on account of strong growth at the AUTO1 Group and the reduction in short-time working. The average number of full-time equivalents at the AUTO1 Group increased from 4,111 in 2020 to 4,704 in the 2021 financial year. Unlike in the previous year, when the workforce was reduced in certain departments and short-time working was introduced on account of the Covid-19 pandemic, the AUTO1 Group continued to grow in the past financial year and increased its staff headcount. Expenses

for share-based payments increased to KEUR 5,689 in the past financial year. The previous year had generated income of KEUR 5,437 due to the reclassification of remuneration programmes from cash-settled to equity-settled.

Adjusted EBITDA was adjusted for share-based payments and other non-operating expenses and totalled KEUR -107,100 in the 2021 financial year (2020: KEUR -15,166).

Development of the Consolidated Loss

The Group generated a net loss (consolidated loss) of KEUR 374,054 (2020: KEUR 143,642) in the 2021 financial year. This rise is chiefly due to the negative other financial result of KEUR -209,843, which is the result of the early repayment of the convertible bond at the time of the IPO. In addition, higher marketing expenses for the successful development of the Autohero brand and growth at the AUTO1 Group also contributed to the consolidated loss.

2. Financial Position and Liquidity

<i>In KEUR</i>	1 Jan. 2021 -31. Dec. 2021	1 Jan. 2020 -31. Dec. 2020
Consolidated loss	(374,054)	(143,642)
Cash flows from operating activities	(467,249)	45,495
<i>Net capex</i>	(24,654)	(3,569)
<i>Payments for liquid financial assets</i>	(615,155)	-
Net cash from investing activities	(639,809)	(3,569)
Cash flows from financing activities	1,056,460	57,726
Cash and cash equivalents at the beginning of the period	157,251	57,599
Cash and cash equivalents at the end of the period	106,653	157,251

The AUTO1 Group reported negative cash flows from operating activities of KEUR -467,249 (2020: KEUR 45,495) in 2021. This primarily reflected the increase in inventory – which rose by KEUR 374,114 year on year due to strong growth, the rise in current and non-current trade receivables and other receivables and cash outflows in connection with higher other operating expenses and personnel expenses. The ABS facility was utilised to provide KEUR 330,000 in funding for the increase in inventories, while the increase in current

receivables and other receivables was compensated for by higher trade payables. The increase in non-current trade receivables is related to our instalment purchase product for Autohero. Here we are aiming to achieve refinancing in the financial year 2022.

The Cash flows from investing activities for 2021 amounted to KEUR -639,809 (2020: KEUR -3,569), as proceeds from the IPO were invested in money market funds and money market instruments of KEUR 614,432 to minimise the impact of negative interest rates.

The positive cash flows from financing activities amounted to KEUR 1,056,460 (2020: KEUR 57,726) in the 2021 financial year. This was a result largely due to capital increase in connection with the IPO at the start of February 2021, which amounted to KEUR 982,677 after deducting transaction costs. This allowed an early repayment of the convertible bond, for which cash of KEUR 232,349 was used. In addition, the ABS facility was drawn up to KEUR 330,000 to finance the inventories.

We have the opinion that with the increasing maturity of AUTO1, cash flow from operating activities has to be seen in connection with cash flow from financing activities from the ABS facility.

Cash and cash equivalents equalled KEUR 106,653 (2020: KEUR 157,251) at year-end, a decrease of KEUR 50,598 over the prior year. After including money market funds and money market instruments of KEUR 614,432, the AUTO1 Group had liquid reserves of KEUR 721,085 at the end of the year, up KEUR 563,834 on the previous year.

3. Assets and Liabilities

Property, plant and equipment increased by a total of KEUR 31,760 to KEUR 84,092, mainly due to the establishment of production centres for preparing vehicles for sale on the Autohero platform and investments in the Autohero delivery vehicle fleet.

Non-current trade receivables as at 31 December 2021 came to KEUR 49,430 (31 December 2020 KEUR 0). These comprise receivables from instalment purchases offered to Autohero customers in Germany and Austria and which are to be refinanced from the financial year 2022.

Inventories picked up by KEUR 374,114 to KEUR 583,549. KEUR 330,000 of the inventory was financed by the ABS facility. The increase in the inventory stems from strong growth at the AUTO1 Group. At the same time, higher inventory levels shall secure future Group growth.

Current trade receivables and other receivables increased by KEUR 64,500 to KEUR 89,302 as at the reporting date thanks to good sales activities.

Current other financial assets rose to KEUR 616,248 (2020: KEUR 1,266) and largely contain current investments in money market funds and money market instruments.

Other assets mainly concern VAT receivables, which saw an upturn as a result in part of strong growth.

The AUTO1 Group's equity increased to KEUR 921,014 as at 31 December 2021 (2020: KEUR 4,465). The equity ratio thus equalled 56.7% (2020: 0.9%) at the end of the reporting period. The increase over the prior year is mainly due to the successful IPO in February 2021.

The Group had issued a subordinated convertible loan for KEUR 255,000 on 13 February 2020. The loan was convertible into common shares of the Group at the discretion of the creditor if specific events occurred or was repayable on 13 February 2025. The convertible loan contained several embedded derivatives in the form of a conversion right, a cash settlement option and other acceleration options, and was recognised under non-current financial liabilities in the amount of KEUR 323,470 as at 31 December 2020. KEUR 110,000 of the convertible loan was repaid from the proceeds from the IPO on 4 February 2021. In total, this resulted in a payment of KEUR 232,349. The remaining portion of the loan was converted into 8,059,961 shares by the lenders. As at the reporting date of 31 December 2021, the convertible bond was completely redeemed.

The fully collateralised investment grade-rated ABS loan facility concluded in the previous year with a scope of KEUR 485,000 was drawn for the first time in the first quarter of 2021. KEUR 330,000 was drawn as at the reporting date 31 December 2021 and was recognised under non-current financial liabilities. For further details, please refer to our comments in the notes to the consolidated financial statements under liquidity risks.

Current liabilities mainly relate to trade payables, which rose significantly due to factors including increased purchasing activities as at the reporting date. The contract liabilities reported under other receivables also picked up as a result of the higher business volume as at the reporting date.

4. Overall Assessment

The Management Board gave a positive assessment of the AUTO1 Group's assets, liabilities, financial position and financial performance. Despite the ongoing pandemic, the Group generated a very strong growth. The Group's revenue and gross profit reached a new all-time high in 2021. The Group was able to exceed pre-pandemic levels for the most important financial indicators while also continuing to expand the Autohero brand and the Merchant segment. The AUTO1 Group was successfully listed on the stock exchange as part of the IPO in February 2021. This significantly improved the Group's equity base and meant that business could be stepped up further. In addition, cost-efficient funding for inventories was secured in the long term by the utilisation of the new financing facility.

Forecast, Opportunities and Risks

Risk Report

Over the course of 2021, we have set up an inhouse Risk Management Team with the goal of implementing a comprehensive Group-wide risk management system (RMS), which enables AUTO1 to support decision-making by supplying consistent, comparable and transparent information that creates a common understanding of risks and opportunities throughout the company. The aim of the Risk Management Team is to develop a strategy and to set objectives that ensure an optimal balance between the growth of business and the mitigation of associated risks, thus, promoting the company's shareholder value in a sustainable, methodical manner. The following report presents risks and opportunities considered material for AUTO1 and provides an overview of the RMS.

Risk Management System

The Management Board of AUTO1 Group SE (AUTO1) assumes overall responsibility for the development and operation of an effective RMS for AUTO1.

The Risk Management Team has implemented the RMS based on the framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Management Standard. In addition, the RMS is based on the requirements of the audit standard 981 published by the Institute of Public Auditors in Germany (IDW). The Risk Management Cycle at AUTO1 consists of the following elements:



Risk Identification

The structured identification and assessment of risks and opportunities are crucial components in securing resilient and profitable growth. Risks are defined as the possibility of negative deviations from expected company performance, whereas opportunities are defined as the possibility of positive deviations. We do not attempt to avoid risks at all costs; our aim is to carefully weigh the opportunities and risks associated with our decisions and business activities from an informed perspective. Using multiple instruments, such as workshops and risk surveys, the identification and assessment of risks is carried out by the risk owners in the course of day-to-day operations and by the Risk Management Team on a bi-annual basis.

Risks are identified by all employees at AUTO1, both centrally and locally. Within the scope of the RMS, risk owners throughout the various departments of the Group identify risks by scanning internal and external environments for emerging risks. In addition, risk identification encompasses the detection of possible interlinkages between risks based on qualitative factors. These interlinkages often lead to the identification of new risks.

Risk Assessment

Once the risks are identified, our risk owners, supported by the Risk Management Team, assess and quantify their individual risks based on:

- **Impact:** the extent to which the risk, if materialized, would affect AUTO1 and its objectives.
- **Probability of occurrence:** represents the probability that a specific impact for a risk may materialize within one year after the assessment date.

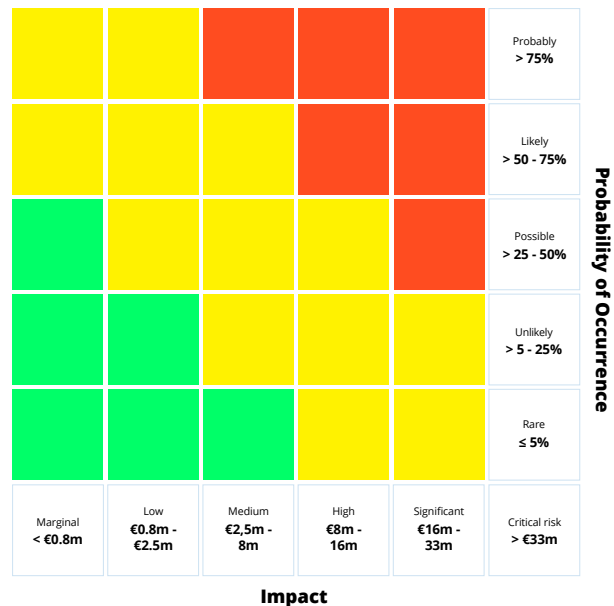
The impact assessment is conducted either on a quantitative or qualitative scale in case risks cannot be quantified, or qualitative aspects are predominant (e.g., reputational risks). The impact scale ranges from marginal to critical and refers to the potential impact on EBIT.

The probability of occurrence refers to the estimated probability of a risk materializing within a one-year time horizon and is deduced by selecting one of the following probability ranges:

Probability of Occurrence	Assessment
Probable	[75% - 100%]
Likely	[50% - 75%]
Possible	[25% - 50%]
Unlikely	[5% - 25%]
Rare	[0% - 5%]

Financial Impact Scale	Assessment
> €33m	Critical negative effect on business operations, financial health and cash flows
€16m - €33m	Profound effect on business operations, financial health and cash flows
€8m - €16m	Significant effect on business operations, financial health and cash flows
€2.5m - €8m	Moderate effect on business operations, financial health and cash flows
€0.8m - €2.5m	Low effect on business operations, financial health and cash flows
< €0.8m	Marginal negative effect on business operations, financial health and cash flows

The combination of the two dimensions described above results in the risk assessment. The risk matrix facilitates the comparison of risks' relative priority and increases transparency over AUTO1's risk exposure.



Gross and Net Risk

All risks are assessed on a gross- and net risk basis to understand and highlight the effectiveness of the mitigation measures. The following risk report explains the risks that have a material impact on the Group on a gross basis.

- **Gross risk:** represents the inherent risk before mitigation strategies and corresponding actions are considered.
- **Net risk:** represents the remaining risk after all implemented mitigation measures are considered.

- Identified risks in the red area of the matrix and critical risks are categorized as High risks and require action and monitoring from management with high priority.
- Risks in the yellow area are categorized as Medium risks and require medium-term action and regular monitoring.
- Risks in the green area are categorized as Low risks and have a lower priority.

Risk Treatment

Together with their supervisors and management, risk owners are responsible for ensuring that appropriate risk-mitigating measures and controls are created and implemented within their areas of responsibility. Risk owners assess risks in terms of their impact on outcomes and probabilities and examine available resources, existing controls, and measures compared to prospective opportunities.

The treatment of risks refers to the actions or techniques used to manage risks that have been assessed. The risk owner identifies one of the following options in alignment with management:

1. **Risk avoidance:** Risk can be averted by discontinuing an activity presenting the risk.
2. **Risk mitigation:** Risk can be reduced by taking appropriate mitigation actions.
3. **Risk transfer:** Risk can be transferred to a third party (e.g., an insurance company).
4. **Risk acceptance:** Risk can be accepted; no action is taken based on cost-benefit analysis.

Risk Monitoring

Risk monitoring is the process of continuously following up on risks that have been identified, assessed, and treated with the relevant risk owner and risk manager. The aim is to evaluate the current probabilities, impacts, and implementation status of mitigation actions. The Risk Management Team and the respective risk owners are jointly responsible for feeding continuous monitoring data into risk analysis tools. Ongoing risk monitoring is incorporated into our work.

Furthermore, AUTO1 has integrated ad-hoc reporting that keeps the Risk Management Team and the Management Board up to date on current risk events and relevant developments.

Risk Reporting

The Management Board is informed of the Group-wide risk situation, especially about major risks, on a monthly basis. Together with the Management Board, the Risk Management Team informs the Audit Committee about risk management activities and existing risks every quarter.

System of Internal Controls over Financial Reporting

According to the German Stock Corporation Act, the Supervisory Board must monitor the effectiveness of the Internal Control System (ICS), which requires AUTO1 to work towards operating a practical and comprehensive ICS. Throughout 2021, we have improved and are continually evolving our ICS to sufficiently prevent errors, inefficiencies and compliance violations. Additionally, we strengthened our internal controls to avoid potential cases of inconsistencies and misconduct by internal and external stakeholders.

The AUTO1 RMS was established to increase risk awareness, encourage open communication about risks, create a shared understanding, and drive action to ensure proactive management of risks that threaten the company's performance or existence in the worst-case scenario. The ICS aims to raise overall awareness about internal controls as a critical component of good corporate governance. Also, part of the ultimate goal is to gain transparency and increase efficiency by reducing complexity through best practice sharing and process standardization. The ICS relevant for accounting and financial reporting processes has the task of ensuring that the accounting and financial reporting of the Group is accurate and reliable.

The Audit Committee and the Management Board monitor the ICS's effectiveness. The system is constantly adapted to the requirements of COSO and the Group's expectations. The Internal Audit Department assesses the Group ICS Policy wherever appropriate and audits the ICS as a whole.

Internal Audit System

AUTO1 ensures the quality of its processes by conducting internal audits annually, with a summary report on its activities to the Audit Committee provided quarterly. AUTO1's Internal Audit Department aims to provide independent, objective assurance and consulting services to add value and improve AUTO1's operations. The mission of Internal Audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. Internal Audit helps AUTO1 accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve governance, risk management, and control processes. Internal Audit also adds to the detection of, and response to, potential misconduct, unethical business practices, or suspected fraudulent activities.

Internal Audit will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing. We are currently co-sourcing our IAS with a Big Four firm as an external service provider.

Material Risks

AUTO1 Group is exposed to macroeconomic, sector-specific, financial, and strategic risks as an international company. We define risks that could significantly impact our business segments and our internal and external stakeholders as material risks. The risk report presents the risks considered material for AUTO1 on a gross risk basis.

Risk Areas

Overall, we identified no risks or risk clusters that might threaten AUTO1 as a going concern. The following table provides an overview of AUTO1's risk clusters and shows the material risks identified per our risk assessment methodology described above. Compared to the 2020 risk and opportunity report, the "Logistics and Inventory" risk has been combined into one risk area. Further, COVID-19 related risks and opportunities have been added to the relevant sections; the specific risk area "Coronavirus" has therefore been removed.

Overview of Risk Clusters

Top Gross Risks	Probability of Occurrence	Impact
Strategic Risks		
Competitive Environment	Possible	Medium
Barriers to Online Purchase of UCs	Possible	Medium
Regulatory Changes in the UC Market	Possible	Low
Legal and Compliance Risks		
General Legal and Compliance Risks	Unlikely	Low
AML	Possible	Medium
Data Protection	Possible	Medium
Operational Risks		
Logistics and Inventory	Unlikely	Low
IT Security	Unlikely	Medium
Personnel	Unlikely	Medium
Finance and Reporting Risks		
Liquidity Risk	Unlikely	High
Interest Rate Risk	Unlikely	Low
Fair Value Risk	Unlikely	Low

a. Strategic Risks

Competitive Environment

AUTO1 is the biggest used car dealer in Europe. Nonetheless, we participate in a competitive industry, and pressure from existing as well as new companies may adversely affect our business and operating results. Mainly in the Retail segment, we expect that competitors, both new and existing, will continue to enter the online and traditional automotive market with competing brands, business models, products and services. This could potentially make it more challenging to acquire inventory, attract customers, gather data and sell cars at a profitable price. Our key competitors include independent used car dealers, small ads websites and apps, rental car companies that sell used vehicles from their fleets directly to consumers and professional dealers. We provide an attractive, reliable offering at competitive prices. Failure to do so would mean that potential buyers and sellers of used vehicles may choose to trade their vehicles through one of our competitors.

Additionally, existing e-commerce businesses, such as Amazon, or major automobile manufacturers, such as Volkswagen, might directly enter the online used car market. Some of these companies have significant resources and may be able to provide customers access to a great inventory of cars or purchase cars from consumers at high prices while delivering a competitive online experience.

Facing this competitive environment, we are convinced that our unique online offering, together with our increased brand awareness is the right answer for the future, enabling AUTO1 to grow our customer base and deepening customer relationships by offering the most attractive offer to buy and sell cars online.

Within the context of ongoing chip shortages and global supply chain disruptions brought about by the COVID-19 pandemic, fewer used cars than normal are being traded in for a new one. This congests the pipeline of used cars, putting upward pressure on prices. Conversely, as demand for vehicles continues to outpace inventory, we see a positive impact on our ASP, GPU, and inventory turnover. We expect these conditions to remain in the mid-term as supply chain constraints ease and chip manufacturers increase their capacity to make more.

Barriers to Online Purchase of Used Cars

Within the context of the Retail segment, traditional dealers still have a relatively strong incumbent position. Some used-car buyers still see the inability to conduct in-person inspections and test-drives as one of the concerns in deciding to purchase a used vehicle online.

To address this concern, AUTO1 has made significant investments in designing our websites and apps and our technology infrastructure. We seek to provide a convenient, compelling customer experience that differentiates AUTO1 from traditional used car dealers. We have invested in Autohero photo studios, which allow our customers to inspect a car using interactive high-definition photography. In addition, we offer Autohero customers the possibility to acquire financing and warranty coverage, value their current car, and schedule delivery and pick-up, all from our online platform. Our handover experts deliver cars to customers in branded trucks, and we offer a fourteen to twenty one-day return policy on all cars sold (depending on the country). We have further invested in our fulfillment platform, consisting of over 400 drop-off and pick-up locations in ten countries, and our relationships with logistics providers. We believe having a uniform platform is a considerable advantage, especially as we continue to scale our operations over time.

Regulatory Changes in the Used Car Market

Being a truly European Group, local regulatory changes are part of our day-to-day business. These changes can or may affect our business. New regulations or measures implemented by government authorities may potentially result in a decline of certain types of vehicles, including those in our inventory. Such developments may adversely affect our margins and could lead to impairment losses on our inventory.

A portion of the cars we buy and sell do not offer the most cutting-edge innovative features such as automated driving, and there is no guarantee that we will be able to quickly source vehicles with such features if they are high in demand. Likewise, actions by manufacturers or dealers may have a significant impact on demand in the used car market. If these parties decide to offer greater incentives for the sale of new cars (e.g., discounts or attractive financing), or generally lower prices for new cars, this could make buying a new vehicle more attractive. As a result, prices for used cars could decline.

b. Operational Risks

Logistics and Inventory

Our logistics processes depend heavily on coordinating data exchange systems, the Logistics Team and communication with our logistics partners. Due to the strong growth of the business volume in recent years, expansion and continuous optimization of these processes is required. Inefficient processes, erroneous planning or failing IT systems could harbor the risk of increased logistics and personnel costs and delayed deliveries, which can impact gross profit and net earnings.

The management of the inventory of used cars is a key component for our business. The strong growth of the last few years, with more than 400 branches in various European countries, the corresponding transport and logistics network and the rollout of additional services has made the business more resilient but also more complex within a short period of time. The continuous adjustment of the personnel and system requirements is necessary in order to counteract this. The overall risk is considered to be low due to the market volume and the diversification among our service providers.

