

ANNUAL REPORT

2022

Financial Overview

Summary of Key Figures

<i>Group</i>	FY 2021	FY 2022	Change FY YoY
Units Sold (#)	596,731	649,709	8.9%
Revenue (in million EUR)	4,775	6,534.1	36.8%
ASP (EUR)	8,002	10,057	25.7%
Gross profit (in million EUR)	430.9	488.2	13.3%
GPU (EUR)	722	746	3.3%
Adjusted EBITDA (in million EUR)	(107.1)	(165.6)	(54.6%)

Segment Key Figures

<i>Merchant</i>	FY 2021	FY 2022	Change FY YoY
Units Sold (#)	555,351	585,545	5.4%
<i>thereof C2B</i>	481,190	497,254	3.3%
<i>thereof Remarketing</i>	74,161	88,291	19.1%
Revenue (in million EUR)	4,196	5,477.6	30.5%
<i>thereof C2B</i>	3,544.8	4,599.2	29.7%
<i>thereof Remarketing</i>	651.2	878.4	34.9%
ASP (EUR)	7,556	9,355	23.8%
Gross profit (in million EUR)	415.9	418	0.5%
GPU (EUR)	749	714	(4.7%)

<i>Retail</i>	FY 2021	FY 2022	Change FY YoY
Units Sold (#)	41,380	64,164	55.1%
Revenue (in million EUR)	579	1,056.5	82.5%
ASP (EUR)	13,992	16,466	17.7%
Gross profit (in million EUR)	15	70.2	369.1%
GPU (EUR)	362	1,039	187.2%

Differences may exist due to rounding.



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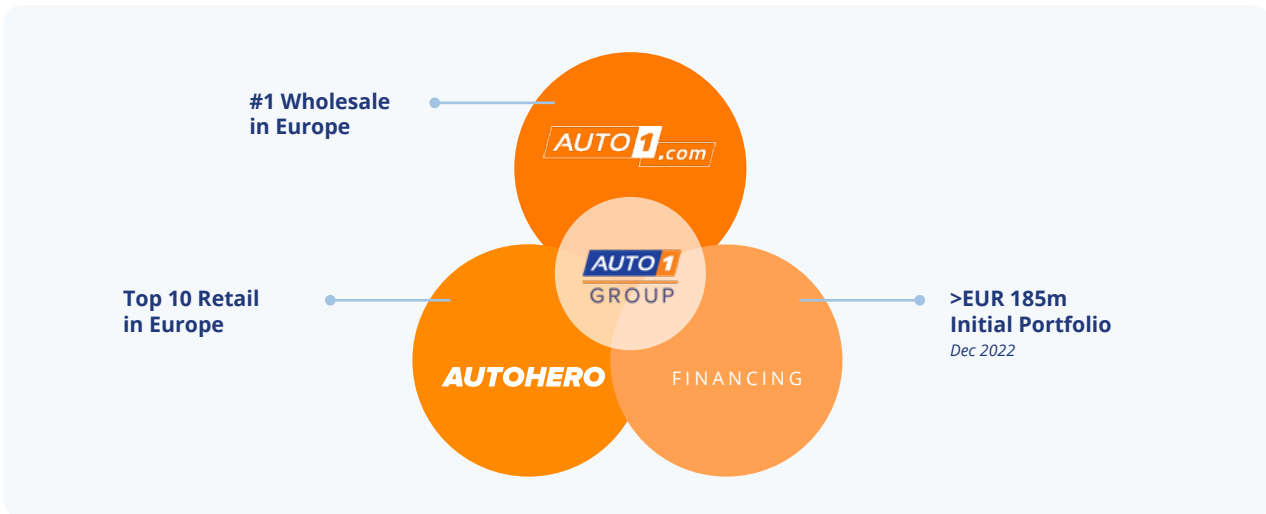
Building the Best Way to Buy and Sell Cars Online



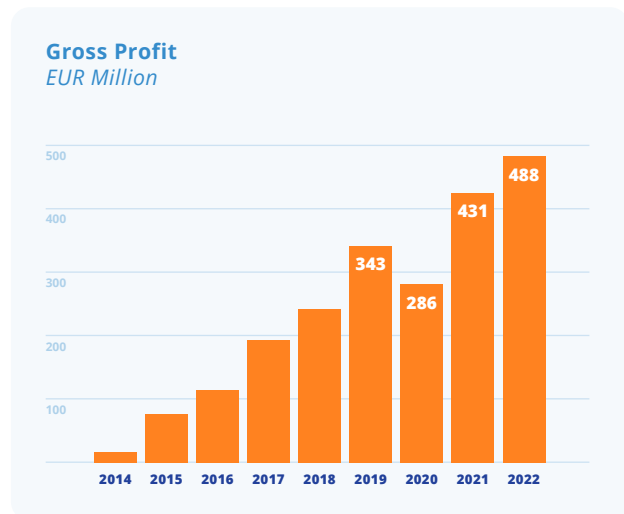
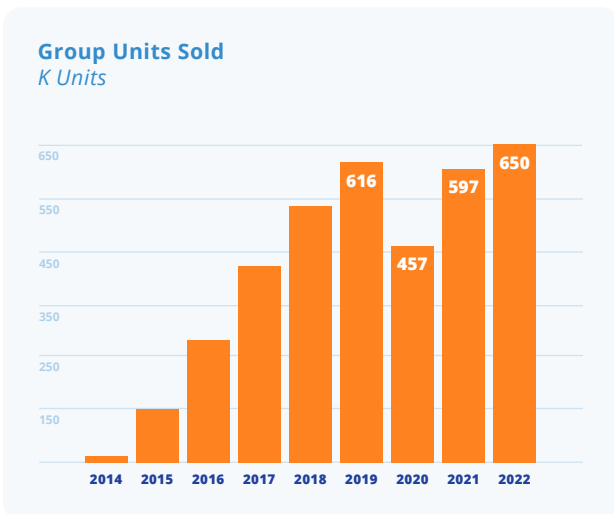
AUTO1 Group is focused on building the leading used car business across Europe. We are a business led by founders with an entrepreneurial spirit, longstanding industry experience, the proven ability to scale, and a lasting commitment to our mission.



• **AUTO1 is Europe's Used Car Powerhouse**



• **2022 was our Highest Unit and Gross Profit Year**



• **2023 Focus is on Platform Profitability, With Accelerated Growth Planned After Achieving Improved Operational Leverage**





SHAREHOLDER LETTER

Dear Shareholders,

In August of last year, we celebrated our 10th anniversary. The first 10 years of our journey were exceptional in many ways: we created a platform that has changed the way our market operates, providing our customer base of consumers and dealers with great value. We launched products on our platform with the constant aim to create exceptional experiences. By today, they have served millions of customers. And we assembled a team of outstanding talent, propelling us from zero to market leader by applying their smartness, dedication, and determination for success every single day.

I could not be prouder of what our team has achieved over the last decade. And I could not be more excited about the next 10 years of our journey. Although we have been growing our business massively since 2012, it still feels like we just started.

A Review of 2022

Last year was remarkable for us. If we take an outside/market view, the year started strong, continuing its momentum from Q4 2021. Used car prices continued to climb and it looked like the market was set for further growth. This trend lasted for 51 days only, exactly until the start of the Ukraine war generated a high amount of uncertainty for our customers pretty much overnight. At the same time, inflation pressure for Europeans continued to increase from an already high level, reducing their purchasing power. Potential buyers started to delay their purchase decisions, in part due to high uncertainty combined with further increased prices - and in part because the car they own had now become a value-appreciating asset. Never in the history of this 100+ year old market had used cars gained in value. Many Europeans decided to keep their car as a hedge against inflation.

Lack of supply meant that used car prices continued to move up gradually over the course of the year, exacerbating the effects described: Higher prices were leading to decreasing demand over the course of the year until something astonishing happened in Q4: Prices suddenly dropped. While we had been expecting a gradual price decline, instead we were faced with a fast drop, erasing the used car price increases of more than one year within a couple of weeks.

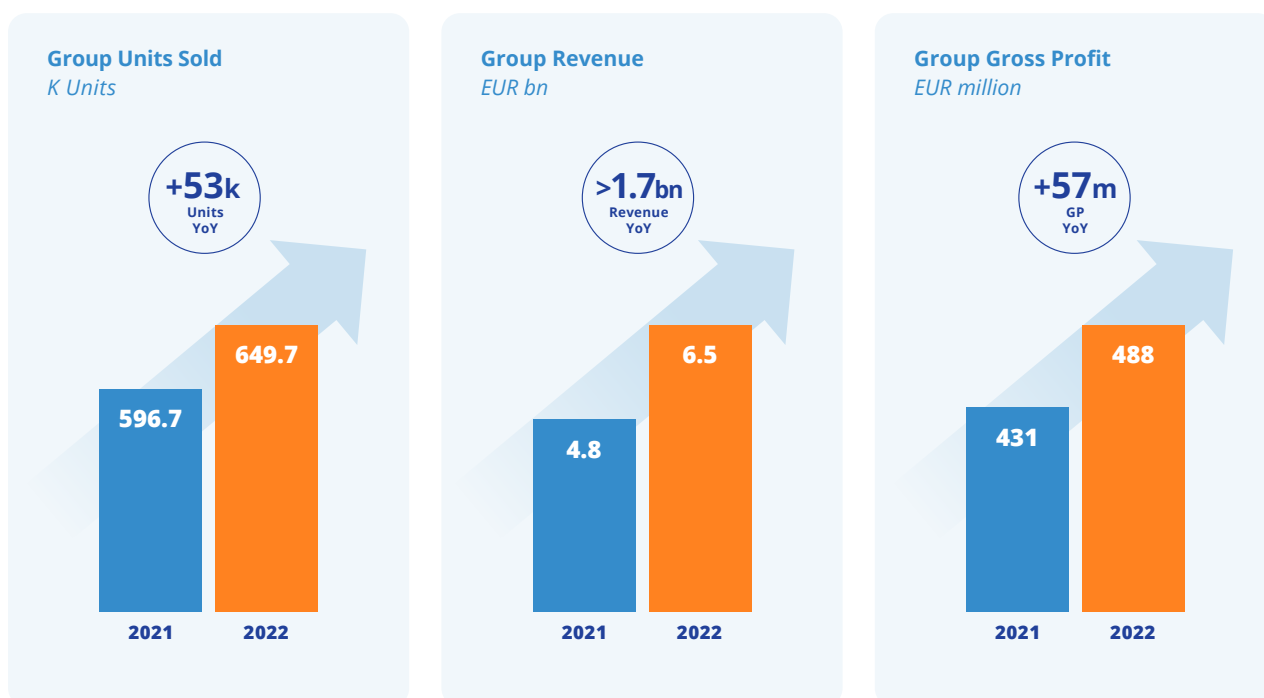
On top of the highly volatile price environment throughout the last year, the transport market for cars suffered from supply shortages. Capacities had been reduced as a consequence of lower new car sales during the pandemic, which meant infrastructure, trucks and drivers were let go. A sudden catch-up of new car vehicle deliveries in Q4 led to a full blown crisis in the transport market: Spot-prices for immediate capacity increased in some cases fourfold from where they had been, leading manufacturers to block capacities exclusively for themselves.

Nonetheless: We just love challenges and solving complex problems; it's part of everybody's DNA at AUTO1. The above mentioned extraordinary developments led the European used car market to shrink well below its 2016 volume with just 26.1 million transactions. But the way our team dealt with the challenges and unprecedented volatility earns them my highest respect.

The complex environment has not changed our strategic goals. We dealt with the market situation around us while continuing to execute our plans with full determination. We made reaching profitability on an adjusted EBITDA base a key goal by the start of Q3 last year while continuing to lay the foundation for accelerated growth in the years to come.

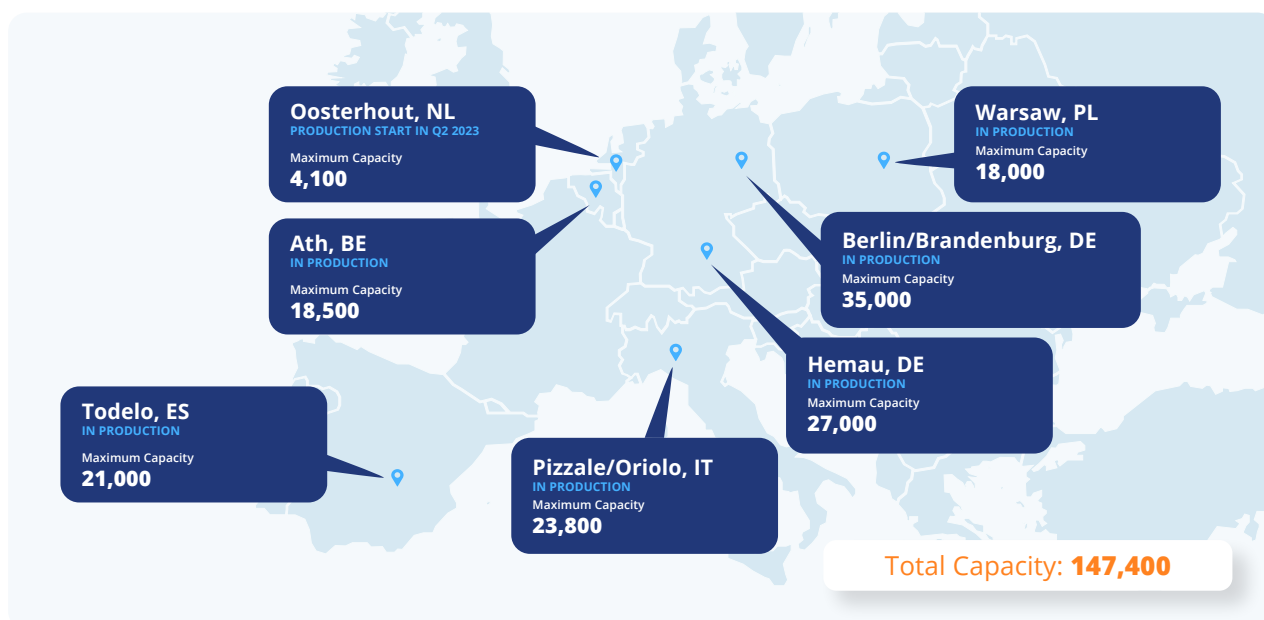
Our customer-centric strategy and the ground-breaking platform we built helped us navigate 2022 well:

- Market Share grew to 2.5% of all European Used Cars sold, up 19% year over year
- Total Revenue grew to EUR 6.534 Billion, up 37% year over year
- Retail Revenue crossed the EUR 1 Billion mark, growing 83% year over year
- Total Gross Profit grew to EUR 488 Million, up 13% year over year
- Retail Gross Profit grew to EUR 70.2 Million, up 369% year over year
- Retail Units Sold grew to 64,164, up 55% year over year
- Both Q3 and Q4 adj. EBITDA show each more than EUR 10 Million improvement in profitability versus Q1 and Q2
- Retail Marketing Cost per Unit reduced to EUR 900 in Q4, down 68% year over year
- NPS grew to 70, up 9 points year over year