IT Security

As an online service provider with e-commerce components, AUTO1 depends heavily on the capability and stability of various online platforms as well as interfaces to tools of third-party providers. Since purchasing and selling of cars is based on our online platform, technical malfunctions or failures have a direct impact on the entire value chain.

To ensure the security and stability of the systems, AUTO1 is connected to geographically separated and redundant server centers. Platform operation is monitored to take appropriate action if there are any disturbances. AUTO1 has set up multi-level system security and personalized, role-based access to protect against unauthorized access and attacks. A process of user administration regarding documenting new hires and exits is defined.

AUTO1's significant growth requires the constant expansion of its IT systems to cope with rising complexity and size. Additional cloud services from an established provider are being used to achieve the necessary scalability.

The critical impact of IT risks means IT development and maintenance are subject to constant quality controls. There are several processes in place where necessary IT modifications can be implemented on short notice in urgent cases. The probability of IT risks is generally assessed as low, and the impact of IT risks for the performance indicators is

moderate. Overall, the Management Board assumes that the risk is low as the measures are deemed suitable for mitigating the risks.

Personnel Risk

Our business is led by our co-founder, who has managed our successful expansion since the start of our operations in 2012. The continued growth of AUTO1 enables the company to attract, recruit, motivate and retain our highly talented team. Competition for such qualified employees is getting more intense. Failure to attract and retain talented employees could adversely affect our ability to maintain and expand our operations and competitive position.

The importance of people for business continuity is crucial. The coronavirus pandemic has been disruptive to the labor market, accelerating the pace of change in the needs and expectations of potential employees. Furthermore, the emergence of new COVID-19 variants may overshadow AUTO1's ability to perform in 2022 due to ongoing restrictions, potential staff shortages and absences. Nonetheless, we are well equipped for the future by offering our employees competitive remuneration and up-to-date employment solutions.

We deploy long-term incentive plans for our senior and critical employees and carry out career development and succession plans to retain and develop our executive leadership. In addition, we recently implemented a matching share program, so that each employee who has been with the company for more than six months can purchase shares and receive additional matching shares, depending on their tenure with the company. At AUTO1, we value an open working environment in which performance appraisal is shared honestly and constructively amongst the company. We have a strong, values-led culture embedded in our recruitment, onboarding and training processes. Our HR Team carries out employee engagement surveys as part of our open conversation culture to further enhance our transparency and understanding of employee needs. Feedback cycles are organized twice a year.

Legal and Compliance Risks

General legal and compliance risks

As an internationally active company which buys and sells used cars online, we are subject to a wide range of laws, regulations, and compliance requirements. Cars are a technically complex product, which may have hidden defects which only become apparent after purchase or sale. These defects can give rise to claims from customers and business partners and can lead to litigation associated with

such claims. Particularly when selling to consumers we are subject to consumer protection laws which offer consumers enhanced protection in contrast to the partners in our business to business segment.

All cars we purchase and sell are vigorously examined and test-driven by trained professionals following an established quality assurance process. This ensures that we can adequately evaluate the vehicles we purchase and transparently communicate any known vehicle defects to our customers, thus mitigating the risk of post-sale claims, litigation, and further legal risks and costs associated with those claims.

Risk of non-compliance with AML regulations

The traditional used car market is known to be highly fragmented and not very transparent. In parallel, cars are considered so-called high-value goods. The combination of these factors harbors the risk that the used car market is used for illicit activities. As a company active in the purchase and sale of used vehicles, and therefore active in the used car market, we are at risk of encountering players engaged in illicit activities such as money laundering.

To mitigate this risk, we have implemented a host of anti-money laundering governance, reporting, and training measures as part of our overall compliance management system. Principally, we follow a strict non-cash business model and have put in place a comprehensive know-your-customer (KYC) onboarding process through which we ensure that we only work with reputable business partners. We also have a dedicated AML Officer and compliance team with AML expertise which regularly conducts employee training on the basis of our AML Policy. To reinforce these measures, we have put in place internal and external reporting channels to facilitate reports and regularly monitor and adapt our processes to meet developing AML requirements.

Risk of Non-Compliance with Data Protection Regulations

By dealing with personal data, we face the risk of non-compliance with the GDPR and the general risks associated with dealing with such data. Particularly dealing with the personal data of consumers can harbor the risk of complaints to the data protection authorities and its associated risks.

To mitigate these risks, we monitor our products and processes to ensure that they are in line with all GDPR requirements. We have also implemented a data protection management system based on which we train our employees on the topic and adhere to and implement the necessary measures to comply with the GDPR. We have a dedicated

data protection officer who oversees our data protection measures, have nominated regional data protection contacts to raise awareness in all regions in which we are active, and have a data protection coordinator to implement our data protection measures across the group. To mitigate the risk associated with the personal data of consumers, we offer comprehensive data protection training to our customer facing employees and have a dedicated process which deals with right of access, deletion, and any other data protection related requests.

c. Financial Risks

Among the financial risks, the liquidity risk is the most relevant for AUTO1 due to the lack of significant foreign currency transactions and default risks.

Liquidity Risk

Among potential financial risks, liquidity risk is the most relevant for AUTO1 due to the lack of significant foreign currency transactions and default risks. The key liquidity resources of AUTO1 are its liquid assets (cash on hand and investments in short-term financial assets) of €721 million as of Dec 31, 2021 and our Inventory asset-backed securitisation (ABS) programme with unutilised commitments of €90 million as of Dec 31, 2021. Post the balance sheet date, our banks have increased the committed amounts for our Inventory ABS programme by €400 million.

AUTO1 has detailed short and long-term liquidity planning that is regularly subject to target/actual comparisons, including the allocation of liquidity to subsidiaries in line with our internal budget approval processes.

Given its high cash balances and no financial debt other than the Inventory ABS, AUTO1 faces very limited short-term liquidity risks.

Based on the Group's long-term planning, we believe that the current liquid assets of AUTO1 are sufficient to support the planned expansion of Autohero's business and AUTO1's ongoing business activities until we reach profitability and positive cash flow from operations and investments. Until such time, AUTO1 will require access to the bank and capital markets for its asset backed financing needs for inventory and in future for Autohero consumer car loans, including re-financing the current consumer car loan receivables of €49 million as of Dec 31, 2021 as well as the planned roll-out of our own consumer finance offers in other Autohero markets. AUTO1 is comfortable that it will be able to access these markets as and when needed.

Interest Rate Risk

AUTO1 faces currently limited interest rate risks despite the expected increases in base rates. Our inventory ABS financing is subject to variable interest rates, so that higher interest rates would negatively impact our forecasted net earnings. At the moment this is off-set by our liquid assets which are also subject to variable interest rates, so that higher interest rates would positively impact our forecasted net earnings. However, we expect our liquid assets to reduce over the next 2 years as we fund ongoing negative cash flows from operations and investments while the drawn amount of our inventory ABS is expected to increase as our inventory increases. This means that higher base rates would impact our net earnings increasingly negatively. Furthermore, our consumer car loans are fixed rate loans with maturities of 4-8 years. We expect to refinance them with a facility subject to variable interest rates. We also expect to combine such refinancing with hedge transactions to minimise the risk between fixed rate interest income and variable interest expenses.

Fair Value Risks

There are two key factors related to inventory that are subject to ongoing risks: procurement and sales. We depend on consumers and dealers who offer us suitable cars in order to be able to make a broad and attractive offering to our customers. In contrast to manufacturers, we do not produce our car offering ourselves, though we have the flexibility to set prices appropriate for the attractiveness of the inventory. Used cars are procured with our valuation algorithm, whereby a correct calculation for each individual car cannot be guaranteed at all times with high volumes of transactions. Since we purchase and value used cars, there is always the possibility that traces of use, such as paint damage, are not detected and the purchase price is accordingly too high.

While used cars are in our inventory, they may be damaged, destroyed or stolen. Since we also rely on external partners for storage, the possibility of control is limited. Our inventory is procured based on our expectation for future demand. Falling demand would lead to increased inventory, a slower rate of turnover and corresponding pressure on prices and margins. Since used cars, especially the newer models, depreciate quite quickly, longer periods in inventory could also lead to higher depreciation. We are conscious of the fact that used vehicle prices have increased significantly during the course of 2021 which may partially reverse itself going forward, exposing us potentially to further inventory value risks. AUTO1 operates a proprietary risk system, which we believe represents a competitive advantage with respect to inventory management. Before we purchase a used car offered to us, our algorithms analyse the expected GPU, anticipated sales speed, existing stock in inventory and

market trends. If these algorithms consider the relevant used car particularly difficult to sell, we typically do not purchase them straight away and put them up for auction online. AUTO1 manages the risks relating to the management of its inventory of used cars in such a manner that negative developments on the performance indicators are estimated as being low or sufficiently calculable.

Opportunities

The following opportunities described could have a positive impact on the development of performance indicators.

a. The Increasing Digitalization in the Used Car Market

The used car market is one of the largest sales markets in the world and we believe is the largest industry vertical left with limited online share. In 2021, the market size in Europe is estimated at over €600 billion with an average annual growth expectation of 2%.

Used cars are still sold almost exclusively offline today. We estimate that the current online share in the European market for used car sales is very low. Given the fact that many consumers already use online resources when looking for suitable used vehicles these days, we firmly believe that the online share will increase sharply.

Both consumers and professional dealers face unique challenges when buying and selling used cars. For consumers, there is limited choice in local offerings, lack of fulfillment services, and little transparency in pricing. Individual professional dealers try to take advantage of this, damaging the trust in or the image of used car dealers. At the same time, professional dealers themselves are unable to achieve economies of scale and are also limited to local markets, leading to a high degree of fragmentation in the used car market.

The chip shortage and other supply chain challenges brought about by the pandemic continue to be a significant disruptor that drives used car prices higher. As demand for cars continues to outpace inventory, our ASP and GPUs maintained their upward trajectory.

Given the challenges faced by both consumers and professional dealers, we believe that the European used car market needs a comprehensive online platform that enables seamless cross-border transactions. We are convinced we have unique technology solutions that address the challenges of buying and selling cars online, as we are building and aligning our platform based on the needs of consumers and merchants. This enables us to continuously improve our operational performance.

b. Customer Experience

Our focus is to offer our customers a unique customer experience. This includes making buying and selling used cars as convenient as possible. Our websites and apps offer a range of functions for this purpose and are continuously being improved. We already offer services ranging from access to an enormous inventory of used cars to accompanying services such as logistics, (de)-registration, financing and financing brokerage. With Sell-from-Home and the Autohero trucks, we introduced additional components in 2021 to further increase customer satisfaction and counteract the impact of the coronavirus pandemic. Based on this and our market-leading position in buying and selling used cars in Europe, we see considerable opportunities for sustainable customer loyalty. We believe that by increasing the positive brand image and creating a desirable way to buy and sell cars online, AUTO1 can improve and reset the image of used car dealers through our transparent and non-discriminatory online platform.

c. Integrated Technology Platform

We consider ourselves a technology company, which is why the establishment and further development of an integrated and comprehensive technology platform has been a key consideration from the very beginning. All stakeholders — whether consumers, retailers or partners — are connected to the same technology and data platform. AUTO1 regularly uses its in-house developed software to optimize purchasing and selling and for the introduction of new products. The platform can be scaled as necessary, and is becoming ever more intelligent through the use of comparative data. Setting up new purchasing centres, expanding the dealer network and rolling out new products, such as consumer financing, insurance and retail business, will involve IT infrastructure investment to generate more sales. This scalability will also enable us to tap existing and new markets in the future.

d. Pan-European Logistics Network

AUTO1 was active in over 30 countries with its staff in 2021. Almost every second Merchant transaction takes place across borders. This is only possible thanks to a close-knit logistics network that ensures fast and reliable transport. AUTO1 operates over 400 drop-off locations in Europe and also works with logistics partners who provide transportation as well as storage of our inventory in up to 150 compounds. In addition we contract refurbishment capacities of our logistics partners to prepare cars for Autohero to our retail standards. We believe that because of this we are the largest customer in European automotive logistics, excluding car manufacturers. The existing network holds significant opportunities in the coming shift from offline to online. By de-localizing supply and demand towards a European platform, the need for a correspondingly large logistics network is a market entry barrier for potential competitors and strengthens AUTO1's position. In 2021 AUTO1 also began to develop its own used car production centers to support its Autohero business and complement contracted refurbishment capacities. This will be a key area of focus for the Group in the future and will contribute significantly to improving both our customer experience and operating performance.

e. Overall Assessment

The above mentioned risks and opportunities can affect the future development of AUTO1. Our estimate of the overall risk position is based on a consolidated look at all material individual risks and opportunities. Overall, we identified no risks or risk clusters that might threaten AUTO1 as a going concern. The implemented and continuously monitored and developing RMS allows the Group to take appropriate countermeasures and thus avoid or mitigate potential risks and capture potential opportunities.

Outlook

Macroeconomy

In its economic outlook of January 2022, the International Monetary Fund (IMF) estimates that the global growth will moderate from 5.9% in 2021 to 4.4% in 2022. It is anticipated that supply chain disruptions and high energy prices will persist in 2022. Initially inflation is expected to remain at the current high level. In advanced economies inflation is expected to average 3.9% and 5.9% in emerging market and developing economies.

The war prevailing in the Ukraine since 24 February 2022 is factored into the current economic forecasts only in a rudimentary fashion. For this reason, at the time this report was prepared the precise impact cannot be exactly assessed. According to the Organisation for Economic Co-operation and Development (OECD) reduced growth and higher prices are to be anticipated over the next twelve months. OECD estimates that global GDP growth in 2022 could be reduced by one percentage point and inflation pushed up by at least 2.5 percentage points than was projected before the conflict.⁴

Industry

The used car market was subject to high fluctuations in 2021, but nevertheless remained virtually unchanged at a high level. The lack of semi-conductor availability continues to result in long lead times in production and delivery of new vehicles. There are virtually no signs of an improvement over the next few months. At the same time, the supply of used cars is limited so that used car demand and prices could continue rising.⁵

AUTO1 Group's Expectations

With an actual figure of 597,000 vehicles, the forecast sales figure of a total of 592,000 to 638,000 vehicles for the financial year 2021 was achieved, and that against the backdrop of ongoing restrictions resulting from the Covid-19 pandemic. For 2021, with an actual revenue figure of EUR 4.8 billion, there was a considerable outperformance on forecast revenue of between EUR 3.8 billion and EUR 4.2 billion. The adjusted EBITDA margin of -2.2% generated in the financial year 2021 was within the forecast range between -2.0% and -2.5%.

For financial year 2022, the AUTO1 Group's Management Board expects the total number of vehicles sold to increase compared to 2021. We expect to generate a total of 650,000 to 770,000 vehicles, 580,000 to 680,000 of which in the Merchant segment and 70,000 to 90,000 in the Retail segment.

We are therefore anticipating overall segment revenue between EUR 5.7 billion and EUR 6.8 billion. For the segments we anticipate a significant revenue increase in comparison to 2021, with revenue in the Retail segment rising faster than that in the Merchant segment.

Gross profit is expected to rise considerably overall. The Group's gross profit for 2022 could amount to between EUR 470 million to EUR 580 million. Gross profit for the segments is expected to increase as a result of volume growth. The GPU in the Merchant segment is expected to remain stable and in the Retail segment to improve considerably.

³ IMF, World Economic Outlook January 2022.

⁴ <https://www.oecd.org/economic-outlook/>; downloaded on 20 March 2022.

⁵ Indicata Market Watch, Edition 23, January 2022.

Due to expenses related to the Autohero expansion, the Group's adjusted EBITDA margin for 2022 is expected to be at the level or slightly below the level of the financial year 2021. Thus the Group's adjusted EBITDA margin should be between -2.0% and -3.0%.

In particular in the context of the ongoing uncertainty about the length and impact of the war in the Ukraine and the still not fully overcome Covid-19 crisis, the resultant economic restrictions in many countries of Europe make it possible to provide only a restricted reliable assessment of all consequences on the expected business performance at AUTO1. As a result, the actual results for performance indicators for the financial year 2022 can deviate from the planned trend. The forecast is based on the composition of the Group in the forecast period as known at the time of planning.

With the exception of the war in the Ukraine and the still not fully overcome Covid-19 crisis, the Management Board is currently not aware of any special circumstances following the forecast period of one year, which can impact the Group's financial position.

Supplementary Business Situation Reporting on the Annual Financial Statements of AUTO1 Group SE, Munich for Financial Year 2021

The management report has been combined with the Group management report. The following statements are based on the statutory annual financial statements of AUTO1 Group SE (the "Company"), which have been prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The annual financial statements and management report are published in the German Federal Gazette.

Company Profile

AUTO1 Group SE is the Parent Company of the AUTO1 Group and operates from its corporate headquarters in Berlin, Germany. The Company's business activities mainly comprise management services for the Group provided by the Company's Management Board, which also represents the Company and determines the Group's strategy.

As the Company's annual statutory financial statements have been prepared in accordance with the German Commercial Code (HGB) and the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), there are differences in the accounting policies. These differences relate primarily to obligations for share-based payments, financial instruments, recognising transaction costs within equity and deferred taxes. In addition, there could be differences in the presentation of income and expenses in the consolidated statement of profit or loss and other comprehensive income.

The shareholder meeting on 6 January 2021 resolved to increase the Company's share capital by EUR 169,655,787.00, from EUR 3,462,363.00 to EUR 173,118,150.00, by way of a capital increase out of company funds without issuing new shares. The capital increase was entered into the commercial register of the Munich District Court on 11 January 2021. On 2 February 2021, it was resolved at the shareholder meeting to increase share capital by up to EUR 31,250,000 as part of the capital increase in connection with the IPO. The capital in-

crease was carried out in the amount of EUR 26,315,790 and entered into the commercial register of the Munich District Court on 3 February 2021. On 4 February 2021, AUTO1 Group SE successfully completed its IPO on the Frankfurt Stock Exchange. AUTO1 Group SE generated proceeds of EUR 971 million. The transaction costs of EUR 24 million and the partial reimbursement of these costs amounting to EUR 3 million by the old shareholders were fully recognised in profit and loss in the HGB financial statements. Since then, the shares (ISIN: DE000A2LQ884, WKN: A2LQ88) have been traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange. For further details, please refer to our comments in the notes of AUTO1 Group SE under section C.7.

In the first quarter of 2020, the Company entered into a convertible loan subordinated to certain liabilities of KEUR 255,000. KEUR 110,000 of the convertible loan was repaid from the proceeds from the IPO on 4 February 2021. In total, this resulted in a payment of KEUR 232,349. The remaining portion of the loan was converted into 8,059,961 shares by the lenders. For further details, please refer to our comments in the notes of AUTO1 Group SE under section C.7.

The key performance indicator of AUTO1 Group SE is net income.

Company's Assets, Liabilities, Financial Position and Financial Performance

1. Financial Performance

The Company's financial performance is presented below in the consolidated statement of profit or loss and other comprehensive income.

In KEUR	2021	2020
Revenue	1,554	1,049
Other operating income	33,400	155
Personnel expenses	(1,259)	(990)
Other operating expenses	(221,234)	(4,417)
Interest and similar income	89	-
Write-downs on money market instruments	(621)	-
Interest and similar expenses	(29,151)	(24,094)
Income taxes	(18)	(12)
Net loss for the year	(217,240)	(28,309)

Revenue in the current financial year increased by KEUR 505 to KEUR 1,554 (2020: KEUR 1,049) and related primarily to management services for AUTO1 Group Operations SE.

Other operating income increased by KEUR 33,245 to KEUR 33,400 (2020: KEUR 155) as with the conversion and redemption of the convertible loan, the termination right obligation for the convertible bond was reversed in profit and loss.

The rise in other operating expenses by KEUR 216,817 to KEUR -221,234 (2020: KEUR -4,417) is due primarily to expenses from the conversion and redemption of the convertible bond of KEUR 104,326 and expenses from the employee participation programmes of KEUR 85,328.

Interest and similar expenses of KEUR -29,151 (2020: KEUR -24,094) related primarily to interest for the convertible bond. The net loss for the year increased to KEUR -217,240 (2020: KEUR -28,309), the result of interest for the convertible loan and the related transaction costs, expenses from the employee participation programmes and consultancy costs in relation to the IPO.