We continued to make bold investments in all areas:

- We expanded our internal production capacity by 57,000 to 147,400 maximum units per annum with the addition of our production centers in Italy, Belgium, Germany and the Netherlands
- We grew the share of cars refurbished internally from 6% in January to 54% in December
- We increased the number of Autohero Retail trucks on the road by 86% to 164 to best serve our quickly growing number of Retail customers
- Brand awareness for Autohero grew to 20% of all Europeans 18-64 in our Retail markets, up 66% year over year
- Brand awareness for our Sell-Only Brands increased to 44% of all Europeans 18-64 in our Sell-Only markets, up 10% year over year
- Autopricing-Share increased to 83% for Sell-Only, up 38% year over year
- Our consumer financing portfolio in Germany and Austria grew to EUR 185 Million, up 277% year over year



2023 and beyond

We could not be more excited about our business in 2023. The full team is extremely motivated and hardworking to make this year another success. This year, we will concentrate on increasing our stock turns across all business units, as higher turns will lead to more growth and satisfied customers. We will start to expand our Sell-Only Networks with the aim to make our product even more convenient. We will work hard to increase Seller-Success in Remarketing, transforming our offering into the marketplace with the best possible experience. And we will continue our journey of reducing Retail unit costs fueled by increasing adoption of our offering while delivering the best possible experience.

We believe that, by now, we have all the building blocks in place to transition the used car market to online sales at a fast pace, pulling more and more transactions onto our platform by providing our customers with constant great value. The launch, scaling and success of our retail offering under the Autohero-Brand was an important latest addition to our product strategy, as it enables us to sell to end consumers directly. Together with our Sell-Only-, Remarketing and AUTO1.com Wholesale-offering we believe we have now completed a powerful trade system that is able to generate strong network effects and high market share growth.

The combination of those four products on one single platform makes each of them stronger in a variety of ways: Each product contributes pricing and sales data into our central Autopricing-Algorithms, increasing their precision and coverage steadily. Remarketing-Sellers may now benefit from the increased price levels for Retail cars, for example, while Retail and Remarketing volumes increase the utilization of our European Logistics network, leading to lower transport prices. Retail customers can benefit from great trade-in prices because of our large Sell-Only Business. These are just a few of our platform network effects.

Why should you be excited about this as a shareholder of AUTO1 Group?

Because you are owning a share of a **unique platform** that has the power to transform one of the largest markets in the world. We are convinced that we will multiply our market share in the years to come, because of the value that we generate for our customers, our constant commitment to innovation and the highly talented team that runs our platform. I still remember how one investor years ago was astonished by the huge size of our market and its poor experiences. He told me: "You will never run out of market, you will rather run out of energy." I looked at him, smiled and replied: "We won't run out of energy."

I would like to thank all our customers for their business and trust in us, our team for all the hard work they put in, and our shareholders for their continued support.

Christian Bertermann

Co-Founder and Chief Executive Officer
AUTO1 Group SE

02 SUPERVISORY BOARD REPORT



Dear Shareholders,

In the financial year 2022, 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 provides information on the work of the Supervisory Board in the financial year 2022.

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 makes use of a reporting system designed according to its specifications; in addition, 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 seven meetings in the financial year 2022. Five of the seven meetings were held in presence at the Company's premises at Bergmannstraße 72, 10961 Berlin. The other two of the seven meetings were hybrid meetings, i.e. the meeting was held in presence at the aforementioned premises, while individual members of the Supervisory Board were dialed in via video conference ("Hybrid Meeting"). The legally prescribed cycle of two meetings per calendar half-year was observed. In addition, the Supervisory Board adopted 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	Total	Comment
Dr. Gerhard Cromme	7/7	-
Hakan Koç	7/7	-
Gerd Häusler	7/7	-
Sylvie Mutschler von Specht	6/7	excused in the meeting dated 08.02.2022
Andrin Bachmann	4/4	until 09.06.2022
Vassilia (Nelly) Kennedy	3/3	since 09.06.2022 (until 13.01.2023)
Lars Santelmann	2/2	since 20.07.2022

In the financial year 2022, the Management Board of the Company reported regularly, promptly and comprehensively to the Supervisory Board, both in regular meetings and, as required, outside of 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 economic development of the Company, 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 Supervisory Board discussed in detail all significant business transactions and major decisions for the financial year 2022.

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

With regard to measures that were to be submitted to the Supervisory Board by the Management Board for approval, the Management Board provided the necessary information for the Supervisory Board's decision-making process in good time.

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

Dealing with Conflicts of Interest

To the extent legal transactions to which a Supervisory Board member was a party were the subject of discussion or resolution in the year under review, the Supervisory Board member concerned neither participated in the respective discussion nor in the respective vote.

Focal Points of the Work of the Supervisory Board

The Supervisory Board met a total of seven times in the financial year 2022: on 8 February, 21 March, 4 April, 8 June, 9 June, 13 September and 1 November.

At the Supervisory Board meeting in February, the preliminary financial statements for 2021 and the budget for 2022 were discussed. It was also decided to propose to the Annual General Meeting 2022 that Lars Santelmann be elected as a new member of the Supervisory Board. The ESG reporting was also discussed.

After the Audit Committee dealt in detail with the audit quality of the Company's auditor of the annual financial statements and consolidated financial statements at its meeting in March, the Supervisory Board resolved at its meeting in March – at the proposal of the Audit Committee – to propose to the Annual General Meeting 2022 that KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin branch, be appointed as the Company's auditor of the annual financial statements and consolidated financial statements for the financial year 2022. A further topic discussed at the Supervisory Board meeting in March was the long-term planning of the AUTO1 Group.

In April 2022, the Supervisory Board approved and adopted the annual and consolidated financial statements for the financial year 2022 and the combined management report. The April meeting also dealt with preparations for the Annual General Meeting 2022. In particular, the Supervisory Board resolved to propose to the Annual General Meeting 2022 that Vassilia (Nelly) Kennedy be elected as member of the Supervisory Board and that the articles of association of the Company be amended, in particular in order to increase the number of Supervisory Board members from five to six.

In the June 2022 meetings, the Management Board presented an overview of the current business development of the AUTO1 Group and gave a strategy update, in particular with regard to the targeted profitability of the AUTO1 Group. Furthermore, the new members of the Supervisory Board Vassilia (Nelly) Kennedy as well as Lars Santelmann were introduced by the Chairman of the Supervisory Board and an amendment to the rules of procedure of the Supervisory Board was resolved for the purpose of forming an ESG Committee and a Marketing and Branding Committee.

The meeting in September focused, in particular, on reporting by the Management Board on the key financial figures for the 2nd quarter of the year. The Supervisory Board also dealt with financing issues, in particular, approving the extension of the availability period for the inventory asset-backed securitisation to February 2025 and the increase of the consumer loan asset-backed securitisation. The meeting also dealt with the Supervisory Board's self-assessment recommended under the German Corporate Governance Code.

In the last meeting of the year on 1 November, the Management Board reported on the key financial figures for the 3rd quarter, gave an update on the business development in October and discussed the budget for 2023. The meeting also focused on strategic developments of the AUTO1 Group.

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 the accounting and accounting process, the audit of the financial statements and the quarterly reports, but also with the internal control system and risk management, as well as the establishment and ongoing work of the internal audit department. It also prepares Supervisory Board decisions on these topics and performs its other duties as required by law and set out 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 (until 9 June 2022) and Lars Santelmann (since 20 July 2022). The committee held seven meetings in the financial year 2022. Five of the seven meetings of the Audit Committee were held in presence at the Company's premises at Bergmannstraße 72, 10961 Berlin; two of the seven meetings were held as Hybrid Meetings. All members of the Audit Committee were present at all meetings. The meetings of the Audit Committee on 7 February, 21 March and 12 September were also attended by representatives of the Company's and Group's auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin branch.

Presidential and Nomination Committee

The Presidential and Nomination Committee ("Presidential Committee") was formed in the run-up to the IPO in January 2021 and consists of the 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 four times in the financial year 2022. The meetings of the Presidential Committee were held in presence at the Company's premises at Bergmannstraße 72, 10961 Berlin. All members of the Presidential Committee were present at all meetings.

ESG Committee

The Supervisory Board has formed an ESG Committee on 9 June 2022. This committee deals, in particular, with the monitoring of environmental, social and governance issues ("ESG Matters"), the measures taken by the Company to implement ESG Matters and the establishment of a monitoring system for ESG Matters. Upon request, it also provides support to the Audit Committee, in particular with regard to reporting on ESG Matters.

The ESG Committee consists of the three members Lars Santelmann (Chairman of the ESG Committee), Hakan Koç and Sylvie Mutschler von Specht. The Committee met once in the financial year 2022. This meeting was held in presence at the Company's premises at Bergmannstraße 72, 10961 Berlin. The meeting was attended by all members of the ESG Committee with the exception of Hakan Koç (excused).

Marketing and Branding Committee

Furthermore, the Supervisory Board has formed a Marketing and Branding Committee ("Brand Committee") on 9 June 2022. This committee is responsible for monitoring the areas of marketing, branding, product placement, advertising and external appearance ("Marketing Matters") as well as measures for the implementation of Marketing Matters.

The Brand Committee consists of the three members Vassilia (Nelly) Kennedy (until 13 January 2023) (Chairwoman of the Brand Committee), Hakan Koç and Sylvie Mutschler von Specht. In the financial year 2022, the Committee met once in presence at the Company's premises at Bergmannstraße 72, 10961 Berlin, with all members of the Brand Committee attending the meeting.

Audit of the Annual and Consolidated Financial Statements for the Financial Year 2022

At the proposal of the Supervisory Board, on 9 June 2022, the Annual General Meeting appointed KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin branch, as auditor of the Company's financial statements and consolidated financial statements for the financial year 2022.

KPMG AG Wirtschaftsprüfungsgesellschaft audited the annual financial statements of AUTO1 Group SE and the consolidated financial statements as well as the combined management report for the financial year 2022 and issued an unqualified audit opinion in each case. The aforementioned documents were made available to all members of the Supervisory Board in good time and were discussed in detail at the meetings of the Audit Committee on 14 and 28 March 2023, and at the meeting of the Supervisory Board on 28 March 2023. The auditor attended the meetings of the Audit Committee on 14 and 28 March 2023, and the meeting of the Supervisory Board on 28 March 2023, 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 review, the Supervisory Board came to the conclusion that the annual financial statements and consolidated financial statements as of 31 December 2022, and the combined management report for the financial year 2022 did not give rise to any objections and agreed with the results of the auditor's examination.

By resolution dated 28 March 2023, the Supervisory Board approved the annual and consolidated financial statements of AUTO1 Group SE as of 31 December 2022 and the combined management report. The annual financial statements of AUTO1 Group SE for the financial year 2022 are thus adopted.

Corporate Governance and Declaration of Compliance

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

In February 2023, the Management Board and Supervisory Board issued the declaration of compliance pursuant to Section 161 of the German Stock Corporation Act (*AktG*) and made it available 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 complied with the recommendations of the German Corporate Governance Code ("GCGC") in the version dated 16 December 2019 since the last declaration of compliance was issued in February/March 2022. Furthermore, AUTO1 Group SE will comply with the recommendations of the GCGC in the version dated 28 April 2022 in the future, with the exception of the few deviations explained in the declaration.

Training and Professional Development

The members of the Supervisory Board take responsibility for the training measures required to fulfill their duties and are supported in this by the Company. For specific training purposes, the Company offers internal training measures as required.

For the purpose of introduction to the Supervisory Board (onboarding), new members of the Supervisory Board exchange views with the Management Board and with executives of the AUTO1 Group on general and current topics relating to the Supervisory Board mandate. Both Vassilia (Nelly) Kennedy and Lars Santelmann exchanged views with the Company's Management Board and the General Counsel of the AUTO1 Group during their onboarding; in particular, upcoming meetings of the Supervisory Board and its committees or their basic procedures as well as the structure of the AUTO1 Group were discussed.

Composition of the Supervisory Board and the Management Board

The following persons were members of the Company's Supervisory Board in the financial year 2022: Dr. Gerhard Cromme, Hakan Koç, Gerd Häusler, Sylvie Mutschler von Specht, Andrin Bachmann (until 9 June 2022), Vassilia (Nelly) Kennedy (since 9 June 2022 and until 13 January 2023) and Lars Santelmann (since 20 July 2022). A table showing the members of the Supervisory Board with their respective terms of office and the composition of the committees for the financial year 2022 is attached to this report.

Andrin Bachmann has resigned as a member of the Supervisory Board with effect from 9 June 2022.

At the Company's Annual General Meeting on 9 June 2022, Vassilia (Nelly) Kennedy was elected to the Supervisory Board to succeed Andrin Bachmann, and Lars Santelmann was elected as a new member of the Supervisory Board.

In the financial year 2022, the Management Board of AUTO1 Group SE consisted of the two members Christian Bertermann and Markus Boser.

Expression of Thanks by the Supervisory Board

The Supervisory Board would like to thank the members of the Management Board and all employees of the Group for their successful work and personal commitment in the financial year 2022, which will continue the success story of the AUTO1 Group.

Berlin, March 2023
For the Supervisory Board

Dr. Gerhard Cromme
Chairman of the Supervisory Board

Members of the Supervisory Board, the Audit Committee, the Presidential Committee, the ESG Committee and the Brand Committee in the financial year 2022

Name, Function	Profession	Member since	Elected until
Dr. Gerhard Cromme, Chairman	Supervisory Board member	2018	2024
Hakan Koç, Ordinary Member <i>until 09.06.2022, Vice-Chairman</i> <i>since 09.06.2022</i>	Entrepreneur	2020	2024
Gerd Häusler, Member	Businessman	2018	2024
Sylvie Mutschler von Specht, Member	Entrepreneur	2021	2024
Andrin Bachmann, Member and Vice-Chairman <i>until 09.06.2022</i>	Venture Capitalist	2018	2024
Vassilia (Nelly) Kennedy, Member <i>since 09.06.2022 until 13.01.2023</i>	Entrepreneur	since 09.06.2022	2026
Lars Santelmann, Member	Entrepreneur	since 20.07.2022	2026

*Audit and Risk Committee
(Audit Committee)*

Name, Position

Gerd Häusler, Chairman
Dr. Gerhard Cromme, Member
Andrin Bachmann, Member <i>(until 09.06.2022)</i>
Lars Santelmann, Member <i>(since 20.07.2022)</i>

*Presidential and Nomination Committee
(Presidential Committee)*

Name, Position

Dr. Gerhard Cromme, Chairman
Gerd Häusler, Member
Hakan Koç, Member

*ESG Committee
(ESG Committee)*

Name, Position

Lars Santelmann, Chairman
Hakan Koç, Member
Sylvie Mutschler von Specht, Member

*Marketing- and Branding Committee
(Brand Committee)*

Name, Position

Vassilia (Nelly) Kennedy, Chairwoman
Hakan Koç, Member
Sylvie Mutschler von Specht, Member



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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 around 650,000 used cars sold in 2022, we are one of Europe's leading partners for buying and selling used cars.