2. Assets and Liabilities of the Company

The following table contains the condensed statements of financial position of the Company:

<i>In KEUR</i>		
	31. Dec. 2021	31. Dec. 2020
Assets		
Financial assets	934,508	934,508
Receivables from affiliated companies	169,230	-
Other assets, prepayments and accrued income	19,711	35,506
Money market instruments	534,432	-
Cash at banks	83,010	45,204
Total assets	1,740,891	1,015,218
Equity & liabilities		
Provisions	69,198	1,608
Convertible loans	-	271,156
Trade payables	222	1,006
Liabilities to affiliated companies	50,137	31,924
Other liabilities	40	31,789
Total liabilities	119,597	337,483
Net assets	1,621,294	677,735
Equity		
Subscribed capital	212,335	3,462
Capital reserve	1,655,484	703,557
Accumulated deficit	(246,525)	(29,284)
Total equity	1,621,294	677,735

Financial assets comprise shares in affiliated companies amounting to KEUR 934,508 (2020: KEUR 934,508).

Receivables from affiliated companies increased from KEUR 0 to KEUR 169,230 and relate to passing on IPO proceeds to subsidiaries to financing further growth.

Other assets and accrued income (KEUR 19,711, 2020: KEUR 35,506) mainly relate to VAT receivables from the tax office of KEUR 18,984 relating to the years 2018 to 2021.

Money market instruments of KEUR 534,432 (2020: KEUR 0) relate to investments in money market funds.

Primarily due to expenses for employee participation programmes, provisions increased by EUR 67,590 to KEUR 69,198 (2020: KEUR 1,608).

KEUR 110,000 of the convertible loan was repaid from the proceeds from the IPO on 4 February 2021. In total, this resulted in a payment of KEUR 232,349. The remaining portion of the loan was converted into 8,059,961 shares by the lenders. For further details, please refer to our comments in the notes of AUTO1 Group SE under section C.7.

Liabilities to affiliated companies mainly result from central cash management and from the transfer of VAT from the fiscal unity for VAT purposes for which the Company is responsible.

3. Financial Position of the Company

At the end of the year, AUTO1 Group SE had short-term available liquidity of KEUR 617,442 (2020: KEUR 45,204), KEUR 2,990 of which related to bank balances, KEUR 534,432 to short-term investments in money-market funds and KEUR 80,019 to short-term investments in money-market instruments.

I. Opportunities and Risks

The Company's business operations are subject in all material respects to the same opportunities and risks as the Group. As AUTO1 Group SE is directly and indirectly the majority shareholder of all Group companies, it participates in the risks that arise in connection with the business activities of these companies. Management's overall risk assessment is therefore consistent with that of the Group.

II. Outlook

Due to the nature of the Company's business, its future development is closely linked to the development of the Group. For this reason, we refer to the Group's forecast report, which also presents management's expectations with regard to the Parent Company. We expect the Company's net loss for financial year 2022 to be significantly lower compared to financial year 2021, in particular due to the costs in 2021 from the IPO.

Takeover-Related Disclosures

Composition of subscribed capital

As at 31 December 2021, subscribed capital of AUTO1 Group SE amounted to EUR 213,138,000, composed of 213,138,000 no-par bearer shares in line with Section 4 of the Articles of Association. The shares are fully paid. Each share has the same legal rights and obligations and one vote.

Restrictions relating to voting rights or the acquisition of shares

As at 31 December 2021, the company held treasury shares with a nominal value of EUR 802,854 from which the company derives no rights in line with Section 71b AktG.

Direct or indirect investments in capital exceeding 10% of the voting rights

As at 31 December 2021, BM Digital GmbH, Schönefeld (Germany), HKVV GmbH, Schönefeld (Germany), and SVF Midgard (Cayman) Ltd, George Town (Cayman Islands), each directly held a holding in the capital of AUTO1 Group SE of more than 10% of the voting rights.

Statutory provisions and Articles of Association concerning the nomination and dismissal of Management Board members and amendments to the Articles of Association

Section 7 Paragraph 1 of the Articles of Association states that the Board of Management consists of one or more persons. The Supervisory Board determines the number of the members of the Board of Management. The AUTO1 Group SE Board of Management currently has two members. On the basis of Article 9 Paragraph 1, Article 39 Paragraph 2 and Article 46 SE Regulation, Sections 84, 85 AktG and Section 7 Paragraph 3 of the Articles of Association, the Supervisory Board appoints the members of the Board of Management for a term of office not exceeding six years. Reappointments are permitted

When making amendments to the Articles of Association, Sections 179 ff. AktG are to be noted. The shareholder meeting decides on amendments to the Articles of Association

(Sections 119 Paragraph 1 No. 6, 179 Paragraph 1 AktG). The Supervisory Board is authorised to resolve amendments to the Articles of Association which relate only to wording (Section 11 of the Articles of Association).

Powers of the Management Board with particular reference to the ability to issue or buy back shares

The Board of Management is authorised, subject to the consent of the Supervisory Board, to increase the share capital of AUTO1 Group SE on one or more occasions on or before 7 February 2026 in return for contributions in cash and/or kind by a total of up to EUR 98,101,901 through the issue of new bearer shares (Authorised Capital 2021).

The share capital of AUTO1 Group SE is contingently increased by up to EUR 6,624,900 by the issue of up to 6,624,900 new bearer shares (Contingent Capital 2020), in order to service subscription rights granted up to 31 January 2021. Furthermore, the share capital is contingently increased by up to EUR 79,934,175 by the issue of up to 79,934,175 new bearer shares (Contingent Capital 2021). Contingent Capital 2021 serves to grant shares to holders or creditors of convertible bonds and to holders of option rights attached to bonds with warrants issued by AUTO1 Group SE up to 13 January 2026.

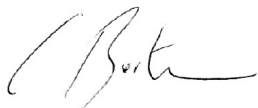
Corporate Governance Statement

The corporate governance statement (Sections 289f, 315d HGB), including the declaration of conformity in line with Section 161 AktG, has been published on the AUTO1 Group SE website at <https://ir.auto1-group.com/websites/auto1/English/6900/corporate-governance.html>.

Non-Financial Statement

The Parent Company AUTO1 Group SE will prepare a separate non-financial report in line with Section 315 Paragraph 3 HGB and publish it on the Company's website at <https://ir.auto1-group.com/websites/auto1/English/6900/corporate-governance.html>.

Berlin, 22. March 2022
AUTO1 Group SE



Christian Bertermann
CEO & FOUNDER



Markus Boser
CFO



4 CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated Statement of Financial Position

as at

31 DECEMBER 2021

<i>Assets</i>			
KEUR	Note	31 Dec. 2021	31 Dec. 2020
Intangible assets	6.1	118	125
Property, plant and equipment	6.2	84,092	52,332
Investments accounted for using the equity method		-	5
Trade and other receivables (non-current)	6.6	41,430	-
Other financial assets (non-current)	6.7	12,202	4,516
Other assets (non-current)	6.8	7	314
Deferred tax assets		948	1,628
Non-current assets		138,797	58,920
Inventories	6.5	583,549	209,435
Trade and other receivables	6.6	89,302	24,802
Income tax receivables		868	1,716
Other financial assets (current)	6.7	616,248	1,266
Other assets (current)	6.8	91,492	67,151
Cash and cash equivalents	6.9	106,653	157,251
Current assets		1,488,112	461,621
Total assets		1,626,909	520,541

Consolidated Statement of Financial Position *continued*

as at

31 DECEMBER 2021*Equity and liabilities*

KEUR	Note	31 Dec. 2021	31 Dec. 2020
Subscribed capital	6.10	213,138	3,462
Capital reserve	8	1,679,904	587,135
Other reserves	8	90,363	102,206
Retained earnings		(1,062,391)	(688,338)
Total equity		921,014	4,465
Financial liabilities (non-current)	6.13	330,000	323,470
Other financial liabilities (non-current)	6.15	38,139	31,612
Provisions (non-current)	6.12	95	95
Other liabilities (non-current)	6.16	1,616	1,462
Income tax liabilities (non-current)		-	16
Deferred tax liabilities	6.4	95	5
Non-current liabilities		369,945	356,660
Financial liabilities (current)	6.13	-	101
Trade payables	6.14	171,030	86,128
Other financial liabilities (current)	6.15	19,525	15,865
Provisions (current)	6.12	18,616	7,123
Other liabilities (current)	6.16	125,198	48,682
Income tax liabilities (current)		1,581	1,517
Current liabilities		335,950	159,416
Total liabilities		705,895	516,076
Total equity and liabilities		1,626,909	520,541

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the period

1 JANUARY

to

31 DECEMBER 2021

KEUR	Note	1 Jan. 2021 - 31 Dec. 2021	1 Jan. 2020 - 31 Dec. 2020
Revenue	5.1	4,774,973	2,829,653
Cost of materials	5.2	(4,344,097)	(2,543,744)
Gross profit		430,876	285,910
Other operating income	5.3	16,352	11,225
Personnel expenses	5.4	(231,022)	(149,736)
Other operating expenses	5.5	(340,618)	(182,248)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		(124,412)	(34,849)
Depreciation and amortisation expense	6.1 6.2	(27,073)	(29,760)
Earnings before interest and tax (EBIT)		(151,485)	(64,609)
Interest income and other finance income	5.6	4,121	24
Interest expense and other finance costs	5.6	(14,746)	(55,016)
Other financial result	5.6	(209,843)	(22,248)
Earnings before tax		(371,953)	(141,849)
Income tax expense	5.7	(2,101)	(1,793)
Net loss for the year		(374,054)	(143,642)
Thereof attributable to the owners of the Company		(374,054)	(143,642)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		(39)	207
Other comprehensive income, net of tax		(39)	207
Total comprehensive income		(374,093)	(143,435)
Thereof attributable to the owners of the Parent Company		(374,093)	(143,435)
Earnings per share (basic and diluted) in EUR	12	(1.81)	(0.84)

Consolidated Statement of Changes in Equity

as at

31 DECEMBER 2021

KEUR	Subscribed capital			Other reserves		Retained earnings	Total	Total equity
	Subscribed capital	Treasury shares	Capital reserve	Other equity reserves	Currency translation reserve			
Note	8	8	8	8	8			
As at 1 Jan. 2021	3,462	-	587,135	103,063	(857)	(688,338)	4,465	4,465
Net loss for the year	-	-	-	-	-	(374,054)	(374,054)	(374,054)
Other comprehensive income	-	-	-	-	(39)	-	(39)	(39)
Total comprehensive income for the year	-	-	-	-	(39)	(374,054)	(374,093)	(374,093)
Issue of shares	203,229	803	1,102,243	-	-	-	1,306,275	1,306,275
Transaction costs for the issue of shares (net)	-	-	(21,321)	-	-	-	(21,321)	(21,321)
Share-based payment	-	-	-	5,688	-	-	5,688	5,688
Capital increases	5,644	-	11,847	(17,491)	-	-	-	-
As at 31 Dec. 2021	212,335	803	1,679,904	91,260	(896)	(1,062,392)	921,014	921,014

KEUR	Subscribed capital	Capital reserve	Other reserves		Retained earnings	Total	Total equity
			Other equity reserves	Currency translation reserve			
As at 1 Jan. 2020	3,421	587,135	108,500	(1,064)	(544,696)	153,296	153,296
Net loss for the year	-	-	-	-	(143,642)	(143,642)	(143,642)
Other comprehensive income	-	-	-	207	-	207	207
Total comprehensive income	-	-	-	207	(143,642)	(143,435)	(143,435)
Issue of shares	41	-	-	-	-	41	41
Share-based payment	-	-	(5,437)	-	-	(5,437)	(5,437)
As at 31 Dec. 2020	3,462	587,135	103,063	(857)	(688,338)	4,465	4,465

Consolidated Statement of Cash Flows

for the year ended
31 DECEMBER 2021

KEUR	Note	1 Jan. 2021 - 31 Dec. 2021	1 Jan. 2020 - 31 Dec. 2020
Net loss for the year		(374,054)	(143,642)
Adjustments for		273,134	107,650
<i>Amortisation and depreciation</i>	6.1	27,073	29,760
<i>Financial result</i>	6.2	220,468	77,240
<i>Income taxes</i>	5.6	2,101	1,793
<i>Change in provisions</i>	5.7	11,493	4,091
<i>Expense (PY: income) from share-based payments</i>	6.11	5,688	(5,437)
<i>(Gain) / loss on the disposal of property, plant and equipment</i>		-	(4)
<i>Other non-cash effects</i>		6,311	207
Changes in operating assets and liabilities		(361,629)	84,617
<i>Change in operating assets</i>		(516,086)	67,687
<i>Change in operating liabilities</i>		154,457	16,930
Other cash flows used in operating activities		(4,700)	(3,130)
<i>Interest received</i>		4,121	24
<i>Interest paid</i>		(9,142)	(2,707)
<i>Taxes paid</i>		321	(447)
Cash flow from operating activities		(467,249)	45,495
<i>Acquisition of property, plant and equipment</i>		(26,659)	(4,171)
<i>Acquisition of investments in financial assets</i>		(1,436,685)	-
<i>Proceeds from sale of property, plant and equipment</i>		2,005	602
<i>Proceeds from financial assets</i>		821,530	-
Cash flow from investing activities		(639,809)	(3,569)
<i>Proceeds from capital increase</i>		1,008,060	41
<i>Transaction costs for the capital increase</i>		(26,981)	-
<i>Proceeds / (payments) from issue / (repayment) of convertible bonds</i>		(232,349)	255,000
<i>Transaction costs for the issue of convertible bonds</i>		-	(3,007)
<i>Proceeds from incurring liabilities to banks</i>		345,000	15,000
<i>Repayment of liabilities to banks</i>		(15,000)	(186,000)
<i>Payment of lease liabilities</i>	6.3	(22,270)	(23,308)
Cash flow from financing activities		1,056,460	57,726
Net change in cash and cash equivalents		(50,598)	99,652
Cash and cash equivalents at the beginning of the period		157,251	57,599
Cash and cash equivalents at the end of the period	6.9	106,653	157,251

Notes

to the consolidated financial statements as at 31 December 2021

1. Reporting entity

The AUTO1 Group (hereinafter also referred to as 'AUTO1' or the 'Group'), comprises the parent company AUTO1 Group SE, Munich, Germany (hereinafter also referred to as 'AUTO1 SE' or the 'Company'), and its direct and indirect subsidiaries. The Company is registered in the commercial register of the Munich District Court under HR number 241031B. The Company's address is Bergmannstrasse 72, 10961 Berlin, Germany.

The AUTO1 Group is Europe's leading online marketplace for used vehicle sales to dealers as well as individual customers and has business operations in over 30 countries. AUTO1 works with more than 92,000 active partner dealers. In 2021 AUTO1 traded more than 596,000 vehicles in more than 30 European countries.

2. Basis of preparation

2.1 Basis of accounting

The Management Board of AUTO1 has prepared the consolidated financial statements of the AUTO1 Group as at and for the financial year ending 31 December 2021 in accordance with the International Financial Reporting Standards ('IFRS') and the interpretations issued by the IFRS Interpretations Committee (IFRIC) as adopted by and to be applied in the European Union.

The consolidated financial statements of the AUTO1 Group for the financial year as at 31 December 2021 also comprise additional information based on requirements of the German commercial law, pursuant to Section 315e HGB ('Handelsgesetzbuch': German Commercial Code).

The consolidated financial statements are presented in euro, which is also the Parent Company's functional currency. Amounts are stated in thousands of euro (KEUR) except where otherwise indicated. Rounding differences may arise when individual amounts or percentages are added together.

These consolidated financial statements comprise the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income – consisting of the consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity, and notes to the consolidated financial statements for the financial year 2021, as well as comparative figures for the financial year ending on 31 December 2020.

The consolidated financial statements were approved on 22 March 2022 by the Management Board of AUTO1 Group SE and immediately submitted to the Supervisory Board for approval.

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the accounting of share-based payments, assets measured at fair value and the measurement of derivative financial liabilities.

2.3 Use of judgements and estimates

The preparation of the consolidated financial statements in accordance with IFRS requires the Management Board to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates in some individual cases.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The following judgements, estimates and assumptions for the application of accounting policies have the most significant effects on the amounts stated in the consolidated financial statements:

- The determination of the term of leases (Note 4.6)
- The classification of share-based payments (Note 4.11)
- The determination of the point of revenue recognition (Note 4.14)

The estimates and assumptions that result in a significant risk of a material adjustment within the next financial year are as follows:

- Fair value measurement of equity-settled share-based payment transactions (Note 6.11)

3. Application of new and amended standards

Generally, AUTO1 applies new and revised IFRS requirements only from the date at which application is mandatory. In the reporting period from 1 January 2021, the Group applied the following standards and amendments for the first time:

- Amendment to IFRS 4: Extension of the temporary exemption from applying IFRS 9
- Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2
- Amendments to IFRS 16: Covid-19-Related Rent Concessions after 30 June 2021

The amendments listed above had no effect on the prior-year figures or amounts recognised in the current year and are not expected to have a material effect on future reporting periods, except for the amendments to IFRS 16 which were already considered in the prior year financial statements.

Various new financial reporting standards and interpretations were issued but are not mandatory for reporting periods as at 31 December 2021 and have not been adopted early by the Group. The Group does not consider the effects of these new regulations on current or future reporting periods to be material.

4. Summary of significant accounting policies

The accounting policies set out below have been applied consistently by the group entities for all periods presented in these consolidated financial statements, except where explained in the corresponding policy.

4.1 Presentation

Presentation in the consolidated statement of financial position differentiates between current and non-current assets and liabilities. Assets and liabilities are classified as current if they are expected to be realised or settled within one year. Deferred tax assets and liabilities and similar obligations are generally presented as non-current items.

4.2 Basis of consolidation

AUTO1 Group SE and its subsidiaries over which AUTO1 Group SE indirectly or directly exercises control are included in the consolidated financial statements by way of consolidation. In addition to AUTO1 Group SE, the scope of consolidation currently consists of 60 subsidiaries. The consolidated financial statements include the financial statements of the subsidiaries from the date that control

commences until the date that control ceases. Control exists if AUTO1 Group SE has power over the subsidiary, is exposed to opportunity or risk in respect of variable returns, and can influence the amount of variable returns, based on voting or other rights.

The financial statements of consolidated subsidiaries included in the consolidated financial statements are prepared as at the reporting date of the consolidated financial statements according to uniform accounting policies. All intercompany assets and liabilities, income and expenses as well as cash flows from transactions between consolidated entities are eliminated in the course of the consolidation process. Changes in equity interests in the Group's subsidiaries that reduce or increase the parent's percentage ownership without loss of control are accounted for as an equity transaction between owners.

4.3 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the separate group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are prepared in euro, which is AUTO1 Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currency are recognised in profit or loss at year-end exchange rates.

Group companies

The assets, liabilities, financial position and financial performance of foreign operations (none of which has the currency of a hyperinflationary economy) that have a different functional currency to the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate on the respective reporting date,
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting currency translation differences are recognised in other comprehensive income.

When a foreign operation is disposed of entirely or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation to that date is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of only part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to noncontrolling interests.

The euro is the functional currency of the entities in the consolidated group, which primarily operate their business within the European currency area.

The most significant translation effects result from foreign operations with the following functional currencies:

Foreign currency per EUR	Closing rate as at		Average rate for the financial year	
	31 Dec. 2021	31 Dec. 2020	2021	2020
SEK	10.25	10.03	10.14	10.49
PLN	4.60	4.56	4.56	4.44

4.4 Intangible assets

Intangible assets are initially measured at cost and subsequently amortised on a straight-line basis over the useful life of three years.

4.5 Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment consists of expenses directly attributable to the acquisition that are incurred to bring the asset into an operational state. Subsequent acquisition costs are only recognised as part of the asset's acquisition costs, or if relevant, as a separate asset when it appears likely that the Group will retain future economic benefits and the cost of the asset can be reliably determined. All other expenditures (e.g. for ongoing repair and maintenance costs) are expensed as incurred.

Depreciation of property, plant and equipment is calculated on a straight-line basis over the following useful lives:

Property, plant and equipment	Average useful life
Buildings	5-15 years
Other operating and office equipment	3-13 years
Autohero delivery vehicle fleet	10 years

In addition to depreciation, an impairment test is performed if there are any relevant events or changes in circumstances that indicate a possible impairment of property, plant and equipment, and an impairment is recognised as required.

Property, plant and equipment are either derecognised at the date of disposal or when it is determined that there are no longer economic benefits attributable to such items. Gains or losses from disposals or decommissioning are recorded in the statement of profit or loss in the period in which they arise.

The residual carrying amounts and estimated useful lives and the depreciation methods are reviewed annually and adjusted where necessary.

4.6 Leases

A contract is or contains a lease if it conveys a right to control the use of an identified asset for a certain time period in exchange for consideration. In the Group such contracts mainly relate to leases of property and vehicles where a group entity acts as lessee. These contracts are recognised as right-of-use assets under property, plant and equipment and as lease liabilities.