Revenue generated from used cars, including business-to-business (B2B), amounted to approx. EUR 600 billion in Europe. However, the online share of this market is still in very early stages of development. We firmly believe that this constitutes a very strong market opportunity for us.

Our leading market position in the European used car market is due to our broad purchasing channels, which allowed us to purchase an average of more than 2,100 used cars per working day in 2022. Through our consumer brands such as "wirkaufendeinauto.de", we offer consumers an online platform to sell their used cars to AUTO1 in nine European countries. 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 85,000 commercial dealers in Europe through online auctions. Under our trademark "Autohero", we have created a service 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, inventory 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 set us apart from our competitors:

- our leading market position with a high volume and great variety in purchasing and sales and
- the growing awareness of our brand in Europe and the unique customer experience we offer, both when buying from 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;
- to continue to expand the Merchant segment and increase our market share, and
- to focus on profitability in 2023, resulting in accelerated growth and improved profitability per unit.

c. Group Structure

AUTO1 Group SE is the Parent Company of the AUTO1 Group, which comprised 67 directly or indirectly controlled and fully consolidated subsidiaries as at the reporting date. The consolidated group comprises two financing companies, AUTO1 Funding B.V. and Autohero Funding 1 B.V. For further information, please refer to Note 15 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 two asset-backed securitisation (ABS) programmes via our financing companies.

As at the reporting date, we have issued debt securities as part of the inventory ABS facility in the amount of EUR 455 million, which were secured by the used car inventory and did not allow any further recourse to the Group. To simplify our pan-European business activities and financing, all vehicles are purchased via our subsidiaries AUTO1 European Cars B.V. and Auto1 Italia Commercio S.R.L.

Furthermore, in order to facilitate the further development of the instalment purchase product for Autohero customers in Germany and Austria, instalment purchase receivables have been refinanced via our second financing company since financial year 2022. As at the reporting date, we have refinanced receivables from instalment purchases in the total amount of EUR 186 million (of which EUR 152 million relates to non-current receivables) through the issuance of debt instruments as part of the consumer loan ABS facility in the amount of EUR 176 million.

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 as a result enabled us to significantly strengthen our equity base. Also in view of the liquidity outflows in the years 2021 and 2022, the Group has cash of EUR 542 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 separated. This is because in some areas they require different technologies (use of different sales platforms) and marketing strategies. Both segments purchase vehicles from both of the Group's procurement channels. The procurement channels encompass the purchase of vehicles from private individuals (C2B channel) and from commercial dealers (Remarketing channel) in the context of remarketing.

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 the Merchant business is differentiated based on how the vehicles are procured. All cars purchased by private individuals through the Group's network 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 procurement 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, but in some cases through Remarketing.

e. Management Systems

The key financial and non-financial indicators used for managing business activities are revenue, number of vehicles sold, 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 projects, (iii) expenses for the establishment of a capital structure and (iv) other non-operating expenses. Other non-operating expenses comprise consulting expenses in connection with financing, expenses for defined litigation and other non-operating expenses, such as settlement payments.

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 over 60 countries (of whom approx. 72% are software engineers) work at 17 locations on cross-platform innovations and on ensuring a smooth process.

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 of AUTO1's corporate functions via our tech platform. Examples of these functions are shown below:

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

In 2022, technology expenses amounted to KEUR 51,963, which included salaries for several hundred IT developers and software engineers as well as IT expenses. No significant amounts of expenditure in our technology platforms have been capitalised to date.

Economic Report

General Economic Conditions

As a result of the Ukraine war, the global economy suffered a sharp downturn in financial year 2022 and recorded growth of only 3.4%, after having been able to benefit from the easing of coronavirus measures in many countries in the prior year.¹

At 3.5%, growth in the eurozone was somewhat higher than the global average, while the German economy grew by a mere 1.9% in 2022. This was primarily due to the fact that Germany, in contrast to other EU countries, was especially hard hit by the high energy prices. The surprisingly above-average growth in the eurozone was due to the pent-up demand of many private households, which had built up in the course of the coronavirus pandemic, as well as the high level of corporate investments carried out despite the strained market situation, and the decline in transport costs.¹

a. Industry Environment

2022 presented yet another challenging year for the European car market. High energy prices, rising interest rates and the war in Ukraine resulted in a decline in consumer spending and caused consumers to refrain temporarily from making expensive purchases, such as the purchase of a used car.

The decline in demand for used cars caused inventories to rise as the year progressed and, following an increase in the first half of the year, resulted in a steady drop in used car prices in the second half of the year.

The online market share of B2C used cars sold across Europe stood at just 2.4% in December 2022². This shows the high potential in the online sector.

Irrespective of the tense market environment, we believe that the used car market is one of the last major markets to make the permanent shift from the offline to online world. The ongoing penetration of internet and smartphone use is 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 reported strong growth in the 2022 financial year with the sale of 649,709 used cars (2021: 596,731). Revenue increased by 36.8% over the prior year and amounted to KEUR 6,534,119 (2021: KEUR 4,774,973). Revenue picked up in both the Merchant and the Retail segments. In the Merchant segment, revenue increased by 30.5% in 2022. Revenue in the Retail segment increased to KEUR 1,056,525 (2021: KEUR 578,985), with 64,164 vehicles sold (2021: 41,380). This corresponds to a 55.1% increase in units sold. This was mainly due to growing brand awareness and the resulting higher demand for Autohero's used cars. The cost of materials amounted to KEUR 6,045,907 in the 2022 reporting year (2021: KEUR 4,344,097). Thus, gross profit rose sharply to KEUR 488,212 (2021: KEUR 430,876). At the same time, the gross profit margin per car increased by EUR 24 to EUR 746.

Adjusted EBITDA for the AUTO1 Group decreased further from KEUR -107,100 to KEUR -165,578. This was primarily due to an increase in personnel expenses as a result of the higher average number of employees and to increased logistics expenses.

The AUTO1 Group rigorously pursues the goal of increasing profitability and subsequently accelerating growth while improving profitability per vehicle. In particular, this will involve a further switch to in-house refurbishing of Autohero vehicles, the reduction in marketing expenses and a general optimisation of costs.

¹ See IMF, World Economic Outlook January 2023.

² See Indicata Market Watch Covid-19, Edition 35, January 2023.

c. Group's Position

1. Financial Performance

Group earnings in financial year 2022 compared to the prior year 2021 were as follows:

	1. Jan. 2022 - 31. Dec. 2022	1. Jan. 2021 - 31. Dec. 2021
Revenue (in KEUR)	6,534,119	4,774,973
Revenue growth in %	36.8	68.7
Gross profit (in KEUR)	488,212	430,876
Adjusted EBITDA (in KEUR)¹	(165,578)	(107,100)
Adjusted EBITDA margin in %	(2.5)	(2.2)
EBITDA (in KEUR)	(182,984)	(124,412)
EBITDA margin in % ²	(2.8)	(2.6)
Sold cars (#)	649,709	596,731
Average number of employees³	6,094	4,704

¹ EBITDA adjusted for items reported separately, which comprise non-operating effects such as share-based payment 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:

KEUR	1. Jan. 2022 - 31. Dec. 2022	1. Jan. 2021 - 31. Dec. 2021
EBITDA	(182,984)	(124,412)
Share-based payment	8,029	5,689
Other non-operating expenses	9,377	11,623
Adjusted EBITDA	(165,578)	(107,100)

Revenue Performance

Despite the negative effects on the used car market, the AUTO1 Group's revenue increased by 36.8% to KEUR 6,534,119 (2021: KEUR 4,774,973) during the reporting year. In this regard, the Merchant segment accounted for revenue of KEUR 5,477,595 (2021: KEUR 4,195,988) and the Retail segment for KEUR 1,056,525 (2021: KEUR 578,985).

Merchant business generated year-on-year revenue growth of 31%. In contrast to the 8.4% decline in the total number of used cars sold throughout Europe in 2022, the number

of cars sold in the Merchant segment increased by 30,194 to 585,545. This reflects our strong position in this segment. Meanwhile, the average sales price per unit went up by 23.8% to EUR 9,355, meaning that the strong increase in used car prices as a result of the continued low supply of new cars helped to bolster revenue.

The Retail business also recorded a substantial rise in revenue (year-on-year growth of 82%), mainly due to the further increase in awareness of the Autohero brand and our attractive offer inventory. Consumer demand was strong on all our European markets. As a result, the number of vehicles sold rose from 41,380 units in 2021 to 64,164 units in the year under review. The increase in the average sales price, rising by EUR 2,474 to EUR 16,466, also contributed to the increase in revenue.

Gross Profit Development

The cost of materials increased somewhat faster than revenue, rising by 39.2% or KEUR 1,701,810 to KEUR 6,045,907, of which KEUR 5,059,594 was attributable to the Merchant business and KEUR 986,313 to the Retail business. The cost of materials includes 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.

Gross profit performed well and climbed by KEUR 57,336 to KEUR 488,212 in financial year 2022. The Merchant segment generated gross profit of KEUR 418,000 (2021: KEUR 415,908). The Retail segment's contribution to gross profit increased from KEUR 14,968 in the prior year to KEUR 70,211. The plan is to further expand the gross profit share of the Retail segment.

Business Development by Segment

Merchant

	1. Jan. 2022 - 31. Dec. 2022	1. Jan. 2021 - 31. Dec. 2021
Revenue (in KEUR)	5,477,595	4,195,988
<i>thereof C2B*</i>	4,599,187	3,544,726
<i>thereof Remarketing*</i>	878,407	651,262
<i>Revenue growth in %</i>	30.5	55.6
Gross profit (in KEUR)	418,000	415,908
Sold cars (#)	585,545	555,351
<i>thereof C2B</i>	497,254	481,190
<i>thereof Remarketing</i>	88,291	74,161
GPU (in EUR)	714	749

* Analysis of revenue by procurement channel.

Retail

	1. Jan. 2022 - 31. Dec. 2022	1. Jan. 2021 - 31. Dec. 2021
Revenue (in KEUR)	1,056,525	578,985
<i>Revenue growth in %</i>	82.5	337.0
Gross profit (in KEUR)	70,211	14,968
Sold cars (#)	64,164	41,380
GPU (in EUR)*	1,039	362

* GPU is not equal to gross profit/number of cars sold because the effects of inventory changes due to the capitalisation of internal refurbishment costs that do not come under cost of materials is not accounted for.

Development of EBITDA and Adjusted EBITDA

EBITDA at the AUTO1 Group declined by KEUR 58,572 year on year to KEUR -182,984. This was mainly driven by higher personnel expenses and higher other operating expenses.

The increase in personnel expenses was due to an increase in the average number of employees at the AUTO1 Group. This increase during the first half of 2022 was offset by reductions due to a greater focus on profitability in the second half of 2022. Expenses for share-based payments increased by KEUR 2,341 to KEUR 8,029 in the year under review. Other operating expenses rose by 12.8% or KEUR 43,428 over the prior year to KEUR 384,046. The increase was mainly attributable to a rise in internal logistics expenses by KEUR 21,997 to KEUR 79,971 as a result of an increase in transport prices compared to the prior year. By contrast, marketing expenses declined by KEUR 10,119 to KEUR 193,156.

Adjusted EBITDA was adjusted for share-based payments and other non-operating expenses, which with KEUR 7,099 (2021: KEUR 8,274) mainly related to strategic projects and capital structuring, and totalled KEUR -165,578 in financial year 2022 (2021: KEUR -107,100).

Development of the Consolidated Loss

The Group generated a consolidated loss of KEUR 246,372 (2021: KEUR 374,054) in the 2022 financial year. The decline in adjusted EBITDA was offset by an improvement in the financial result. The improvement in the financial result was mainly due to the fact that the other financial result in the prior year was negatively impacted by the early repayment of the convertible bond at the time of the IPO in the amount of KEUR 209,049.

2. Financial Position and Liquidity

Merchant

KEUR	1. Jan. 2022 - 31. Dec. 2022	1. Jan. 2021 - 31. Dec. 2021
Consolidated loss	(246,372)	(374,054)
Cash flows from operating activities	(392,364)	(467,249)
<i>Net CapEx</i>	(46,089)	(24,654)
<i>Inflows (outflows) from liquid financial assets</i>	603,537	(615,155)
Cash flows from investment activities	557,448	(639,809)
Cash flows from financing activities	270,694	1,056,460
Cash and cash equivalents at the beginning of the period	106,653	157,251
Cash and cash equivalents at the end of the period	542,431	106,653

Cash and cash equivalents equalled KEUR 542,431 (2021: KEUR 106,653) at year-end, an increase of KEUR 435,778 over the prior year. Cash and cash equivalents included short-term fixed deposits of KEUR 330,000 (2021: KEUR 0). Taking into account the money market investments recognised under other financial assets in the amount of KEUR 0 (2021: KEUR 614,432), which are treated as liquid reserves together with cash and cash equivalents, liquid reserves recorded a year-on-year decrease of KEUR 178,654.

In financial year 2022, cash flows from operating activities amounted to KEUR -392,364 (2021: KEUR -467,249). This was mainly the result of the increase in current and non-current trade receivables as a result of the positive development of

the instalment purchase programme, which was refinanced by utilising the new non-recourse consumer loan asset-backed securitisation (ABS) facility (maturity April 2027) in the amount of KEUR 175,523. In addition, cash flows from operating activities were influenced by the continued expansion of inventories, which, as a result of growth, had increased by KEUR 34,024 over the prior year and were financed by use of the non-recourse inventory ABS facility (maturity January 2025) in the amount of KEUR 455,000. Furthermore, increased personnel expenses and payments in connection with higher other operating expenses contributed to the negative cash flows from operating activities. In the prior year it was especially inventories that increased.

In 2022, cash flows from investing activities amounted to KEUR 557,448 (2021: KEUR -639,809) and were mainly the result of proceeds from the disposal of liquid financial assets in the amount of KEUR 603,537 (2021: payments of KEUR 615,155). The negative cash flows from investing activities in the prior year were mainly the result of the acquisition of liquid financial assets. Cash outflows in 2022 included the continued high level of investments in the amount of KEUR 30,111 in the Autohero delivery vehicle fleet as well as in the establishment of refurbishment centres for used cars.

The positive cash flows from financing activities amounted to KEUR 270,694 (2021: KEUR 1,056,460) in the 2022 financial year. This was mainly the result of the increase in the inventory ABS facility used to refinance the inventory (maturity January 2025) and the raising of the new consumer loan ABS facility (maturity April 2027) to refinance Autohero's instalment purchase programme in Germany and Austria. The positive cash flows from financing activities in the prior year were mainly influenced by the capital increase in the context of the IPO as well as the repayment of the convertible bond.