The lease liability, which is recognised under other financial liabilities, is initially measured at the present value of the unpaid lease payments at the inception date, discounted using the Group's incremental borrowing rate. For subsequent measurement, the amount of the lease liability is increased by the interest expense for the lease liability and decreased by the lease payments made. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or interest rate, a change in the estimate of the amount expected to be payable under any residual value guarantee, or changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. Lease payments with respect to repayment of the principal are recognised in the cash flow statement under cash flows from financing activities.

The right-of-use asset is initially measured at cost which comprises the lease liability amount, payments made before or at the commencement of the lease, replacement costs and initial direct costs less any incentives received at the time the contract is concluded, and subsequently at amortised cost, that is less accumulated depreciation and other impairment losses and adjusted for certain remeasurements of the lease liability.

If a leased property is subleased, the sublease contracts are classified as operating or finance leases by assessing the transfer of risks and rewards with reference to the right-of-use asset arising from the head lease.

The Group has applied judgement to determine the lease term of some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options affects the lease term and thus the amount of lease liabilities and right-of-use assets recognised.

4.7 Inventories

The Group's inventories consist of used vehicles. Inventories are stated at the lower of cost or net realisable value. The cost for the vehicle inventory is determined by specific identification. Net realisable value is the estimated selling price less any costs to prepare, repair and sell vehicles. Selling prices are derived from historical data and trends, such as sales price and inventory turnaround time of similar vehicles, as well as independent market sources. In each reporting period the Group recognises all necessary adjustments to present the vehicle inventory at the lower of cost or net realisable value in cost of materials. If there are significant changes to the estimated vehicle selling prices or the demand for used vehicles declines, significant adjustments to recognise the inventories at net realisable value may be necessary.

The Group divides the vehicles into clusters, which are determined based on the country of purchase, the engine type, the length of time in the inventory and the purchase price. For the respective clusters, the Group determines potentially achievable margins based on historical and current actuals data. If the analysis determines a negative margin, which indicates a potential loss or an actual loss in value as the vehicle has already been sold with a negative margin as at the measurement date, an adjustment is required. This impairment also accounts for uncertainties on the reporting date regarding potential negative sales price effects. For the cars in the Retail business, preparation costs are also considered.

4.8 Financial instruments

Trade receivables and issued debt instruments are initially recognised when they arise. All other financial assets and financial liabilities are initially recognised on the trading date when the entity became party to the contractual provisions of the instrument.

Financial assets

Initial measurement of financial assets

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of financial assets not measured at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of the financial asset. The transaction costs of a financial asset measured at fair value through profit or loss are recognised in profit or loss. A trade receivable that does not have a significant financing component is initially measured at its transaction price.

Classification of financial assets

On initial recognition, a financial asset is classified and measured as follows:

- at amortised cost
- FVOCI debt instruments (investments in debt instruments measured at fair value through other comprehensive income)
- FVOCI equity instruments (equity instruments measured at fair value through other comprehensive income)
- FVTPL (at fair value through profit or loss)

Financial assets are not reclassified after their initial recognition unless the Group changes its business model for managing financial assets. In this case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- the financial asset is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity instrument that is not held for trading, the Group can irrevocably elect to present subsequent value changes in the investment's fair value in other comprehensive income. This decision is made on a case-by-case basis for each investment.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Within the AUTO1 Group, financial assets comprise cash and cash equivalents, trade receivables and other financial assets.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information to be considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice; this includes whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets,
- how the profit/loss of the portfolio is assessed and reported to group management,
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed,

- how the managers are remunerated – for instance, whether the remuneration is based on the fair value of the managed assets or on the collected contractual cash flows, and
- the frequency, volume and timing of sales of financial assets in prior periods and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic credit risks and costs (e.g. liquidity risk and administrative costs) as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This requires assessing whether the financial asset contains a contractual agreement that could change the timing or the amount of contractual cash flows such that these no longer meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows,
- terms that would adjust the interest rate, including variable interest rates,
- early redemption and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse).

An early repayment feature is consistent with the solely payments of principal and interest criterion if the early repayment amount substantially includes unpaid payments of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual nominal amount, a feature that permits or requires early repayment at an amount that substantially represents the contractual nominal amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early

termination) is treated as consistent with this criterion provided the fair value of the early repayment feature is insignificant at inception.

Cash and cash equivalents

Cash and cash equivalents comprise all cash-related assets that have a remaining term of less than three months at the date of acquisition or investment. This mainly includes bank balances and cash holdings. Cash and cash equivalents are measured at amortised cost.

Impairment of financial assets

The Group recognises allowances for expected credit losses (ECL) for:

- financial assets at amortised cost, and
- other receivables.

In view of immateriality, the Group does not measure allowances for 12-month expected credit losses as this solely relates to the bank balances line item. AUTO1 only maintains business relations with principal banks with a high credit rating.

To assess whether the credit risk of a financial asset since initial recognition has significantly increased and for the assessment of expected credit losses, the Group considers reasonable and supportable information which is relevant and available without undue cost or effort. This covers both quantitative and qualitative information and analysis, which is based on past experience of the Group and in-depth assessments, inclusive of forward-looking information. The Group generally assumes a significant increase in credit risk for financial assets when financial assets are more than 30 days past due. The Group considers a financial asset to be in default when the financial asset is more than 90 days past due.

Trade receivables

Trade receivables for which recoverability is classified as low or which are impaired (e.g. in the event of insolvency of dealer) are deemed not recoverable. Such trade receivables are recognised as impaired and written down. Write-down constitutes a derecognition event whereby the gross carrying amount of such receivables is reduced by the amount previously recognised on the allowance account. Receivables that are written down can continue to be recovered in line with the dunning procedure of the Group.

The Group does not consider trade receivables to be at significant risk of default in the Merchant business as the actual invoicing does not occur until the trade receivables are paid and after payment the vehicle is transferred to the

dealer. Until the receipt of payment for the receivables, the Group has a payment receivable from the dealers, which is offset by the Group's contractual obligation to fulfil its obligation to deliver the vehicle upon receipt of payment.

Other financial assets

The ECLs for all other financial assets measured at amortised cost are recognised in two stages:

- For financial assets for which there has not been a significant increase in credit risk since initial recognition, the Group recognises credit losses that represent the lifetime shortfalls that would result were a default to occur in the twelve months after the reporting date or a shorter period where the expected life of a financial instrument is less than twelve months.
- For those financial assets for which there has been a significant increase in credit risk since initial recognition, a loss allowance reflects credit losses expected over the remaining life of the financial asset.

As all other financial assets of the Group are of generally high credit quality and the gross book value of the corresponding assets is low, the application of the above principle does not lead to recognition of any material impairment losses.

Derecognition

The Group derecognises the financial assets when the contractual rights to the cash flows from the assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expired.

Financial liabilities

Initial measurement of financial liabilities

Financial liabilities are initially recognised at fair value. In case of financial liabilities measured at amortised cost are recognised less directly attributable transaction costs.

Classification of financial liabilities

Financial liabilities are classified as measured at fair value through profit or loss or measured at amortised cost. Financial liabilities are measured at amortised cost unless they are required to be measured at fair value through profit or loss. If financial liabilities measured at amortised cost contain embedded derivatives that are not closely related to the host instrument, such embedded derivatives are separated and recognised at fair value through profit or loss.

Interest expenses arising on financial liabilities measured at amortised cost are recognised in profit or loss according to the effective interest method.

Trade and other payables

Trade payables are amounts provided to the Group prior to the end of the financial year which are not yet paid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are recognised as current liabilities unless payment is not due within twelve months after the reporting period. They are presented initially at their fair value less transaction costs and subsequently recognised at amortised cost using the effective interest method.

Financial liabilities

Financial liabilities are initially recognised at fair value, net of transaction costs incurred. Financial liabilities are subsequently measured at amortised cost. Any difference between amount paid (less transaction costs) and the redemption amount is recognised in profit or loss over the term of the loans using the effective interest method. Fees and directly attributable expenses paid on setting up loan facilities are expensed to the extent that it is probable that all or part of the facility will be drawn down. In this case, the fee is recognised over the duration of the loan facility. If financial liabilities measured at amortised cost contain embedded derivatives that are not closely related to the host instrument, such embedded derivatives are separated and recognised at fair value through profit or loss.

Financial liabilities are derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled, or expired.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer repayment of the liability for at least twelve months after the reporting period.

If a company issues a loan, the first step is to classify it as an equity instrument or debt instrument. A convertible loan is an equity instrument when both of the following conditions are met:

- The instrument includes no contractual obligation:
 - i. to deliver cash or another financial asset to another company; or
 - ii. to exchange financial assets or financial liabilities with another company under conditions that are potentially unfavourable for the issuer.

- Where the instrument is or can be settled in the issuer's own equity instruments, it is:
 - i. a non-derivative that does not contain a contractual obligation on the part of the issuer to deliver a variable number of equity instruments, or
 - ii. a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments (fixed for fixed criterion).

4.9 Provisions

Provisions are recognised for present constructive obligations arising from past events that will probably give rise to an outflow of resources provided that a reliable estimate can be made of the amount of the obligations.

Where the cash outflow to settle a provision is expected to occur after one year, the provision is recognised at the present value of the expected cash outflow. Claims for reimbursements from third parties are separately presented in the statement of financial position if their realisation is virtually certain.

4.10 Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave that are expected to be settled in full within twelve months after the end of the period in which the employees render the related performance, are recognised in respect of employees' performance up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current obligations for employee benefits under other liabilities in the statement of financial position.

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination of employment benefits. Benefits falling due more than twelve months after the end of the reporting period are discounted to present value.

4.11 Share-based payment

The Group's share-based payment plan generally includes a settlement option for AUTO1. This is usually exercised so that the Group opts for equity-settled payments.

Accordingly, the fair value is recognised on the day the equity-settled share-based payment transaction is granted as expense with a corresponding increase in equity over the period in which the employee becomes unconditionally entitled to the equity instruments. The amount recognised as expense is adjusted to reflect the number of equity instruments that are expected to meet the relevant service conditions and non-market-related performance conditions, so that the amount ultimately recognised as expense is based on the number of equity instruments that satisfy the relevant service conditions and non-market-related performance conditions at the end of the vesting period.

4.12 Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the Group. Moreover, contingent liabilities can be present obligations that arise from past events but which are not recognised on the statement of financial position as it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. According to IAS 37, such contingent liabilities are not recorded in the statement of financial position but are disclosed in the notes.

4.13 Subscribed capital

The no-par-value shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity, net of tax, under this item. Where any group company purchases the Company's equity instruments, for example during a share buyback or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners as treasury shares until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable additional transaction costs and the related income tax effects, is included in equity attributable to the owners. For details see Note 6.10 Equity.

4.14 Revenue recognition

Revenue is recognised when a customer obtains control of the promised goods or services and is recognised in the

expected amount by the entity in exchange for these goods or services.

Used vehicle sales to dealers (Merchant)

The Group sells used vehicles acquired from individual sellers to dealers using online auctions. The corresponding revenue is recognised after a successful auction when the dealer meets all the contractual obligations (such as the transfer of the payment). Sold vehicles are not subject to the right of return.

Vehicles are sold at a fixed contract price which comprises the price achieved at the auction and any other related fees (auction fees, vehicle handling fees and documents). The Group may, however, offer discounts for future purchases in case of customer complaints. These discounts are recognised as a reduction of the revenue recognised and the corresponding contract liability as soon as these are offered to the customer.

Dealers can choose to pick up vehicles themselves or have them delivered. Thus, transport can be ordered separately after the vehicle has been purchased at auction and this service represents a separate performance obligation of the Group to the dealer. Revenue is recognised at a point in time, both in relation to the used vehicle sale and to the transport.

Sales taxes and other taxes from customers collected on behalf of government authorities at the time of sale are not included in revenue and other operating income or in cost of materials.

In addition to the acquisition of used cars by private sellers (Customer to Business or C2B), the Group also acquires used cars from commercial car dealers (Remarketing). Accordingly, the Merchant division can be classified by purchase channel of used cars C2B and Remarketing.

Remarketing

Remarketing differs from Customer to Business (C2B) in terms of vehicle procurement. In these cases, cars are not purchased via the Group's branch network. The sellers are commercial fleet owners or car dealers. Purchases are handled through the Group's Remarketing channel. Vehicles are registered for auction following assessment. Unless the seller decides to sell directly to AUTO1, the seller will inform AUTO1 of the minimum selling price for the vehicle in the auction.

A purchase agreement between the seller and AUTO1 regarding the vehicle is subject to the condition

precedent that an offer made by a third party in an auction is accepted. If the seller's minimum sales price or a higher purchase offer is achieved during the auction, AUTO1 purchases the vehicle from the seller. If no bid is submitted at the minimum sale price or at a price higher than this, no purchase contract is concluded between the seller and AUTO1. If the Group makes an offer to the seller below the minimum selling price set by the seller, the seller may decide within two business days after the end of the auction whether to accept this offer.

The power of disposal over the vehicle does not pass to the purchaser until AUTO1 receives payment of the purchase price. Revenue is recognised at the same time. AUTO1 bears the inventory risk from the time the auction ends until control is transferred to the buyer. AUTO1 also bears the main responsibility for fulfilling promise of performance as the sales contract is concluded between the buyer and AUTO1. The vehicle's purchase channel is generally unknown to the AUTO1 customer. AUTO1 bears the primary responsibility to the buyers regarding issues of warranty and service and conducts all communication with buyers, so that AUTO1 operates solely with the buyers in respect of third parties. The buyer therefore assumes that the vehicle purchase is from AUTO1. In addition, AUTO1 defines the criteria for the valuation of vehicles, validates the valuation of vehicles, defines the conditions of the auction, and approves the result of the auction.

Used vehicle sales to individual customers (Retail)

The Group also sells vehicles to individual customers. The revenue is recognised at a point in time when the vehicle is transferred to the customer. Vehicles sold to individual customers are subject to a 14 to 21 day right of return, depending on the country of sale. The requirements of IFRS 15 on variable consideration are applied to the accounting for the right of return, i.e. AUTO1 recognises revenue for the vehicles transferred in the amount of the consideration to which AUTO1 is expected to be entitled, i.e. excluding the amounts that AUTO1 is expected to refund the customer for returned vehicles. A liability is recognised in the amount of the refund obligation as well as an asset for the right to the vehicle to be refunded.

Individual customers can choose between various warranty packages when purchasing the vehicles which, if recognised as additional warranty packages, are a distinct service as the Group provides this service to the customer in addition to delivering the vehicle. The warranty is thus a separate performance obligation that is assigned an independent transaction price. The transaction price assigned to the warranties is recognised over the warranty period. The Group acted as agent for the additional warranty packages until October 2021, as an external counterparty had been

the guarantor. The related revenue was recognised net. Since October 2021, the Group has been the principal for all warranty packages as AUTO1 is the guarantor. Accordingly, revenue for the warranties is recognised on a gross basis from this time onwards.

AUTO1 Group has offered its customers instalment purchase options in Germany and Austria since February 2021. The customer can choose between periods of 36 to 96 months. Interest rates are offered based on the assessment of the individual credit risk profile. The contract thus contains a significant financing component and so the consideration must be adjusted for the effects of the time value of money unless the exemption in IFRS 15.63 can be applied. The exemption applies only if the Group expects there to be one year or less between delivery of the vehicle and payment by the customer. The contractual interest rates used for the instalment purchases reflect the individual customer's credit risk and are thus appropriate and used to determine the transaction price (IFRS 15.64).

4.15 Income taxes

Taxes on income for the period are the sum of current and deferred income taxes.

Current income taxes

The current income tax expenses are calculated by applying the tax regulations enacted as at the reporting date in the countries in which the AUTO1 Group operates. In assessing income tax positions, estimates are required. The assessment by the respective tax authorities may deviate. This uncertainty is reflected by recognising uncertain tax positions only if AUTO1 Group assesses the probability of occurrence as being greater than 50%.

Current income tax liabilities or income tax assets for the current period or earlier periods are measured at the amount in which a payment to the tax authorities or refund from the tax authorities is expected.

Deferred income taxes

Deferred taxes are recognised in accordance with IAS 12 on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base. Furthermore, deferred tax assets are recognised for tax loss carry-forwards. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for temporary differences and tax loss carryforwards to the extent that it is probable that sufficient future taxable income will be available against which deductible temporary differences and/or loss carry-forwards can be utilised.

Deferred taxes are measured at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled.

The change in deferred taxes is recognised in profit or loss provided it relates to items that were recognised through profit or loss in the consolidated statement of profit or loss. If the items in the consolidated financial statements related directly to equity or other comprehensive income, the corresponding deferred taxes are also recognised in these items.

Deferred tax liabilities arising for all taxable temporary differences related to investments in subsidiaries, branches, associates and interests in joint arrangements are recognised to the extent that the entity is able to control the timing of the reversal of taxable temporary differences and it is probable that the reversal will not occur in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and deferred tax assets and liabilities relate to the same taxable entity and are assessed by the same taxation authority.

4.16 Measured at fair value

The fair value is the price at which an asset would be sold, or a liability transferred on the measurement date in an orderly transaction on the primary market or, if such a market is not available, the most advantageous market to which the Group has access at this point in time. The fair value of a liability reflects the non-performance risk.

To the extent available, the Group measures the fair value of a financial instrument based on quoted prices on an active market for this instrument. A market is considered active if transactions for the respective asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there are no quoted prices on an active market, then the Group uses valuation techniques that maximise the use of relevant, observable inputs and minimise the use of unobservable inputs. The applied valuation technique incorporates all factors that the market participants would consider in determining the price of such a transaction.

The Group assesses the inputs used to measure fair value using the three-tier hierarchy. The hierarchy indicates the extent to which inputs used in measuring fair value are observable in the market.

Level 1 Inputs include unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices from identical or similar assets or liabilities in inactive markets and observable inputs for the asset or liability.

Level 3 Inputs that are significant to the measurement, not observable in the market and include management judgements about the assumptions market participants would use in determining the price for the asset or liability (including assumptions about risk).

If the inputs used to measure the fair value of an asset or a liability can be categorised within different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

In connection with management's assessment of fair value measurements, the Group uses an independent external valuation expert who applies appropriate valuation techniques and determines the fair value of assets and liabilities.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period in which the change has occurred. There were no reclassifications between the different levels of the fair value hierarchy in the reporting period.

Other than the measurement of money market funds and money market instruments allocated to Level 1 of the measurement category, all other fair value measurements used in these financial statements are covered by Level 3.

4.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker.

The Management Board assesses the Group's assets, liabilities, financial position, and financial performance and makes strategic decisions. The Management Board, which has been identified as chief operating decision maker, consists of Christian Bertermann (Founder/Chief Executive Officer) and Markus Boser (Chief Financial Officer).

4.18 Earnings per share

Basic earnings per share

Basic earnings per share are calculated by division:

- of the profit attributable to the owners of the Company, excluding the cost of servicing equity other than no-par-value shares,
- by the weighted average number of no-par-value shares outstanding in the financial year, adjusted for bonus shares issued in the financial year and excluding treasury shares.

Diluted earnings per share

In diluted earnings per share, an adjustment is made to the figures used in the calculation of basic earnings per share to take into account:

- the after-tax effect of interest and other financing expenses related to the dilution of potential no-par-value shares, and
- the weighted average number of additional no-par-value shares that would have been outstanding assuming conversion of all diluted potential no-par-value shares in circulation.

The diluting instrument is not considered in the adjustment to the extent that the loss per share declines or earnings per share rises.

5. Notes to the consolidated statement of profit or loss and other comprehensive income

5.1 Revenue

KEUR	1 Jan. 2021 - 31. Dec. 2021	1 Jan. 2020 - 31. Dec. 2020
Dealer platform (Merchant)	4,195,988	2,697,050
Retail business (Retail)	578,985	132,603
Total revenue	4,774,973	2,829,653

As a result of the rapid growth at Autohero and stronger trading activity in the Merchant business, especially in connection with the sustained market recovery after the improvement of the situation at the end of the Covid-19 pandemic, revenue increased by KEUR 1,945,320 year on year.

The AUTO1 Group fully settled the contract liabilities recognised as at 31 December 2020 for performance obligations still to be fulfilled to customers who had made payments and recognised them in revenue in the 2021 financial year.

The information on revenue included in segment reporting under Note 10 meets the requirements of IFRS 15.114, and these disclosures on revenue are based on the recognition and measurement criteria of IFRS 15. Therefore, no further disaggregated disclosures on revenue are provided.