3. Assets and Liabilities

Property, plant and equipment increased by a total of KEUR 39,398 to KEUR 123,490, mainly due to the further establishment of production centres for refurbishing vehicles for sale on the Autohero platform and investments in the Autohero delivery vehicle fleet.

Non-current trade receivables as at 31 December 2022 amounted to KEUR 151,703 (2021: KEUR 41,430). These comprised receivables from instalment purchases offered to Autohero customers in Germany and Austria and which are refinanced from the financial year 2022.

Inventories increased by KEUR 34,024 to KEUR 617,573. KEUR 455,000 of the inventory was financed by the inventory ABS facility. On the one hand, the increase in inventories was due to a higher number of vehicles owing to the growth of

AUTO1 Group and, on the other hand, to a slight increase in the average purchase price per unit. The higher inventory levels are intended to secure future Group growth.

Current trade receivables and other receivables increased by KEUR 28,245 to KEUR 117,547, in particular as a result of the increase in current instalment purchase receivables.

Other current financial assets declined to KEUR 3,035 (2021: KEUR 616,248). The decline is associated with the sale of money market funds and the reporting of current money market instruments under cash and cash equivalents.

Other assets mainly concerned VAT receivables, which saw an increase as a result of growth, among other things.

Cash and cash equivalents increased from KEUR 106,653 to KEUR 542,431 and as at 31 December 2022 include short-term time deposits of KEUR 330,000 (2021: KEUR 0).

The AUTO1 Group's equity declined to KEUR 684,884 as at 31 December 2022 (2021: KEUR 921,014). The equity ratio thus equalled 40.6% (2021: 56.7%) at the end of the reporting period. The year-on-year decline was mainly due to the consolidated loss for 2022.

The fully collateralised investment grade-rated inventory ABS facility with an original scope for the senior notes of KEUR 400,000 was doubled to KEUR 800,000 in 2022. As at the reporting date on 31 December 2022, the amount utilised totalled KEUR 444,000. In addition, a further fully collateralised consumer loan ABS credit facility was concluded with a total senior-notes-volume of KEUR 127,500 in order to refinance the instalment purchase programme. In December 2022, this credit facility was increased to KEUR 212,500. As at 31 December 2022, it was valued at KEUR 175,523. Both credit facilities were reported under non-current financial liabilities owing to their long-term nature. Furthermore, a mezzanine tranche of KEUR 11,000 from the inventory ABS facility is reported as a current financial liability. For further details, please refer to our comments in the notes to the consolidated financial statements under liquidity risks.

Other financial liabilities mainly include lease liabilities, of which the non-current share amounted to KEUR 49,233 (2021: KEUR 38,117) and the current share amounted to KEUR 24,809 (2021: KEUR 19,523) as at 31 December 2022.

Current liabilities mainly consisted of trade payables, which were down slightly as at the reporting date due to a slight reduction in purchasing activities in comparison with the prior-year reporting date. The contract liabilities reported under other liabilities also decreased as a result of the lower volume of business 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 negative macroeconomic and industry-related market developments prevailing in financial year 2022, the Group was able to record strong growth. The Group's revenue and gross profit reached a record high in 2022. The Group was able to achieve the objectives it had set itself, while also continuing to expand the Autohero brand and the Merchant segment. In addition, thanks to the expansion of the inventory ABS facility as a means of refinancing the inventory, as well as the utilisation of the new consumer loan ABS facility to fund the instalment purchase programme, projected growth was secured for the long term.

Forecast, Opportunities and Risks

Risk Report

We continued to improve our internal risk management team in 2022 with the aim of implementing a comprehensive, group-wide risk management system (RMS) that helps AUTO1 facilitate decision making by providing consistent, comparable and transparent information and that creates a shared understanding of risks and opportunities throughout the Company. The aim of the risk management team is to develop a strategy and define targets that ensure an optimal balance between generating growth and reducing the risks associated with this growth in order to promote the enterprise value sustainably and methodically. The following report sets out the 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) bears overall responsibility for developing and operating an effective RMS for AUTO1.

The risk management team implemented the RMS on the basis of the Committee of Sponsoring Organizations of the Treadway Commission (COSO)'s framework, the Enterprise Risk Management Standard. The RMS is also based on the requirements set out in Auditing Standard 981 published by the German Institute of Public Auditors (IDW). Risk management at AUTO1 comprises the following elements:



Risk Identification

The structured identification and assessment of risks and opportunities are key components of ensuring resilient and profitable growth. Risks are defined as the potential for adverse deviations from expected company performance, while opportunities are defined as the potential for positive deviations. We do not try to avoid risks at all costs. Instead, our aim is to carefully weigh up the opportunities and risks associated with our decisions and business activities from an informed perspective. Risks are identified and assessed using various tools such as workshops and risk surveys by risk owners in day-to-day operations and by the risk management team twice a year.

Risks are identified by all AUTO1 employees, both centrally and decentrally. As part of the RMS, the risk owners in the various group departments identify risks by examining the internal and external environment for future risks. Risk identification also includes recognising potential links between risks on the basis of qualitative factors. These links often result in new risks being identified. In order to facilitate and accelerate communication with the various departments and markets, the risk officers support the risk management team in recording and assessing risks.

Our Approach to ESG Risks

Identifying risks and opportunities related to social and environmental factors is a key aspect of corporate sustainability. In order to identify risks and opportunities in relation to social and environmental factors, we are carrying out an analysis of our operations and supply chains, including an assessment of AUTO1’s environmental and social impact and an assessment of the potential risks and opportunities associated with this impact. By addressing these risks and opportunities, we can enhance our sustainability performance, mitigate potential negative effects and take advantage of new opportunities. For more detailed information on our sustainability practices, please refer to our annual Environmental, Social and Governance (ESG) Report.

Risk Assessment

Once the risks have been identified, our risk officers – with the support of the risk management team – assess and quantify the individual risks on the basis of:

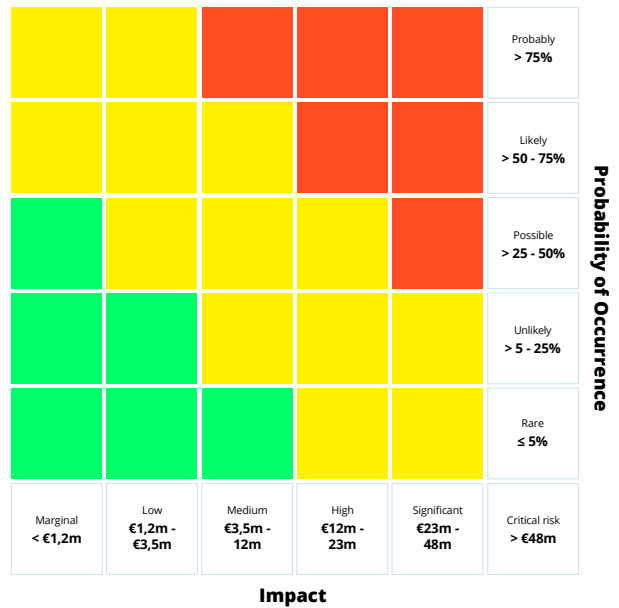
- **Impact:** The extent to which the risk, if it materialises, would negatively impact AUTO1 and its objectives.
- **Probability of occurrence:** The probability that a certain impact of a risk will occur within one year of the date it is assessed.

The impact assessment is carried out either on a quantitative or qualitative scale if risks cannot be quantified or qualitative aspects predominate (e.g. reputation risks). The impact scale ranges from marginal to critical and refers to the potential effects on adjusted EBITDA.