5.2 Cost of materials

KEUR	1 Jan. 2021 - 31. Dec. 2021	1 Jan. 2020 - 31. Dec. 2020
Cost of purchased vehicles	(4,165,068)	(2,450,235)
Other cost of materials	(179,029)	(93,509)
Total	(4,344,097)	(2,543,744)

Cost of materials increased slightly more strongly than Group revenue. The other cost of materials includes external transport costs (costs for transport to customers), document handling and other costs in connection with processing vehicle purchases and sales.

5.3 Other operating income

Other operating income chiefly comprises income in relation to refunds of current vehicle taxes, currency translation gains and prior year effects resulting from timing differences during the closing of annual accounts for the consolidated financial statements and single financial statements of subsidiaries.

5.4 Personnel expenses

KEUR	1 Jan. 2021 - 31. Dec. 2021	1 Jan. 2020 - 31. Dec. 2020
Wages and salaries	(178,314)	(121,987)
Social security contributions	(41,054)	(28,661)
Cash-settled share-based payments	-	108,500
Equity-settled share-based payments	(5,688)	(103,063)
Other	(5,965)	(4,525)
Total	(231,022)	(149,736)

The increase in personnel expenses is due to the higher number of employees following the significant expansion of our business activities. In addition, regarding personnel expenses in the 2020 financial year it must be noted that the change in the measurement of cash-settled share-based to equity-settled share-based payments resulted in a positive non-recurring effect (see Note 6.11) of KEUR 5,437.

Contributions to defined contribution plans amounted to KEUR 15,834 in financial year 2021 (2020: KEUR 10,863).

The following table shows the average number of full-time equivalents in the financial year:

	2021	2020
Employees	4,649	4,066
Executive staff	55	45
Total	4,704	4,111

5.5 Other operating expenses

KEUR	1 Jan. 2021 - 31. Dec. 2021	1 Jan. 2020 - 31. Dec. 2020
Marketing costs	(203,275)	(78,103)
Internal logistics costs	(57,974)	(33,270)
Legal and consulting	(18,028)	(17,925)
Prior-period expenses	(7,637)	(19,691)
Impairment on receivables	(1,355)	(760)
Other expenses	(52,349)	(32,499)
Total	(340,618)	(182,248)

The rise in revenue also increased other operating expenses. The main drivers of this increase in other operating expenses were higher marketing expenses, primarily to boost the awareness of the Autohero brand, legal and consulting costs in connection with the IPO in February of the last year and internal logistics costs because of increased business activities. As in the previous year, prior period expenses reflect timing differences during the closing of annual accounts for the consolidated financial statements and single financial statements of subsidiaries. Other expenses include costs for IT, incidental rental costs, costs for obtaining vehicle identification numbers, travel and recruitment costs, currency translation losses, costs for insurance, levies and contributions as well as costs for freelancers.

5.6 Finance income and finance costs

KEUR	1 Jan. 2021 - 31. Dec. 2021	1 Jan. 2020 - 31. Dec. 2020
Interest income and other finance income		
Interest income	3,952	24
Other finance income	170	-
Total	4,122	24
Interest expense and other finance costs		
Interest expenses	(10,377)	(55,016)
Other interest and similar expenses	(4,369)	-
Total	(14,746)	(55,016)
Other financial result	(209,843)	(22,248)
Financial result	(220,467)	(77,240)

Interest income resulted primarily from interest on the value-added tax in 2018 received from the tax office.

Interest expenses mainly consisted of interest on the convertible loan repaid in the reporting period (KEUR 5,727) as well as for the credit facility (KEUR 1,540) and lease liabilities (KEUR 1,559).

The repayment at fair value of the embedded derivative from the repaid convertible loan is recognised in the other financial result at KEUR 209,049.

5.7 Income taxes

The income tax expense recognised in profit or loss in the consolidated statement of profit or loss comprises:

KEUR	1 Jan. 2021 - 31. Dec. 2021	1 Jan. 2020 - 31. Dec. 2020
Deferred tax expense	(773)	83
Current tax expense (current year)	(2,724)	(1,534)
Current tax expense (changes in estimates related to prior years)	1,397	(342)
Total	(2,100)	(1,793)

No current taxes have been recognised in OCI or have been credited directly to equity.

The effective income tax expense is reconciled as follows:

KEUR	1 Jan. 2021 - 31. Dec. 2021	1 Jan. 2020 - 31. Dec. 2020
Earnings before tax	(371,953)	(141,849)
Income tax rate (of Parent Company)	30.175%	30.175%
Income tax at the income tax rate	112,237	42,803
Increase/(decrease) in income tax expense due to:		
Effect of deviations between domestic and foreign tax rates	(2,097)	(34)
Effect of non-deductible expenses for tax purposes/tax exempt income	(8,342)	(6,501)
Effect of non-recognition of deferred tax assets on tax loss carry-forwards	(119,792)	(21,775)
Effect of non-recognition of deferred tax assets on temporary differences*	14,878	(14,836)
Taxes for previous years	1,009	(1,527)
Other differences	7	77
Total tax income (+)/expenses (-)	(2,100)	(1,793)
Effective tax rate	(0.565%)	(1.264%)

* This item consists essentially of the impact from the deferred tax assets which were not recognised in the previous year relating to temporary differences resulting from the convertible loan issued on 13 February 2020. For this reason, the reversal of the temporary differences as at 31 December 2021 results in a corresponding reversal effect from the reversal of the write-down on the deferred tax assets as at 31 December 2020.

The tax rate applied to determine the expected tax income corresponds to the tax rate of the AUTO1 Group SE, Berlin, Germany, and comprises the tax rate for corporation tax inclusive of solidarity surcharge of 15.825% and the trade tax rate of 14.350%. Note 6.4 provides further information in relation to deferred taxes.

6. Notes to the consolidated statement of financial position

6.1 Intangible assets

KEUR	Acquired intangible assets	Total
Gross carrying amount as at 1 Jan. 2021	234	234
Additions	40	40
Disposals	2	2
Gross carrying amount as at 31 Dec. 2021	272	272
Accumulated amortisation as at 1 Jan. 2021	109	109
Additions	47	47
Disposals	2	2
Accumulated amortisation as at 31 Dec. 2021	154	154
Net carrying amounts as at 31 Dec. 2021	118	118

KEUR	Acquired intangible assets	Total
Gross carrying amount as at 1 Jan. 2020	121	121
Additions	113	113
Gross carrying amount as at 31 Dec. 2020	234	234
Accumulated amortisation as at 1 Jan. 2020	78	78
Additions	31	31
Accumulated amortisation as at 31 Dec. 2020	109	109
Net carrying amounts as at 31 Dec. 2020	125	125

The intangible assets of the Group consist mainly of acquired licences.

6.2 Property, plant and equipment

KEUR	Land and buildings	Other equipment	Rights of use	Total
Gross carrying amount as at 1 Jan. 2021	796	12,666	97,468	110,930
Additions	521	26,098	34,237	60,856
Disposals	-	2,146	16,385	18,531
Foreign currency translation differences	(7)	(15)	(72)	(94)
Gross carrying amount as at 31 Dec. 2021	1,310	36,603	115,248	153,161
Accumulated amortisation as at 1 Jan. 2021	269	6,749	51,580	58,598
Additions	73	3,745	23,203	27,021
Disposals	-	141	16,352	16,493
Foreign currency translation differences	(2)	1	(55)	(56)
Accumulated amortisation as at 31 Dec. 2021	340	10,354	58,376	69,070
Net carrying amounts as at 31 Dec. 2021	970	26,249	56,872	84,091

KEUR	Land and buildings	Other equipment	Rights of use	Total
Gross carrying amount as at 1 Jan. 2020	677	9,679	90,950	101,306
Additions	121	3,937	19,033	23,091
Disposals	-	945	12,566	13,511
Foreign currency translation differences	(2)	(6)	51	43
Gross carrying amount as at 31 Dec. 2020	796	12,666	97,468	110,930
Accumulated amortisation as at 1 Jan. 2020	176	4,877	41,185	46,238
Additions	94	2,218	21,789	24,101
Disposals	-	343	11,450	11,793
Foreign currency translation differences	-	(4)	57	53
Accumulated amortisation as at 31 Dec. 2020	269	6,749	51,580	58,598
Net carrying amounts as at 31 Dec. 2020	527	5,917	45,888	52,332

The largest group of property, plant and equipment of AUTO1 are leased property and vehicles presented as right-of-use assets. Further information regarding leases is presented in Note 6.3. Investments in the Autohero delivery vehicle fleet and the establishment of production centres also increased property, plant and equipment.

6.3 Leases

The Group divides leases into two categories: real estate and vehicles. However, vehicle leasing is not material. The leases are recognised as right-of-use assets which are presented under property, plant and equipment (see Note 6.2) and the corresponding lease liabilities (see Note 6.14).

Amounts recorded in profit or loss in the consolidated statement of profit or loss with respect to the leases were as follows:

KEUR	1 Jan. 2021 - 31. Dec. 2021	1 Jan. 2020 - 31. Dec. 2020
Depreciation expense for right-of-use assets	(23,203)	(21,789)
Interest expense for lease liabilities	(1,559)	(1,650)
Total	(24,762)	(23,439)

The depreciation expense for right-of-use assets is determined by the lease term.

The maturity analysis of undiscounted contractual cash flows of the lease liabilities is presented below:

KEUR	31 Dec. 2021	31 Dec. 2020
Maturity analysis – Contractual undiscounted cash flows		
< 1 year	21,101	16,007
1-5 years	35,371	30,028
> 5 years	4,155	2,907
Total undiscounted lease liabilities as at 31 Dec.	60,627	48,942
Lease liabilities in the statement of financial position as at 31 Dec.	57,639	47,454

The payments for the leases during the reporting and comparative periods are disclosed in the statement of cash flows with respect to principal portion under cash flows from financing activities.

6.4 Deferred taxes

Deferred tax assets on tax loss carry-forwards/tax credits and deductible temporary differences are recognised only to the extent that the realisation of the tax benefit through future taxable profits is probable.

The changes in deferred tax assets and liabilities result from the effects presented below. The changes in deferred taxes resulting from the reversal of temporary differences were recognised through profit or loss in the consolidated statement of profit or loss. No changes of deferred taxes have been recognised in other comprehensive income or have been credited directly to equity.

Deferred tax assets and liabilities are as follows:

KEUR	31 Dec. 2021	31 Dec. 2020
Deferred tax assets	18,519	6,380
Deferred tax liabilities	(17,666)	(4,757)
Net deferred taxes recognised	853	1,623

Deferred taxes by assets and liabilities in respect of temporary differences as at 31 December 2021 are as follows:

KEUR	31 Dec. 2021	
	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	3	(25)
Inventories	324	-
Other receivables	13	(17,598)
Financial liabilities (non-current)	-	(43)
Provisions (current)	314	-
Other liabilities (current)	17,636	-
Loss carry-forwards	229	-
Total temporary differences	18,290	(17,666)
Total	18,519	(17,666)
Offsetting	(17,571)	17,571
Total after offsetting	948	(95)

Deferred taxes according to assets and liabilities related to temporary differences as at 31 December 2020 are as follows:

KEUR	31 Dec. 2020	
	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	1	-
Inventories	376	(4,756)
Other receivables	22	-
Financial liabilities (non-current)	221	-
Other liabilities (non-current)	4,904	-
Provisions (current)	213	(1)
Total temporary differences	5,738	(4,757)
Loss carry-forwards	643	-
Total	6,380	(4,757)
Offsetting	(4,752)	4,752
Total after offsetting	1,628	(5)

Deferred tax assets have not been recognised in respect to the following temporary differences (gross amount) in line with IAS 12 as a future taxable profit which the Group can utilise is currently not yet sufficiently substantiated.

KEUR	31 Dec. 2021	31 Dec. 2020
Other assets	623	28,246
Provisions	545	202
Financial liabilities	64	690
Other liabilities	817	22,612
Total	2,049	51,751

Furthermore, deferred tax assets have not been recognised in respect of the following tax loss carryforwards that never expire (unlimited tax and interest loss carry-forwards):

KEUR	31 Dec. 2021	31 Dec. 2020
Tax loss carry-forwards (corporate tax)	875,195	401,805
Tax loss carry-forwards (trade tax)	805,065	391,031
Interest carry-forward	68,611	36,280

As at 31 December 2021, no deferred tax liability related to investments in subsidiaries has been recognised as the Group controls the timing of the reversal of the related taxable temporary differences. A reversal of the taxable temporary differences is not planned by management in the foreseeable future. As at 31 December 2021, taxable temporary differences relating to investments in subsidiaries amounted to KEUR 900 (2020: KEUR 591).

6.5 Inventories

Inventories include vehicle stock of KEUR 583,549 as at 31 December 2021 (31 December 2020: KEUR 209,435). For a breakdown of inventories by Merchant and Retail segments, please refer to Note 10. The vehicle inventory was increased in the past financial year because of the Group's growth, particularly for Autohero.

The vehicle inventory is pledged as collateral for liabilities to financial institutions (see Note 6.13). A new credit facility was utilised in 2021.

Inventories recognised in cost of materials amounted to KEUR 4,159,341 in the 2021 financial year (2020: KEUR 2,450,965).

Inventories were reduced by KEUR 13,198 during 2021 (2020: KEUR 7,471) due to a write-down to net realisable value. This devaluation was recognised as expense. The write-down in 2020 included a Covid-19 factor of 1.75% due to the pandemic.

Both write-downs and reversals of write-downs are recognised in cost of materials.

6.6 Trade and other receivables

KEUR	31 Dec. 2021	31 Dec. 2020
Non-current trade receivables		
Receivables from instalment purchases (non-current)	41,430	-
Total	41,430	-
Current trade and other receivables		
Trade receivables	62,402	18,999
Receivables from instalment purchases (current)	7,603	-
Other receivables	19,297	5,803
Total	89,302	24,802

The year-on-year increase in current trade receivables is due primarily to higher revenue. In the 2021 financial year the Group started selling Autohero vehicles in instalments. This means that AUTO1 recognises non-current trade receivables as at the reporting date. At the end of the reporting period, receivables from instalment purchases (current and non-current) totalled KEUR 49,032.

The carrying amounts of current trade receivables were assessed to be the same as their fair values due to their short-term nature. As at 31 December 2021, this also applies to the portfolio of non-current trade receivables, as these were largely recognised in the fourth quarter of the 2021 financial year and accordingly, as a result of the proximity to the reporting date, the carrying amounts correspond to the fair values at the reporting date. Further information about the Group's exposure to credit risk and the recognition of impairment losses is presented in Note 9. The vehicles sold based on instalment payments are subject to the Group's retention of title. Write-downs of current and non-current trade receivables came to KEUR 4,155 as at the reporting date.

6.7 Other financial assets

KEUR	31 Dec. 2021	31 Dec. 2020
Other non-current financial assets		
Deposits	12,102	4,516
Other	100	-
Total	12,202	4,516
Other current financial assets		
Money market funds and money market instruments	614,432	-
Deposits	1,816	1,266
Total	616,248	1,266

Current money market funds and money market instruments comprise liquid investments to minimise the effects of negative interest rates, which were funded by IPO proceeds and can be sold within a year. All investments were in instruments with investment grade ratings of A- to BBB+.

Deposits are mainly security services for lease agreements.

6.8 Other assets

Other assets mainly comprise VAT receivables and prepaid expenses for insurance and advertising campaigns, as well as deferred expenses for sponsorships with Hertha BSC.

6.9 Cash and cash equivalents

Cash balances of KEUR 55,984 are pledged as collateral for liabilities to financial institutions (see Note 6.13).

6.10 Equity

AUTO1 Group SE was founded on 14 May 2018.

	Ordinary shares	Series A shares	Series A1 shares	Series B shares	Series C shares	Series D shares	Series E shares	Series 1 shares	Series 1a shares
At 14 May 2018	-	-	-	-	-	-	-	-	-
Issued for cash	120,000	-	-	-	-	-	-	-	-
Issued for cash with premium in kind	1,153,857	65,331	309,825	342,618	440,793	358,467	605,526	24,348	-
As at 31 Dec. 2018	1,273,857	65,331	309,825	342,618	440,793	358,467	605,526	24,348	-
As at 31 Dec. 2019	1,273,857	65,331	309,825	342,618	440,793	358,467	605,526	24,348	-
Issued for cash	-	-	-	-	-	-	-	-	33,004
Issued for payment in kind	8,594	-	-	-	-	-	-	-	-
As at 31 Dec. 2020	1,282,451	65,331	309,825	342,618	440,793	358,467	605,526	24,348	33,004
From company funds and share split (and combining share classes)	171,835,699	(65,331)	(309,825)	(342,618)	(440,793)	(358,467)	(605,526)	(24,348)	(33,004)
Issued as part of the IPO	26,315,790	-	-	-	-	-	-	-	-
Issued for payment in kind (convertible loan)	8,059,961	-	-	-	-	-	-	-	-
Issued for payment in kind (LTIP settlement 2017)	4,529,732	-	-	-	-	-	-	-	-
Issued for payment in kind (VSIP/MD Pool settlement)	1,114,367	-	-	-	-	-	-	-	-
As at 31 Dec. 2021	213,138,000	-	-	-	-	-	-	-	-

The ordinary shares and Series A to E shares were no-par-value shares and, as the previous shares, have been fully paid since 2018. All ordinary shares are of equal ranking with respect to the Company's residual assets. The holders of these shares are entitled to dividends declared from time to time and are entitled to one vote per share at the shareholder meetings of the Company.

The Series 1 shares were no-par-value shares that had been fully paid up since 2018. The Series 1 shares were part of an equity-settled share-based payment arrangement and were subject to a specified vesting period. The vesting period was closed in 2020. All Series 1 shares were of equal ranking with regard to the Company's residual assets. The holders of these shares were entitled to one vote per share at the Company's shareholder meetings, irrespective of their vesting. Series 1 shares participated in dividends, including from liquidity events, only when the cumulative dividends distributed to other share classes amounted to EUR 7.17 per share.

The Series 1a shares were no-par-value shares that had been fully paid up. The Series 1a shares were part of an equity-settled share-based payment arrangement and were subject to a specified vesting period. All Series 1a shares were of equal ranking with regard to the Company's residual assets. The holders of these shares were entitled to one vote per share at the Company's shareholder meetings, irrespective of their vesting. Series 1a shares participated in dividends and payments from liquidity events, only when the cumulative dividends distributed to other share classes amounted to EUR 11.74 per share.

The shareholder meeting on 6 January 2021 resolved to increase the Company's share capital by EUR 169,655,787.00, from EUR 3,462,363.00 to EUR 173,118,150.00, by way of a capital increase out of company funds without issuing new shares. The capital increase was entered into the commercial register of the Munich District Court on 11 January 2021.

At the shareholder meeting on 14 January 2021, a 1:50 share split and a change in the form of the Company's shares from registered shares to bearer shares was agreed. The share split and the change of the legal form of the Company's shares were entered in the commercial register of the Munich District Court on 18 January 2021. In preparation for the IPO, all previous share classes were converted into a single class of ordinary shares.

The shareholder meeting on 14 January 2021 also resolved to create Authorised Capital. This authorises the Management Board, subject to the consent of the Supervisory Board, to increase the share capital on one or more occasions on or before 13 January 2026, in return for contributions in cash and/or in kind, by a total of up to EUR 86,559,075, whereby shareholder subscription rights can be disappplied (Authorised Capital 2021/I).

On 2 February 2021, at the shareholder meeting it was resolved to increase share capital by up to EUR 31,250,000 as part of the capital increase in connection with the IPO. The capital increase was carried out in the amount of EUR 26,315,790 and entered into the commercial register of the Munich District Court on 3 February 2021. On 4 February 2021, AUTO1 Group SE successfully completed its IPO on the Frankfurt Stock Exchange. AUTO1 Group SE generated proceeds of EUR 971 million. Transaction costs of EUR 24 million were deducted directly from the capital reserve pursuant to IAS 32. In addition, in line with the cost-sharing agreement, the existing shareholders reimbursed transaction costs of EUR 3 million, which were recognised as an equity contribution. Since then, the shares (ISIN: DE000A2LQ884, WKN: A2LQ88) have been traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange.

The shareholder meeting on 2 February 2021 also made changes to the terms of Authorised Capital 2021/I. Authorised Capital 2021/I was increased to EUR 103,746,000. This may now be utilised until 7 February 2026.

The remaining part of the convertible loan after repayment (see Note 6.13) was converted by the lender into 8,059,961 shares, increasing the share capital and capital reserve by EUR 306,278,531, of which EUR 265,604,246 from the conversion of embedded derivatives. The completion of the capital increase was entered into the commercial register of the Munich District Court on 10 February 2021.

On 23 March 2021, AUTO1 Group SE issued new shared amounting to approximately 2.2% of share capital, partially utilising Authorised Capital 2021/I, for the partial settlement of the existing participation programme for its founders (see Note 6.11).

Upon being entered in the commercial register on 14 October 2021 and 1 December 2021 respectively, share capital was increased by EUR 845,355 and then by a further EUR 269,012, partially utilising Authorised Capital 2021/I, to EUR 213,138,000. Both capital increases took place in connection with settling equity-based remuneration in shares.

The following table shows the changes in share capital and capital reserves:

KEUR	Share capital	Capital reserves
As at 1 January 2021	3,462	587,135
Capital increase in January 2021	169,656	(169,656)
IPO proceeds in February 2021	26,316	973,684
Transaction costs in February 2021	-	(21,324)
Convertible loan in February 2021	8,060	298,218
Capital increase (LTIP 2017) in March 2021	4,530	(4,530)
Share-based payment (LTIP 2017) in March 2021	-	225
Capital increase (VSIP/MD Pool) in November/December 2021	1,114	(1,114)
Share-based payment (VSIP/MD Pool) in November/December 2021	-	17,266
As at 31 December 2021	213,138	1,679,904

6.11 Share-based payment

I. Incentive programme for virtual shares

Terms

The Company established a Virtual Share Incentive programme, whereby employees, freelancers or consultants of the AUTO1 participating in the programme receive virtual shares linked to their employment or service contract. The virtual shares vest/vested in four yearly tranches. The virtual shares would be settled in cash upon occurrence of one of the following liquidity events: (i) any sale of at least 50% of all shares in the Company, (ii) an asset deal involving the transfer of individual assets of the Company, (iii) the liquidation of the Company. The cash amount as the starting point for the calculation was equal to the difference in value of the shares of the Company above the defined exercise price in case of at such liquidity event.

The supplementary agreements of 2019 expanded the definition of a liquidity event to include an initial public offering of the shares of AUTO1 Group SE on an internationally recognised share exchange. In the event of an IPO, AUTO1 Group SE is entitled to settle any payment entitlements, in whole or in part, in shares of AUTO1 Group SE. If AUTO1 Group SE opts for settlement in shares, the beneficiary receives a number of shares in AUTO1 Group SE corresponding to the respective portion of the net cash payment entitlement, with the value of one ordinary share in AUTO1 Group SE used as base being the offer price at the time of the IPO. The vesting of granted virtual shares remains unchanged after the IPO in accordance with the specified vesting plan.

With the establishment of all preparatory measures that are to lead to a successful IPO of shares in AUTO1 Group SE, a scenario change from a probable exit due to sale (see above) to an IPO was carried out in September 2020. From this point in time an IPO was the most probable scenario. This had implications for the accounting assessment of share-based payment arrangements. As a result, the scenario change in 2020 against the background of the contractual amendment in 2019 led to a reclassification of the cash-settled plan to an equity-settled plan in September 2020, resulting in an expense for the equity-settled share-based payment being recognised. Consequently, there was a derecognition of the obligation to settle in cash, as this settlement option was now considered unlikely.

The Group recorded the virtual share programme as a cash-settled share-based payment until 30 September 2020 and recognised a corresponding liability. The liability as at 30 September 2020 was derecognised, while the new value was recognised in equity based on the grant dates

for the respective share-based payment agreements (KEUR 97,913). The difference was recognised in profit or loss under personnel expenses. In addition, a portion of awards under the incentive programme for virtual shares of a beneficiary were modified in exchange for a participation in AUTO1 Group SE in the financial year by granting an additional incentive related to future activity within the Company.

The expense for the remaining vesting period is therefore to be determined based on the fair value of the virtual shares measured at the original grant date. The original grant date for the equity-settled remuneration in the case of the virtual share incentive programme relates to the effective date of the amendment to the respective side letter, with the exercise option being created with this modification.

The IPO is considered a liquidity event in connection with the Group's share participation programme. The final settlement does not occur until after the 12-month vesting period following the IPO and the allocations remain subject to the original terms and conditions.

Other reserves in equity relating to share-based payments developed as follows:

KEUR	
Share-based payment as at 1 January 2021	103,063
+ Recognition of share-based payment (equity-settled)	5,688
- Reclassification of share-based payment to capital reserve	(17,491)
Share-based payment as at 31 December 2021	91,260

The effect on profit or loss can be seen in section 5.4.

Measurement of the fair values

The expense for the incentive programme is measured based on the fair values as at the grant date. The fair value was measured using a simulation-based option pricing model. No further virtual shares were granted under the incentive programme (VSIP) in the 2021 financial year. The average share price on the date of exercise for the virtual shares exercised in the period was EUR 30.31.

The virtual shares outstanding as at 31 December 2021 have a weighted average exercise price of EUR 2 and a weighted average outstanding vesting period of seven months.

Reconciliation of outstanding virtual shares

	2021 VSIP post-IPO split	
	Number of virtual shares	Weighted-average exercise price
Outstanding on 1 January	4,385,384	1.83
Forfeited during the period	(469,587)	3.52
Granted during the period	-	n/a
Exercised during the period	(350,732)	0.20
Outstanding on 31 December	3,565,065	1.78
Exercisable on 31 December	-	n/a

	2020 VSIP post-IPO split	
	Number of virtual shares	Weighted-average exercise price
Outstanding on 1 January	3,655,000	1.40
Forfeited during the period	-	n/a
Granted during the period	730,400	3.94
Exercised during the period	-	n/a
Outstanding on 31 December	4,385,384	1.83
Exercisable on 31 December	-	n/a

New incentive programme – Individual agreement

One beneficiary received a participation in AUTO1 Group SE through the issue of 8,594 no-par-value ordinary shares with a pro rata amount of the share capital of EU 1.00 per share in exchange for renouncing their entitlements under the virtual share incentive programme in 2020. Of the new 8,594 shares, 5,972 shares are already vested at the grant date, resulting in only the remaining 2,622 shares being subject to vesting. Of these shares, 1,669 shares are subject to vesting over time and a further 953 shares are subject to additional performance conditions. One third of the shares is vested after a period of more than twelve months, two thirds are vested after a period of more than 24 months and fully

after a period of more than 36 months. In accordance with IFRS 2.28(c), this was a modification as new awards were to be regarded as a replacement for the previous awards under the incentive programme. This required that the old award was recognised as before and any additional benefit granted by the new award (incremental fair value) was additionally recognised as expense from the modification date. The incremental fair value was the difference between the fair value of the original programmes and the fair value of the new programme, both measured at the date of modification. In the course of modification, an additional fair value of KEUR 198 was recognised directly at the date of modification. Furthermore, additional fair value of KEUR 2,271 is distributed over a vesting period of 36 months.

In detail, the fair values of the individual awards were as follows:

KEUR	Fair value old contracts	Fair value new contract	Incremental Fair Value
Individual award	7,191	9,660	2,469

*II. Restricted Stock Units (RSU)**Terms*

Selected executives were granted restricted stock units in 2017, which were also classified as cash-settled virtual shares as described above. The vesting of these restricted stock units is solely contingent upon (i) a successful IPO or (ii) the sale of more than 50% of outstanding shares of the Company that generates certain multiples of proceeds and internal rates of return based on a prior funding round. These market performance conditions are incorporated into the fair value calculation at each reporting date.

As a result of the change in scenario, restricted stock units granted to members of the Management Board were also reclassified as equity-settled share-based payments as at 30 September 2020, using the same methodology as described above. Here, the respective fair values on the grant date in 2017 were used to calculate the effects.

As described above, the IPO is considered a liquidity event in connection with the restricted stock units. These allocations were legally converted to virtual shares under the same conditions on 23 January 2021 in preparation for the IPO ("LTIP 2017"). Following the IPO on 23 March 2021, AUTO1 Group SE agreed to issue new ordinary shares of approximately 2.2% of share capital for partial equity settlement of these allocations (4,529,732 virtual shares exercised), as the market-related performance conditions tied to the allocations were partially fulfilled. The share price at the exercise date was EUR 49.46. Until twelve months after completion of the IPO, they can be transferred only with the approval of the Supervisory Board. In addition, they are subject in part to a vesting period agreed with the syndicate banks as part of the IPO. No additional expenses were recognised as the Company opted for the settlement option with the lower fair value at the settlement date.

Measurement of the fair values

Due to the reclassification, the expense for the restricted stock units is measured based on the fair values as at the grant date. The fair value was measured using a simulation-based option pricing model. The fair value measurement was based on the following significant inputs: a share price of EUR 15.78 (starting point for the simulation-based option value calculation; disclosure after the share split in the 2021 financial year), an expected volatility of 18% and a risk-free interest rate of 0%. Depending on the enterprise value achieved in the event of a successful IPO or sale of more than 50% of the outstanding shares of the Company, a grant of up to 3.75% of the outstanding shares of the Company was assumed. Expected volatility was derived from the historical volatility of peer group companies. The measurement resulted in a total fair value of KEUR 338 for the restricted stock units.

III. Shares - Member of the Management Board

Terms

In March 2020, one Management Board member was granted a further participation as an additional incentive relating to future activity as Member of the Management Board within the Group. The incentive was implemented by issuing 33,004 new registered no-par-value Series 1a shares with a nominal value of EUR 1.00 each. In the event of a dividend or an exit payment, Series 1a shares were subject only to a dividend/exit payment if the agreed negative liquidity preference is exceeded. The shares have a vesting period of 48 months with certain conversion rights into ordinary shares in the event of an IPO. The incentives granted relate to settlement in equity instruments. The incentives are therefore classified as equity-settled share-

based payments. The expense is recognised based on the respective vesting period and is recorded in equity.

As is the case with Series 1a shares, 24,348 new registered no-par-value Series 1 shares with a nominal value of EUR 1.00 each were already allocated to the Management Board member in the past as an incentive. The negative liquidation preference was EUR 358.41 per share. The vesting period of these Series 1 shares extended over 36 months beginning on 22 February 2017, so that all shares were vested as at February of the previous year.

Series 1 and Series 1a shares were converted into ordinary shares as part of the IPO, considering the existing negative liquidity preferences for these shares. There were no changes to other conditions.

Measurement of the fair values

The fair value was measured at the grant date of the shares using a simulation-based option pricing model. The fair value measurement was based on the following significant inputs: a share price of EUR 20.22 (starting point for the simulation-based option value calculation; disclosure after the share split in 2021), an expected volatility of 19%, a negative liquidity preference of EUR 11.74 per share, a risk-free interest rate of 0% and a dividend yield of 0%. Expected volatility was derived from the historical volatility of peer group companies. The measurement resulted in a fair value in accordance with IFRS 2 of EUR 8.08 per share.

The shares outstanding as at 31 December 2021 have a weighted average exercise price of EUR 9.8 in accordance with IFRS 2 and a weighted average remaining contractual term of 15 months.

Reconciliation of the shares – Member of the Management Board

	2021 Post-IPO Split	
	Number of shares	Weighted-average exercise price
Shares on 1 January	2,867,600	9.80
<i>thereof fully vested</i>	<i>1,526,800</i>	<i>n/a</i>
Conversion to treasury shares	(802,854)	n/a
Forfeited during the period	-	n/a
Granted during the period	-	-
Outstanding on 31 December	2,064,746	9.80
<i>thereof fully vested</i>	<i>1,447,858</i>	<i>n/a</i>

	2020 Post-IPO Split	
	Number of shares	Weighted-average exercise price
Shares on 1 January	1,217,400	7.16
<i>thereof fully vested</i>	<i>1,141,300</i>	<i>n/a</i>
Forfeited during the period	-	n/a
Granted during the period	1,650,200	11.74
Outstanding on 31 December	2,867,600	9.80
<i>thereof fully vested</i>	<i>1,526,800</i>	<i>n/a</i>

IV. Long Term Incentive Plan 2020 - Member of the Management Board

Terms

In December 2020, another Management Board member was granted subscription rights to shares in the Company under a new long-term remuneration programme (Long-Term Incentive Plan 2020) as incentive related to future service as member of the Management Board within the Group. Contingent capital was created to service the share options. The incentive was implemented by granting 7,500,000 share options with subscription rights on up to 6,624,900 ordinary shares. Vesting takes place

in 20 equal tranches at the end of each calendar quarter. The share options are converted into shares in the event of a successful IPO. In addition to vesting, the exercise of the share options is subject to a vesting period and defined performance conditions. The incentives granted relate to settlement in equity instruments. The incentives are therefore classified as equity-settled share-based payments. The expense is recognised based on the respective vesting period and is recorded in equity.

No changes were made to conditions because of the IPO.

Measurement of the fair values

The fair value was measured at the grant date of the subscription rights using a simulation-based option pricing model. The fair value measurement was based on the following significant inputs: a share price of EUR 15.30 (fully diluted share price as starting point for the simulation-based option value calculation; all disclosures after the share split in 2021), an expected volatility of 25%, a fixed exercise price of EUR 15.76, a remaining vesting period until 31 December 2024 (for 6,000,000 share options) or 31 December 2025 (for 1,500,000 share options), a subsequent exercise period window until 31 December 2027 and a risk-free interest rate of 0%. Expected volatility was derived from the historical volatility of peer group companies. The measurement resulted in a weighted average fair value of EUR 0.66 per subscription right.

The outstanding subscription rights to shares as at 31 December 2021 have an exercise price of EUR 15.76 and a weighted average remaining contractual term of 38 months.

Reconciliation of outstanding subscriptions rights

	2021 Post-IPO Split	
	Number of Options	Weighted-average exercise price
Outstanding on 1 January	7,500,000	15.76
Forfeited during the period	-	-
Granted during the period	-	-
Exercised during the period	-	-
Outstanding on 31 December	7,500,000	15.76
Exercisable on 31 December	-	-

	2020 Post-IPO Split	
	Number of Options	Weighted-average exercise price
Outstanding on 1 January	n/a	n/a
Forfeited during the period	-	-
Granted during the period	7,500,000	15.76
Exercised during the period	-	-
Outstanding on 31 December	7,500,000	15.76
Exercisable on 31 December	-	-

Measurement of the fair values

The fair value at the grant date of the subscription rights was determined as follows. The number of virtual shares granted is calculated based on an allocation amount in EUR, which is determined for each individual participant and later converted into virtual shares by dividing the amount by the average stock market price of the real AUTO1 Group SE shares during a reference period stipulated in the allocation offer. Accordingly, there is no need for option price valuation taking account of usual inputs such as volatility.

The virtual shares outstanding as at 31 December 2021 have a weighted average remaining contractual term of nine months.

V. AUTO1 Share Compensation Program 2021

Terms

A new share-based payment programme was introduced in the 2021 financial year that grants employees virtual shares as an incentive in connection with their future activity in the Group (AUTO1 Share Compensation Programme 2021). The virtual shares are granted to the beneficiaries free of charge. The number of virtual shares granted is based on an allocation amount in EUR, which is calculated for each individual beneficiary. The allocation amount is converted into virtual shares by dividing the amount by the average stock market price of the AUTO1 Group SE shares during a reference period stipulated in the allocation notice. They are vested after a period of 18 months. The beneficiary can request settlement twice a year within certain exercise periods. The programme grants AUTO1 Group SE an option regarding the settlement of the virtual shares (cash-settled or equity-settled). As none of the criteria in IFRS 2.41 are met, the programme was classified as equity-settled share-based payments. The expense is recognised based on the respective vesting period and is recorded in equity.

Reconciliation of outstanding virtual shares

	2021	
	Number of virtual shares	Weighted-average exercise price
Outstanding on 1 January	-	-
Forfeited during the period	-	-
Granted during the period	9,058	-
Exercised during the period	-	-
Outstanding on 31 December	9,058	-
Exercisable on 31 December	-	-

6.12 Provisions

KEUR	1 January 2021	Utilisation	Reversal	Additions	Reclassifications	31 December 2021
Provisions for litigation	1,704	336	145	4,576	4,500	10,299
Provisions for vehicles	919	536	-	7,934	-	8,317
Other provisions	4,595	-	-	-	(4,500)	95
Total	7,218	872	145	12,510	-	18,711

Provisions for vehicles were recognised chiefly in connection with warranties and for the right of return.

6.13 Financial liabilities

AUTO1 Group SE issued a KEUR 255,000 subordinated convertible bond on 13 February 2020. Depending on the occurrence of certain events, the loan can be converted into ordinary shares of AUTO1 Group SE at the discretion of the lender or would be repayable on 13 February 2025 if certain events occur. The convertible loan contained several embedded derivatives in the form of a conversion right, a cash settlement option and other advance payment options. Due to their interdependence, the various embedded derivatives were presented as an instrument and separated from the host contract. The final exercise price of the conversion right depended on the outcome of certain events and was linked to the IPO placement price. The conversion price as at 31 December 2020 therefore varied.

The fair value of the embedded derivative was deducted from the proceeds from the issue loans and treated as a financial liability upon initial recognition. The difference between the fair value of the overall instrument and the fair value of the embedded derivative was the fair value of the host contract of the loan (excluding conversion right). Transaction costs were deducted from the fair value of the host contract. Transaction costs amounted to KEUR 3,007. The host contract of the loan was subsequently measured at amortised cost until it was repaid upon conversion or maturity of the loan. The embedded derivative was recognised as a derivative financial liability and subsequently measured at fair value through profit or loss.

The convertible loan was recognised in the consolidated statement of financial position as at 31 December 2020 as follows:

KEUR	31 Dec. 2020
Nominal value of the loan	255,000
Initial value of the loan	217,865
Initial value of the derivative	34,127
Amortisation effect through application of the effective interest method	49,050
Measurement effect of derivative	22,428
Carrying amount of derivative financial liability	56,555
Carrying amount of financial liability	266,915

Using the proceeds from the IPO, EUR 110 million of the convertible loan with a total nominal value of EUR 255 million was repaid in the financial year. This resulted in a total cash outflow of EUR 232 million. The lenders converted the remaining portion of the loan into 8,059,961 shares. The change to the fair value of the embedded derivative of EUR -209 million was recognised in the other financial result.

In December 2020, the structured company AUTO1 Funding B.V. with registered office in Amsterdam, the Netherlands, was founded. It is controlled by AUTO1 Group SE. It has been fully consolidated since 1 January 2021 as no material transactions were made prior to the reporting date. On 29 January 2021, in the context of a securitisation ('ABS facility'), AUTO1 Funding B.V. issued promissory note loans and registered bonds to fund the Group's growing vehicle trade (non-recourse financing). The promissory note loans and registered bonds were reported in the statement of financial position as follows:

KEUR	31 Dec. 2021	31 Dec. 2020
Financial liabilities (non-current)		
Convertible loans	-	323,470
Liabilities to financial institutions	330,000	-
Total	330,000	323,470
Financial liabilities (current)		
Interest and fees accrued	-	101
Total	-	101

Liabilities to financial institutions relate to the ABS facility utilised as at the reporting date.

6.14 Trade and other payables

Trade and other payables are unsecured.

The carrying amounts are the same as their fair values, due to their short-term nature. Payment is usually made within 30 days but depends on the individual terms of payment.

6.15 Other financial liabilities

KEUR	31 Dec. 2021	31 Dec. 2020
Other non-current financial liabilities		
Lease liabilities	38,117	31,591
Other	22	20
Total	38,139	31,612
Other current financial liabilities		
Lease liabilities	19,523	15,863
Other	2	3
Total	19,525	15,865

Further information regarding leases is presented in Note 6.3.

6.16 Other liabilities

KEUR	31 Dec. 2021	31 Dec. 2020
Other non-current liabilities		
Personnel-related liabilities	1,616	1,462
Total	1,616	1,462
Other current liabilities		
Personnel-related liabilities	20,297	18,901
Contract liabilities	98,812	25,550
Other	6,089	4,232
Total	125,198	48,683

Other liabilities mainly result from contract liabilities and personnel-related liabilities and thus increased on account of the higher business volume.

Contract liabilities relate to dealer transactions. A contract liability corresponding to the receivable is recognised when a payment is due from a dealer. Revenue in respect of outstanding contract liabilities is recognised upon payment.

Personnel-related liabilities primarily include holiday accruals, payroll tax liabilities and social insurance contributions.

7. Notes to the consolidated statement of cash flows

Cash flows from financing activities reconcile to the statement of financial position as follows:

KEUR	31 Dec. 2021	Cash outflows	Cash inflows	Accrued interest expense (non-cash)	Interest paid (cash outflow)	Additions/disposals (non-cash)	Changes in foreign exchange rates	1 Jan. 2021
Financial liabilities	330,000	(232,349)	330,000	13,187	(7,583)	(96,826)	-	323,571
Lease liabilities	57,639	(22,270)	-	1,559	(1,559)	32,230	225	47,454
Total	387,639	(254,619)	330,000	14,746	(9,142)	(64,596)	225	371,025

KEUR	31 Dec. 2020	Cash outflows	Cash inflows	Accrued interest expense (non-cash)	Interest paid (cash outflow)	Additions/disposals (non-cash)	Changes in foreign exchange rates	1 Jan. 2020
Financial liabilities	323,571	(189,007)	270,000	53,366	(2,707)	20,523	-	171,396
Lease liabilities	47,454	(23,308)	-	1,650	-	17,113	739	51,260
Total	371,025	(212,315)	270,000	55,016	(2,707)	37,636	739	222,656

The non-cash changes in financial liabilities mainly relate to the subsequent measurement of the convertible loan derivative and additions of lease liabilities.

The other non-cash changes in operating cash flow mainly relate to the measurement of inventories as well as money market funds and money market instruments.

8. Notes to the consolidated statement of changes in equity

Subscribed capital and capital reserve

Number of shares	31 Dec. 2021	31 Dec. 2020
Issued on 1 January	3,462,363	3,420,765
Share split and issue during the year	209,675,637	41,598
Issued on 31 December	213,138,000	3,462,363
Authorised capital – nominal amount in EUR	98,101,901	3,560,385

The issued shares are ordinary shares entitling their holders to the Company's residual assets and to one vote per share at shareholder meetings. In the previous year, the shares issued were ordinary shares, Series A to E shares and Series 1 and Series 1a shares. All previous share classes were converted into one share class of ordinary shares in January 2021 in preparation for the IPO. The shares were issued in exchange for cash.

The capital reserve comprises the equity accruing to the Company more than the share capital as premium from shareholders. Furthermore, in the context of settling participation programmes in shares, the amount exceeding the subscribed capital is transferred to the capital reserve.

See Notes 6.10 and 6.11 for further details and information relating to subscribed capital and the capital reserve.

Nature and purpose of other reserves

Currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign subsidiaries.

Other reserves

The other reserves comprise the participation programmes recognised in equity which have not yet been settled by the Group.

9. Financial instruments

The following overview shows the carrying amounts and fair values of financial assets and liabilities, including their classification in the IFRS 9 measurement categories. The carrying amounts of cash and cash equivalents, current trade and other receivables as well as trade payables are the same as their fair value due to their current nature. As at 31 December 2021, this also applies to the portfolio of non-current trade receivables, as these were largely recognised in the fourth quarter of the 2021 financial year and accordingly, as a result of the proximity to the reporting date, the carrying amounts correspond to the fair values at the reporting date. For all other financial assets and liabilities, no changes occurred that would have had a material effect on the fair value of these instruments since their initial recognition. One exception to this was the convertible loan instrument.

31 Dec. 2021

KEUR	Measurement category	Carrying amount	Fair value	Fair value hierarchy
Financial assets				
Non-current financial assets		53,632		
<i>of which receivables from instalment purchases</i>	<i>Measured at amortised cost</i>	41,430	n/a	n/a
<i>of which other non-current financial assets</i>	<i>Measured at amortised cost</i>	12,202	n/a	n/a
Current trade and other receivables	<i>Measured at amortised cost</i>	89,302	n/a	n/a
Other current financial assets		616,248		
<i>of which money market funds and money market instruments</i>	<i>Fair value through profit or loss (FVTPL)</i>	614,432	614,432	1
<i>of which other current financial assets</i>	<i>Measured at amortised cost</i>	1,816	n/a	n/a
Cash and cash equivalents	<i>Measured at amortised cost</i>	106,653	n/a	n/a
Financial liabilities				
Non-current financial liabilities		368,139		
<i>of which financial liabilities</i>	<i>Measured at amortised cost</i>	330,000	330,201	2
<i>of which lease liabilities</i>	<i>No measurement category pursuant to IFRS 9</i>	38,117	n/a	n/a
<i>of which other financial liabilities</i>	<i>Measured at amortised cost</i>	22	n/a	n/a
Trade and other payables	<i>Measured at amortised cost</i>	171,029	n/a	n/a
Other current financial liabilities		19,525		
<i>of which lease liabilities</i>	<i>No measurement category pursuant to IFRS 9</i>	19,523	n/a	n/a
<i>of which other current financial liabilities</i>	<i>Measured at amortised cost</i>	2	n/a	n/a

31 Dec. 2020

KEUR	Measurement category	Carrying amount	Fair value	Fair value hierarchy
Financial assets				
Other non-current financial assets		4,516	n/a	n/a
Trade and other receivables	<i>Measured at amortised cost</i>	24,802	n/a	n/a
Other current financial assets	<i>Measured at amortised cost</i>	1,266	n/a	n/a
Cash and cash equivalents	<i>Measured at amortised cost</i>	157,251	n/a	n/a
Financial liabilities				
Non-current financial liabilities		355,082		
<i>of which financial liabilities</i>	<i>Measured at amortised cost</i>	266,915	275,515	3
<i>of which lease liabilities</i>	<i>No measurement category pursuant to IFRS 9</i>	31,592	n/a	n/a
<i>of which derivative financial liability</i>	<i>Measured at fair value</i>	56,555	56,555	3
<i>of which other financial liabilities</i>	<i>Measured at amortised cost</i>	20	n/a	n/a
Trade and other payables	<i>Measured at amortised cost</i>	86,128	n/a	n/a
Other current financial liabilities		15,967		
<i>of which financial liabilities</i>	<i>Measured at amortised cost</i>	101	n/a	n/a
<i>of which lease liabilities</i>	<i>No measurement category pursuant to IFRS 9</i>	15,863	n/a	0
<i>of which other current financial liabilities</i>	<i>Measured at amortised cost</i>	3	n/a	n/a

The net income from financial instruments comprises the following:

31 Dec. 2021

KEUR	Interest	Impairment	Gain (+)/ loss (-) from measurement	Total
Financial assets at amortised cost	4,121	(1,355)	-	2,766
Financial assets measured at fair value	-	-	(794)	(794)
Financial liabilities at amortised cost	(14,746)	-	-	(14,746)
Financial liabilities measured at fair value	-	-	(209,049)	(209,049)
Net income	(10,625)	(1,355)	(209,843)	(221,823)

31 Dec. 2020

KEUR	Interest	Impairment	Gain (+)/ loss (-) from measurement	Total
Financial assets at amortised cost	24	(760)	-	(736)
Financial liabilities at amortised cost	(55,016)	-	-	(55,016)
Financial liabilities measured at fair value	-	-	(22,428)	(22,428)
Net income	(54,992)	(760)	(22,428)	(78,180)

The following section presents the valuation technique used to measure Level 3 fair values as at 31 December 2020 for financial instruments measured at fair value in the statement of financial position (derivative financial liability for conversion right, see Note 6.13) and the significant unobservable inputs used:

- Valuation technique: the embedded derivative was measured using an option pricing model. The measurement was determined using binomial trees for AUTO1's share price and the refinancing rate.
- Significant unobservable inputs: the option pricing models used various inputs. The most significant unobservable input, aside from AUTO1's refinancing rate, was the probability of IPO. Further inputs for the measurement model were the enterprise value and the expected volatility of equity. Both inputs had a lower impact on the fair value of the total embedded derivative.

The following tables show a reconciliation of Level 3 fair values for financial years 2021 and 2020:

KEUR	Embedded derivative
Opening value as at 1 Jan. 2021	56,555
Addition	-
Losses recognised in financial expenses	209,049
Disposals	(265,604)
Closing balance as at 31 Dec. 2021	-

KEUR	Embedded derivative
Opening value as at 1 Jan. 2020	-
Addition	34,127
Losses recognised in financial expenses	22,428
Closing balance as at 31 Dec. 2020	56,555

KEUR	Potentially positive effect on earnings	Potentially negative effect on earnings
Relative change in inputs	-1%	+1%
Refinancing rate	5,515	-5,274

The deviation between the fair value and the carrying amount of non-current financial liabilities is considered immaterial. The fair values in level 2 of the measurement category are calculated using a discounted cash flow model, with a risk-free interest rate and an AUTO1-specific risk premium as input parameters.

Management of financial risk

The main financial risks faced by the Group are credit risk, market risk and liquidity risk.

The Company's Management Board bears the responsibility for the setup and control of the Group risk management.

Credit risk

Credit risk is the risk that one party to a financial instrument causes a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum exposure to credit risk.

The exposure to credit risk with commercial counterparties of the Group is limited to the extent that cash is received as prepayment. Otherwise, impairment losses, albeit small, are recognised. The impairment loss amounted to KEUR 1,355 in the reporting period (2020: KEUR 760). If the prospect of recovery is classified as very low, such receivables are written off. The write-off represents a derecognition event. As the impairment losses are immaterial, AUTO1 Group SE does not disclose this amount in a separate line item in the consolidated statement of profit or loss and other comprehensive income.

Due to the short payment term, there is no significant need to recognise impairment losses on current trade receivables. This also applies to the portfolio of non-current trade receivables, which in the financial year 2021 were recognised for the first time as a result of instalment purchase option. This is because the relevant vehicles sold are subject to the Group's right of retention and serve as collateral.

The Group had cash and cash equivalents of KEUR 106,653 as at 31 December 2021 (2020: KEUR 157,251). The cash and cash equivalents are deposited at banks or financial institutions that have high credit ratings from international rating agencies.

The estimated impairment of cash and cash equivalents has been calculated based on expected losses within twelve months and reflects the short maturities. The Group assumes that cash and cash equivalents present a low credit risk based on the external ratings of banks and financial institutions.

As at 31 December 2021, the impairment loss amounts to KEUR 0 (2020: KEUR 0).

The carrying amount of the financial assets represents the Group's maximum exposure to credit risk. Trade receivables amounted to KEUR 130,731 as at the reporting date (2020: KEUR 24,802). Other financial assets came to KEUR 616,248 (2020: KEUR 1,266) for current other financial assets and KEUR 12,202 (2020: KEUR 4,516) for non-current financial assets. In addition, the Group did not hold any investments accounted for using the equity method as at 31 December 2021 (2020: KEUR 5). Financial assets are not offset in the statement of financial position. In addition, there is no off-balance-sheet potential for offsetting due to any global netting agreements.

Market risk

Market risks arise from foreign exchange risk on intercompany financing denominated in euro provided by the Parent Company to the subsidiaries where the functional currency of the subsidiary differs from the euro. However, the effects of fluctuations in the exchange rate at the most recent and comparative reporting dates is negligible.

The Group is exposed to an interest rate risk as the credit line of KEUR 330,000 was used as at 31 December 2021. A change of 50 basis points to the interest rate benchmark would not materially change the expected interest expense.

AUTO1 analysed the potential impact from the IBOR reform. The Group finances itself predominantly on the basis of EURIBOR. The Group assumes that EURIBOR will remain the interest rate benchmark. For this reason, the Group does not anticipate any material effect from reforming the interest rate benchmarks.

Liquidity risk

Liquidity risk is the risk that the Group will potentially not be able to meet obligations associated with its financial liabilities by supplying cash or another financial assets. Liquidity management within the Group aims to ensure that – as far as possible – sufficient liquid funds are always available to meet payment obligations when they fall due, under both normal and strained conditions, without suffering unsustainable losses or damaging the Group's reputation.

The Group uses cost accounting to calculate its product and service costs. This makes it possible to monitor cash requirements and optimise the flows to employed capital.

The Group aims to keep cash and cash equivalents at a level that is above the expected cash outflows for financial liabilities. The Group also monitors the level of expected inflows from trade and other receivables together with expected outflows for trade and other payables. As at 31 December 2021, the expected cash flows from trade and other receivables due within two months amounted to KEUR 89,302 (2020: KEUR 24,802). This does not include potential effects from extreme circumstances (for instance natural catastrophes), which cannot be reasonably predicted.

A new secured rated 'ABS' credit line was concluded in December 2020. This replaced the previous credit line. As at 31 December 2021, the ABS credit line of KEUR 330,000 was utilised. In March 2022, the credit line was increased and extended to 31 January 2024. The key data of the increased credit line are as follows:

Nature	Junior Notes	Mezzanine Notes	Senior Notes
Credit line amount	EUR 200,000,000	EUR 35,000,000	EUR 800,000,000
Interest rate	5.00%	4.5% + EURIBOR (0%-floor)	1.75% + EURIBOR (0%-floor)
Term	31 January 2024		
Collateral	Assignment as collateral of inventories as well as bank accounts of AUTO1 Funding B.V. and AUTO1 European Cars B.V. and equity in AUTO1 European Cars B.V.		

Exposure to liquidity risk

The following are the contractual undiscounted payments of principal and interest of financial liabilities at the reporting date.

<i>31 Dec. 2021</i>					
KEUR	< 1 year	1-5 years	> 5 years	Total	Carrying amount
Financial liabilities	6,325	330,527	-	336,852	330,000
- ABS credit line	6,325	330,527	-	336,852	330,000
- Embedded derivative	-	-	-	-	-
- Other	-	-	-	-	-
Other financial liabilities	2	22	-	24	24
Trade and other payables	171,030	-	-	171,030	171,030
Liabilities arising from leases	21,101	35,371	4,155	60,627	57,639
Total	198,458	365,920	4,155	568,533	558,693
<i>31 Dec. 2020</i>					
KEUR	< 1 year	1-5 years	> 5 years	Total	Carrying amount
Financial liabilities	20,784	354,303	-	375,087	323,571
- Convertible loan	20,683	354,303	-	374,986	266,915
- Embedded derivative	-	-	-	-	56,555
- Other	101	-	-	101	101
Other financial liabilities	3	20	-	23	23
Trade and other payables	86,128	-	-	86,128	86,128
Liabilities arising from leases	16,007	30,028	2,907	48,942	47,454
Total	122,922	384,351	2,907	510,180	457,176

The undiscounted payments of principal and interest of the convertible loan in the previous year related to the term and payment structure specified in the contract and did not take conversion into account.

Capital management

The following table quantifies the positions of the AUTO1 Group's managed capital:

KEUR	31 Dec. 2021	31 Dec. 2020
Fixed assets and other non-current assets	138,796	58,920
Inventory	583,549	209,435
Cash and cash equivalents	106,653	157,251
Other current assets less current liabilities	461,960	(64,481)

AUTO1 Group's objectives when managing its capital (equity and financial liabilities) are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Group defines an optimal capital structure as having sufficient capital available to finance its assets on a sustainable basis. In doing so, the Group considers four main groups of assets:

- Fixed assets and other non-current assets
- Inventory
- Cash and cash equivalents
- Other current assets less current liabilities

This involves financing up to 90% of the inventory through the rated ABS facility. The remaining inventory and all other assets except for right-of-use assets are financed by equity.

AUTO1 Group SE mainly controls AUTO1 Group's liquidity risks by retaining sufficient capital reserves and credit lines with banks as well as through the continuous monitoring of expected and actual cash flows and maintaining a balanced portfolio of financial assets and liabilities about maturities.

The following table shows the Group's total equity and its equity ratio:

KEUR	31 Dec. 2021	31 Dec. 2020
Total equity	921,014	4,465
Total equity and liabilities	1,626,909	520,541
Equity ratio	56.6%	0.9%

10. Contingent liabilities

AUTO1 Group has contingent liabilities to the French tax authorities of KEUR 7,467 from the use of the local reverse charge procedure on domestic sales of vehicles subject to normal taxation sold to registered companies in France.

11. Operating segments

The Group has two strategic segments: Merchant and Retail, which represent the reportable segments. These strategic segments offer products for distinct customers and are managed separately as they require partially different technologies (use different sales platforms) and marketing strategies. The operating segments are not combined.

Monthly reports are prepared for these segments for management purposes, which are reviewed by the AUTO1 Management Board.

Merchant

The Merchant business relates primarily to the sale of used cars to commercial car dealers via the AUTO1.com platform. Fees for logistics services and all other fees in connection with the provision of vehicles to the dealers are included in the Merchant segment.

Proceeds from the Merchant business are differentiated based on how the vehicles are procured. All vehicles purchased through the Group's branch network are classified as 'C2B' vehicles. By contrast, all cars that are

purchased from commercial dealers via the Remarketing channel are categorised as 'Remarketing' vehicles. As there are no business activities that result in independent sales revenues in the two operating segments, C2B and Remarketing are solely different purchase channels. Sales are made to the same group of customers via the same sales channels.

Retail

The Retail business mainly relates to the sale of used cars to private customers via Autohero.com.

All revenue is generated with external customers. Gross profit, defined as revenue less cost of materials, is used to measure the profitability of the segments.

Information regarding reportable segments

KEUR	Merchant		Retail		AUTO1 Group	
	1 Jan. 2021 - 31 Dec. 2021	1 Jan. 2020 - 31 Dec. 2020	1 Jan. 2021 - 31 Dec. 2021	1 Jan. 2020 - 31 Dec. 2020	1 Jan. 2021 - 31 Dec. 2021	1 Jan. 2020 - 31 Dec. 2020
Revenue	4,195,988	2,697,050	578,985	132,603	4,774,973	2,829,653
thereof:						
<i>C2B</i>	3,544,726	2,348,587	-	-	-	-
<i>Remarketing</i>	651,262	348,463	-	-	-	-
Cost of materials	(3,780,080)	(2,414,036)	(564,017)	(129,708)	(4,344,097)	(2,543,744)
Gross profit	415,908	283,014	14,968	2,895	430,876	285,910
KEUR	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Inventories	228,571	116,242	354,978	93,193	583,549	209,435

Reconciliation of information on reportable segments

There are transactions between the reportable segments relating to the transfer of used vehicles and joint distribution services. The amounts reported to the chief operating decision maker are equal to the amounts after consolidation. The key indicators reported for the segments represent key indicators according to IFRS. Differences between the profit and loss figures of reportable segments (gross profit) and profit before tax in the consolidated statement of profit or loss and other comprehensive income therefore relate to all significant items in the consolidated statement of profit or loss and other comprehensive income below gross profit.

Geographical information

AUTO1's country of origin is Germany. France and Italy are also particularly important for the Group's operations.

The tables below show the Group's revenue and non-current assets differentiated by AUTO1's country of origin and other countries. In presenting the geographic information, revenue is based on the geographic location of customers.

Revenue

KEUR	1 Jan. 2021 - 31 Dec. 2021	1 Jan. 2020 - 31 Dec. 2020
Germany	906,625	503,449
France	844,546	586,928
Italy	476,846	206,649
Other countries	2,546,956	1,532,627
Total	4,774,973	2,829,653

There is no external customer whose share of revenue is 10% or more.

Non-current assets (excluding financial instruments except for investments in equity-accounted investees and excluding deferred tax assets), broken down by location of assets, are as follows:

Non-current assets

KEUR	31 Dec. 2021	31 Dec. 2020
Germany	80,063	25,188
France	12,817	11,283
Italy	10,224	7,839
Other countries	34,745	12,981
Total	137,849	57,291

12. Earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding.

	2021	2020
Earnings per share (basic and diluted)	(1.81)	(0.84)

At the shareholder meeting of the Company held on 14 January 2021, it was resolved, among other things, to convert all shares of other classes into ordinary shares and to conduct a share split with simultaneous conversion of all registered shares into bearer shares. The changes were entered in the commercial register of the Munich District Court on 18 January 2021. In accordance with IAS 33.64, the calculation of the basic and diluted earnings per share for all periods presented must be adjusted retrospectively due to these changes.

Due to the conversion of all classes of shares into ordinary shares, in total these are considered as ordinary shares as defined by IAS 33. Treasury shares are excluded from the calculation.

	1 Jan. 2021 - 31 Dec. 2021	1 Jan. 2020 - 31 Dec. 2020
Consolidated loss for the period in KEUR	(374,054)	(143,642)
Loss attributable to holders of ordinary shares (for basic and diluted earnings per share)	(374,054)	(143,642)

Weighted average of ordinary shares in 2020 (basic and diluted):

In thousands of shares	2020
Ordinary shares as at 1 Jan.	170,728
Effect of ordinary shares vested in February 2020	52
Effect of ordinary shares vested in May 2020	42
Effect of ordinary shares vested in August 2020	25
Effect of ordinary shares vested in November 2020	7
Effect of ordinary shares vested in December 2020	26
Weighted average of ordinary shares as at 31 Dec.	170,880

The following options were excluded in the calculation of the diluted weighted average number of ordinary shares at 31 December 2020 because their effective would have been anti-dilutive:

In thousands of shares	2020
Unvested ordinary shares - member of the Management Board	1,066
Unvested ordinary shares from the new incentive programme - Individual agreement	131
Potential ordinary shares from the incentive programme for virtual shares	4,385
Potential ordinary shares from the long-term incentive plan 2020	7,500
Potential ordinary shares from the convertible loan	8,060
Total number of potential ordinary shares	21,143

Additional potential ordinary shares result from restricted stock units which represented 4.75% of fully diluted equity.

The weighted average of ordinary shares in 2021 (basic and diluted) was calculated as follows:

In thousands of shares	2021
Ordinary shares as at 1 Jan.	171,293
IPO capital increase and shares from the convertible loan in February 2021	31,165
Effect of ordinary shares vested in February 2021	59
Effect of capital increase ("LTIP 2017")	3,435
Effect of ordinary shares vested in May 2021	42
Effect of ordinary shares vested in August 2021	25
Effect of capital increase ("virtual shares exercised")	202
Effect of ordinary shares vested in November 2021	7
Effect of capital increase ("virtual shares exercised")	28
Weighted average of ordinary shares as at 31 Dec.	206,255

The following options were excluded in the calculation of the diluted weighted average number of ordinary shares at 31 December 2021 because their effective would have been anti-dilutive:

In thousands of shares	2021
Unvested ordinary shares - member of the Management Board	617
Unvested ordinary shares from the new incentive programme - Individual agreement	131
Potential ordinary shares from the incentive programme for virtual shares	3,565
Potential ordinary shares from the long-term incentive plan 2017	2,265
Potential ordinary shares from the long-term incentive plan 2020	7,500
Potential ordinary shares from the Share Compensation Programme	9
Total number of potential ordinary shares	14,087

13. Related party disclosures

Exercise of the conversion option in shares from the convertible loan by Board of Management member Christian Bertermann

In February 2021, Board of Management member Christian Bertermann converted his claim of KEUR 5,359 (incl. accrued interest) against AUTO1 Group SE resulting from subscription to the convertible loan into 277,930 AUTO1 Group SE shares.

Key management personnel

For AUTO1 the members of the Board of Management and the Supervisory Board were considered as key management personnel.

The Management Board consists of Christian Bertermann (Founder/Chief Executive Officer) and Markus Boser (Chief Financial Officer).

The members of the Supervisory Board are Gerhard Cromme (Chairman of the Supervisory Board), Supervisory Board member, Andrin Bachmann (Vice-Chairman of the Supervisory Board), venture capital investor, Gerd Häusler, Supervisory Board member, Hakan Koç, founder, businessman and Silvie Mutschler von Specht, businesswoman (since 3 February 2021).

Remuneration of Management in key positions comprises:

KEUR	1 Jan. 2021 - 31 Dec. 2021	1 Jan. 2020 - 31 Dec. 2020
Short-term employee benefits	1,759	1,361
Share-based payment	1,052	2,928
Total	2,811	4,289

As at 31 December 2021, the Group has not made any pension commitments to members of the Board of Management or the Supervisory Board.

Furthermore, AUTO1 makes use of the exemption in Section 286 (4) HGB in conjunction with Section 314 (3) HGB.

14. Auditor's fee and services

The following table shows the fees for services provided by KPMG AG Wirtschaftsprüfungsgesellschaft, Germany, the Group auditor for the consolidated financial statements as at and for the financial year ended 31 December 2021:

KEUR	1 Jan. 2021 - 31 Dec. 2021	1 Jan. 2020 - 31 Dec. 2020
Audit services	522	654
Other assurance services	311	223
Tax advisory services	35	-
Other services	15	147
Total	883	1,024

The fee for the audits of the financial statements of KPMG AG Wirtschaftsprüfungsgesellschaft, Germany, related primarily to the audit of the consolidated financial statements and the annual financial statements of AUTO1 Group SE. Other assurance services relate to matters including the issuance of comfort letters and tax advisory services relating to transfer pricing. Other services were for advisory services in relation to enforcement cases.

15. Disclosures of interests

AUTO1 Group SE held direct or indirect interests in 60 companies on 31 December 2021. All companies were included in the consolidated financial statements by way of consolidation. The interests are shown in the overview of equity interests.

In addition, the list shows the subsidiaries that make use of the exemption options pursuant to Section 264 (3) HGB and Section 264b HGB. For these companies, the consolidated financial statements of AUTO1 Group SE are the exempting consolidated financial statements.

AUTO1 Group does not have any ownership interests in the structured entity AUTO1 Funding B.V., through which financing is provided exclusively as part of the ABS facility. However, based on the terms and conditions of the agreements on which the entity was established, the AUTO1 Group essentially receives all income from its activities and its net assets. AUTO1 Group can also direct the entity's activities that have a material effect on its income. Non-controlling interests are not recognised for reasons of materiality.

Name	Registered office	Total of direct and indirect shareholdings as at 31 Dec. 2021 in %	Total of direct and indirect shareholdings as at 31 Dec. 2020 in %
A1 Engineering LLC	Kiev, Ukraine	100.00	100.00
AGENZIA1 S.R.L.	Milan, Italy	100.00	100.00
AUTO1 Albania SPHK	Tirana, Albania	100.00	100.00
AUTO1 Danmark ApS	Copenhagen, Denmark	100.00	n.v.
AUTO1 European Auctions GmbH & Co. KG*	Berlin, Germany	100.00	100.00
AUTO1 European Auctions Verwaltungs GmbH	Berlin, Germany	100.00	100.00
AUTO1 European Cars B.V.	Amsterdam, Netherlands	100.00	100.00
AUTO1 FT Investment GmbH & Co. KG*	Berlin, Germany	100.00	100.00
AUTO1 FT Investment Verwaltungs GmbH	Berlin, Germany	100.00	100.00
AUTO1 FT MI GmbH & Co. KG*	Berlin, Germany	80.00	80.00**
AUTO1 FT PANAS GmbH & Co. KG*	Berlin, Germany	80.00	80.00**
AUTO1 FT Partners Verwaltungs GmbH	Berlin, Germany	100.00	100.00
AUTO1 Funding B.V.	Amsterdam, Netherlands	0.00	n.v.**
AUTO1 Global Services GmbH & Co. KG*	Berlin, Germany	100.00	100.00
AUTO1 Group Operations SE (vormals: AUTO1 Group AG)*	Berlin, Germany	100.00	100.00
AUTO1 IT Services GmbH & Co. KG*	Berlin, Germany	100.00	100.00
AUTO1 IT Services Verwaltungs GmbH	Berlin, Germany	100.00	100.00
AUTO1 Italia Commercio S.R.L.	Milan, Italy	100.00	100.00
AUTO1 Marketing Services GmbH & Co. KG*	Berlin, Germany	100.00	100.00
AUTO1 Operation Services GmbH & Co. KG*	Berlin, Germany	100.00	100.00
AUTO1 Operation Services Verwaltungs GmbH	Berlin, Germany	100.00	100.00
AUTO1 Polska Sp. z o.o.	Warsaw, Poland	100.00	100.00
AUTO1 Remarketing GmbH	Berlin, Germany	100.00	100.00
AUTO1 RS D.O.O.	Belgrade, Serbia	100.00	100.00
AUTO1 Sales Services GmbH & Co. KG*	Berlin, Germany	100.00	100.00

Name	Registered office	Total of direct and indirect shareholdings as at 31 Dec. 2021 in %	Total of direct and indirect shareholdings as at 31 Dec. 2020 in %
AUTO1 Sales Services Verwaltungs GmbH	Berlin, Germany	100.00	100.00
AUTO1 Tschechien s.r.o.	Prague, Czech Republic	100.00	100.00
AUTO1.com GmbH	Berlin, Germany	100.00	100.00
Autohero AB	Stockholm, Sweden	100.00	100.00
Autohero Belgium BVBA	Antwerp, Belgium	100.00	100.00
Autohero France SAS	Neuilly-sur-Seine, France	100.00	100.00
Autohero GmbH*	Berlin, Germany	100.00	100.00
Autohero Italia S.R.L.	Milan, Italy	100.00	100.00
Autohero Inc.	Delaware, USA	100.00	100.00
Autohero NL B.V.	Amsterdam, Netherlands	100.00	100.00
Autohero Österreich GmbH	Vienna, Austria	100.00	100.00
Autohero Plus Spain S.L.	Madrid, Spain	100.00	100.00
Autohero Poland Sp. z o.o.	Warsaw, Poland	100.00	100.00
Autohero Services GmbH & Co. KG*	Berlin, Germany	100.00	100.00
Autohero Services Verwaltungs GmbH	Berlin, Germany	100.00	100.00
Autowholesale Automotive Finland Oy	Tampere, Finland	100.00	100.00
GAB Service UG	Berlin, Germany	100.00	100.00
L&L Auto Info GmbH	Berlin, Germany	100.00	100.00
NOI COMPRIAMO AUTO.IT S.R.L.	Milan, Italy	100.00	100.00
VAMANCIA S.L.	Milan, Italy	100.00	100.00
VKDB Sverige AB	Stockholm, Sweden	100.00	100.00
WijkopenAutos B.V.	Amsterdam, Netherlands	100.00	89.87
wirkaufendeinauto.de GmbH	Berlin, Germany	100.00	100.00
WKA BENL Holding B.V.	Amsterdam, Netherlands	100.00	80.13**
WKA BVBA	Antwerp, Belgium	100.00	89.87
WKDA Automobile GmbH & Co. KG*	Berlin, Germany	100.00	100.00
WKDA Automotive SRL	Bucharest, Romania	100.00	100.00
WKDA Booking Services GmbH & Co. KG*	Berlin, Germany	100.00	100.00
WKDA Booking Services Verwaltungs GmbH	Berlin, Germany	100.00	100.00
WKDA Deutschland GmbH	Berlin, Germany	100.00	100.00
WKDA France S.A.S	Issy-les-Moulinaux, France	100.00	96.87**
WKDA FRSM UG	Berlin, Germany	100.00	84.35**
WKDA Österreich GmbH	Vienna, Austria	100.00	100.00
WKDA Portugal, Unipessoal Lda.	Carnaxide, Portugal	100.00	100.00

*Use made of exemption pursuant to Section 264 (3) of Section 264b HGB.

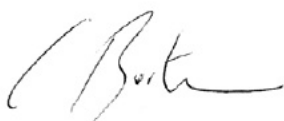
**Recognition of non-controlling interests waived due to their minor significance.

16. Events after the reporting period

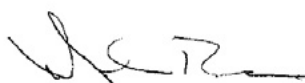
- On 15 March 2022, the securitisation line of the ABS facility was increased from EUR 485 million to EUR 1,000 million and an extension agreed to 2024. AUTO1 will use the extended financing framework to expand its already market-leading vehicle selection for dealers and private customers. As the main participants of the ABS facility, the senior note holders have doubled their financing commitment to EUR 800 million. During the increase and extension, AUTO1 also improved its securitisation conditions.
- The war which started in the Ukraine on 24 February 2022 can result in economic restrictions in many countries of Europe. This makes it possible to provide only a restricted reliable assessment of all consequences on the expected business performance at AUTO1. AUTO1 does not have any material business in the Ukraine and in Russia. As a result, there is no material impact on Group sales. However, software developers in the Ukraine work for AUTO1, so that it is possible that the war may result in delays to internal software development.

Berlin, 22 March 2022

AUTO1 Group SE



Christian Bertermann
CEO

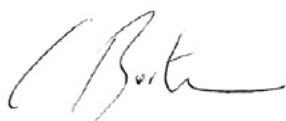


Markus Boser
CFO

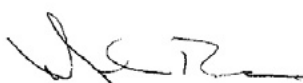
Responsibility Statement

We hereby confirm that, to the best of our knowledge and in accordance with the applicable 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 management report includes a fair review of the group's business development including its performance and financial position, and also describes significant opportunities and risks relating to the group's anticipated development.

Berlin, 22 March 2022
 AUTO1 Group SE



Christian Bertermann
 CEO



Markus Boser
 CFO

Independent Auditor's Report

To AUTO1 Group SE, Munich

Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

Opinions

We have audited the consolidated financial statements of AUTO1 Group SE, Munich, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of the Company and the Group (combined management report) of AUTO1 Group SE for the financial year from 1 January to 31 December 2021.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the „Other Information“ section of our auditor's 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 Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2021, and of its financial performance for the financial year from 1 January to 31 December 2021, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined 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

opinion on the combined management report does not cover the content of those components of the combined management report specified in the „Other Information“ section of the auditor's report.

Pursuant to Section 322 (3) 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 combined management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as „EU Audit Regulation“) and 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 Combined 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)(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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Amount and recoverability of inventories

Please refer to Section 4.7 in the notes to the consolidated financial statements for information on the accounting policies applied. In addition, please refer to Note 6.5 on the impairment of inventories.

The financial statement risk

In the consolidated statement of financial position as at 31 December 2021, used vehicles with a value amounting to EUR 584 million are recognised under inventories; for the most part this inventory is impaired by EUR 13 million in the current financial year.

The used vehicles are located at a large number of storage locations throughout Europe. In addition to the locations operated by AUTO1, a significant proportion of inventories are attributable to third-party storage locations. Used vehicles are recognised and updated using an IT system developed in-house by AUTO1, which is subject to constant expansion due to the significant growth of the Group. As at the reporting date, the Company conducts physical inventory taking and – in the case of third-party storage – performs a check against the inventory reports of logistics providers.

Due to the complex inventory management, the individually customised IT system, the high inventory turnover, as well as the time-consuming inventory process, there is the risk for the consolidated financial statements that the inventory of used vehicles is not determined in the correct amount.

Inventories initially measured at cost (taking into account incidental acquisition costs and reductions in the cost of acquisition) must be reduced in value if their expected net realisable values no longer cover cost. The determination of the net realisable values is subject to judgement. Net realisable value requires in part forward-looking estimates with regard to potentially achievable margins, where applicable inclusive of the costs for vehicle preparation. The historical determination of expected margins is based on factors such as days in inventory, purchase price, country of purchase and the type of fuel used.

There is the risk for the consolidated financial statements that the used vehicles are overstated due to unidentified write-down requirements.

Our audit approach

Based on our understanding of the process, we assessed the establishment, design and, for the locations operated by AUTO1, the operating effectiveness of the internal controls identified with regard to the used vehicle inventory. We also attended the Company's taking of inventory at randomly chosen locations and confirmed the accurate recording and the condition of the existing inventories using samples selected on a random basis.

Furthermore, we obtained third-party confirmations for all inventories stored at third parties.

We reconciled the transfer of the volumes counted from the count lists or the reported volumes from thirdparty confirmations into the inventory system for our inventory sampling as well as all reports from third-party confirmations. In addition, we analysed the significant deviations between the volumes measured and reported and the volumes according to the inventory system.

Based on our understanding of the process, we assessed the establishment and design of the internal controls identified with regard to the valuation of the used vehicle inventory.

We evaluated the cost of the vehicle inventory using a representative selected sample by reconciling the recognised costs with the underlying purchase agreements and outgoing payments.

We assessed the selling prices used to determine the net realisable value based on the selling prices realised immediately after the reporting date. In addition, on the basis of the Company's past experience, we assessed whether the write-downs recorded are appropriate. Furthermore, we confirmed the accuracy of the forecasts for the estimated write-downs by comparing the estimated margins of previous financial years with the margins actually realised and by analysing deviations.

We verified the computational accuracy of the calculations to determine net realisable value and the need for write-down based on a sample of used vehicles selected according to risk.

Our observations

The approach for recognising existing used vehicle inventories is appropriate.

The determination of net realisable values is appropriate.

Revenue recognition

Please refer to Section 4.14 in the notes to the consolidated financial statements for information on the accounting policies applied.

The financial statement risk

The Group's revenue amounted to EUR 4,775 million in financial year 2021 and is generated in the Merchant and Retail segments. Revenue is one of the Group's most important indicators of target achievement and additionally forms a significant basis for decisions for the users of financial statements.

Revenue in the Merchant segment especially resulted from the sale of used vehicles to dealers by way of online auctions and from the associated fees. Used vehicles were either purchased from private sellers through the Group's network of branches or from commercial car dealerships. Revenue in the Retail segment especially resulted from online sales of higher-end used vehicles to private customers.

The recording and revenue recognition cut-off for used vehicles sold online is carried out by using IT systems that are specially tailored to revenue recognition. The Group's significant growth requires the constant expansion of its IT systems in order to cope with rising complexity and size. Adjustments made in the IT systems and the resulting manual subsequent work have a direct impact on the overall process of revenue recognition.

There is the risk for the consolidated financial statements that revenue is recognised without underlying goods or services.

Our audit approach

In order to test the existence of revenue, we evaluated the design and setup of internal controls relating to IT systems relevant for revenue recognition.

We evaluated the correct point in time and the amount of revenue recognised by reconciling invoices with data recorded in the system, external delivery records or incoming payments for a selected sample of sales transactions for the relevant financial year based on a statistical procedure. In addition, using internal data analysis tools, we analysed the development of revenue during the course of the year as well as the underlying entry patterns and those responsible for the accounting entries. In the process, we also investigated whether the corresponding cost of materials was recorded for each revenue entry for used vehicle sales.

Our observations

The Group's approach for recognizing revenue is appropriate.

Other Information

Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- the separate combined non-financial report of the Company and the Group referred to in the combined management report, but which will probably not be provided to us until after the date of this audit opinion and

- the combined corporate governance statement for the Company and the Group referred to in the combined management report.
- The other information also includes the remaining parts of the annual report that are expected to be made available after this date.

The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

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

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

Management is responsible for the preparation of 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 Section 315e (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, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is 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, management is responsible for the preparation of the combined 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, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined 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 combined 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 combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined 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 combined 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 opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 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 combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined 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 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 combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's 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 combined management report or, if such disclosures are inadequate, to modify our respective 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 Section 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined 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 management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management 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 opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

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

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the „ESEF documents“) contained in the electronic file “AUTO1 Group SE Konzernabschluss 2021. zip” (SHA256 hash value: ce945e146779bfab6b3428c227c-5f0e2e67dd87c8c5a657bca0f0fd3e437f23b) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (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 combined management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 1 January to 31 December 2021 contained in the „Report on the Audit of the Consolidated Financial Statements and the Combined 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 file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file made available and identified above in accordance with Section 317 (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 Section 317 (3a) HGB (IDW AsS 410 (10.2021)). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's management is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, 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 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 file made available containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, 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 the audited combined 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, as amended as at the reporting date, 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 at the Annual General Meeting on 14 January 2021. We were engaged by the Chairperson of the Supervisory Board on 24 January 2022. We have been the group auditor of AUTO1 Group SE, a publicly traded company, without interruption since financial year 2021.

We declare that the 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).

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 combined management report as well as the examined ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format – including the versions to be published in the German Federal Gazette [Bundesanzeiger] – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place.

In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Björn Knorr.

Berlin, 22 March 2022

KPMG AG

Wirtschaftsprüfungsgesellschaft

Jessen

Wirtschaftsprüfer

Knorr

Wirtschaftsprüfer

05

SERVICE



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Glossary

ABS

Abbreviation for „Asset-Backed-Securitization“ facility.

Adjusted EBITDA

EBITDA adjusted for separately disclosed items including non-operating effects, which comprise (i) share-based payments, (ii) expenses for strategic projects, (iii) capital restructuring, (iv) correction of payables and (v) other non-operating expenses.

ASP

Abbreviation for „Average Selling Price“, defined as revenue for the period divided by the number of cars sold.

AUTO1 Group SE

The Company, together with its consolidated subsidiaries.

Autohero

Retail sales channel of the AUTO1 Group to sell used cars to private customers.

C2B

Abbreviation for the purchase channel of the AUTO1 Group, which stands for the procurement of used cars from private individuals via “we buy your car” and corresponding brands in all purchase countries.

EUR

The single European currency adopted by certain participating member states of the European Union, including Germany.

GPU

Gross profit per unit, defined as gross profit divided by units sold in a respective period.

Gross Profit (GP)

Defined as Revenue less cost of materials.

Merchant

Wholesale sales channel of the AUTO1 Group to sell used cars to dealers.

Remarketing

Name for the purchase channel of the AUTO1 Group, which stands for the procurement of used cars from the dealer side.

Retail

See Autohero.

Financial Calendar

2022

April 13	Publication of Q1 2022 Unit Sales and Purchases
May 11	Publication quarterly statement (call-date Q1)
June 9	Annual General Meeting, Online
July 12	Publication of Q2 2022 Unit Sales and Purchases
August 3	Press Release - half-yearly financial report
September 14	Publication half-yearly financial report
October 12	Publication of Q3 2022 Unit Sales and Purchases
November 2	Press Release - quarterly statement (call-date Q3)

Contact

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