All risks are assessed on a gross and a net risk basis to understand and highlight the effectiveness of corrective action. The risks that have a material impact on the Group in gross terms are explained in the following risk report. The gross risk represents the inherent risk before risk mitigation strategies and corresponding actions are taken into account. The net risk represents the residual risk after all implemented mitigation measures have been considered. The probability of occurrence refers to the estimated probability that a risk will materialise within a period of one year.

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.

Risk Matrix



- Risks identified in the red area of the matrix and critical risks are rated as substantive and require measures and monitoring by management as high priority.
- Risks in the yellow area are classified as moderate risks and require medium-term measures and regular monitoring.
- Risks in the green area are classified as minor risks and have a lower priority.

Risk Treatment

Together with their supervisors and the Management Board, the risk officers are responsible for ensuring that suitable risk mitigation measures and controls are established and put into practice in their area of responsibility. The risk officers assess the risks in terms of their impact on performance and their probability of occurrence and assess the available resources, existing controls and measures compared to potential opportunities.

Risk management is based on measures or methods used to handle the risks that have been assessed. In coordination with management, the risk officer chooses between the options of risk avoidance, risk mitigation, risk transfer or risk acceptance.

Risk Monitoring

Risk monitoring is the process of continually tracking risks that have been identified, assessed and managed together with the respective risk owner and manager. The aim is to assess the current probabilities, impacts and implementation status of corrective actions. The risk management team and the respective risk officers are jointly responsible for feeding continuous monitoring data into the risk analysis tools. Ongoing risk monitoring is integrated into our daily work.

In addition, AUTO1 has integrated ad-hoc reporting that keeps the risk management team and the Management Board up to date on substantive and critical risk events and relevant developments.

Risk Reporting

The Management Board is informed of the Group-wide risk situation, especially about substantive 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 on a quarterly basis. Critical risks are reported to the Management Board and the Audit Committee in a timely manner to ensure that they can be remedied quickly and effectively.

System of Internal Controls over Financial Reporting

As is also specified in the German Stock Corporation Act, the Supervisory Board monitors the effectiveness of the internal control system (ICS), which requires AUTO1 to work towards a practical and comprehensive ICS. We further developed our ICS in 2022 to sufficiently prevent errors, inefficiencies and compliance violations. We also stepped up our internal controls to avoid potential inconsistencies and misconduct by internal and external parties.

The AUTO1 RMS was set up to increase risk awareness, promote open communication regarding risks, create a shared understanding and initiate measures to ensure proactive management of risks that could, in the worst-case scenario, hurt the Company's performance or pose a threat to the Company as a going concern. The aim of the ICS is to raise general awareness of internal controls as a key component of good corporate governance. Another objective is to create transparency and improve efficiency by reducing complexity through the exchange of best practices and the standardisation of processes. The ICS relevant for accounting and financial reporting processes is responsible for ensuring that the accounting and financial reporting of the Group is accurate and reliable.

In order to monitor the effectiveness of the ICS, the chairman of the Audit Committee is in regular contact with the

responsible departments. The ICS 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 and presenting a summary report of its activities to the Audit Committee on a quarterly basis. The objective of Internal Audit at AUTO1 is to provide independent and objective audit and advisory services to ensure compliance with the internal controls and to therefore improve the business activities of AUTO1. Through the systematic and disciplined approach of Internal Audit, AUTO1's corporate governance, risk management and control processes are continuously improved and evaluated. Internal Audit also helps expose potential misconduct, unethical business practices and alleged fraudulent activities and respond to these.

Internal Audit is guided by the mandatory elements of the International Professional Practices Framework issued by the Institute of Internal Auditors, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, International Standards for the Professional Practice of Internal Auditing and the definition of Internal Auditing. AUTO1's internal audit was carried out by one of the Big Four as an external service provider until the end of 2022. Since Q3 2022, internal audits have been carried out by the Internal Audit Team.

Material Risks

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

Risk Areas

Overall, we did not identify any risks or risk clusters that could endanger AUTO1's ability to continue as a going concern. The following table provides an overview of AUTO1's risk clusters and shows the material risks that we have identified using our risk assessment method described above. Compared to the 2021 Risk Report, two risk areas have been added. The macroeconomic environment and war in Ukraine as well as our environmental and social responsibility have been included in order to address changes in the business and regulatory environment. Compared to the 2021 Risk Report, there were no additional risk areas that were classified as critical.

Overview of Risk Clusters

RISK CLUSTER	ASSESSMENT	2022		2021	
		Probability	Impact	Probability	Impact
Strategic Risks					
Macroeconomic Environment and the War in Ukraine	Substantive	Likely	Significant	--	--
Environmental and Social Responsibility	Moderate	Likely	Low	--	--
Competitive Environment	Moderate	Possible	Medium	Possible	Medium
Barriers to Online Purchase of UCs	Moderate	Unlikely ↓	Medium	Possible	Medium
Regulatory Changes in the UC Market	Moderate	Possible	Low	Possible	Low
Legal and Compliance Risks					
General Legal and Compliance Risks	Minor	Unlikely	Low	Unlikely	Low
AML	Moderate	Possible	Medium	Possible	Medium
Data Protection	Moderate	Possible	Medium	Possible	Medium
Operational Risks					
Logistics and Inventory	Moderate	Likely ↑	Medium	Unlikely	Low
IT Security	Moderate	Unlikely	Medium	Unlikely	Medium
Personnel	Moderate	Unlikely	Medium	Unlikely	Medium
Financial and Reporting Risks					
Liquidity Risk	Moderate	Unlikely	High	Unlikely	High
Interest Rate and Credit Risk	Moderate (change)	Likely ↑	Low	Unlikely	Low
Fair Value Risk	Moderate (change)	Possible ↑	Low	Unlikely	Low

The overall risk situation is determined using a comprehensive assessment of the following risk clusters:

- Strategic Risks
- Legal and Compliance Risks
- Operational Risks
- Financial and Reporting Risks

a. Strategic Risks

Macroeconomic Environment and the War in Ukraine

In 2022, the European economy was dominated by ongoing disruptions caused by the war in Ukraine and the global pandemic, resulting in negative shocks to supply and demand. Rising interest rates, high inflation and low consumer confidence currently characterise the macroeconomic environment. Central banks have been gradually increasing interest rates in an attempt to control inflation and stabilise the economy, which can slow economic growth.

The direct impact of the war in Ukraine on our business is limited, as we do not have production activities or conduct any significant business in Ukraine or Russia. Some of our IT employees are in Ukraine, but are able to work remotely and have been offered the chance to change their location of work. Nevertheless, the uncertainty associated with the current macroeconomic environment is forcing consumers to set priorities in their spending in the short term and is putting increased pressure on people's personal finances. The high level of inflation is diminishing purchasing power and is thus suppressing consumer sentiment, which may translate into an actual decline in consumer spending. These uncertainties could cause people to hold onto their cars for longer, which makes it more difficult to procure used cars. We expect this to be a substantive risk, and as the war continues, uncertainties may increase. We are responding to these uncertainties by paying close attention to economic indicators and adjusting our business strategy accordingly, particularly in terms of our investment strategy and focus on profitability per vehicle.

Environmental and Social Responsibility

AUTO1 has the potential to play an important role in the circular economy of the European automotive industry. Introducing and adhering to sustainable practices is crucial when it comes to the Company's long-term ability to adapt. The industry is influenced by legislative and regulatory developments as well as consumers' concerns about the environment, and the impact of climate change on key stakeholders represents a threat to our Group. In particular, the Non-Financial Reporting Directive (NFRD), the EU taxonomy regulations and the Corporate Sustainability Reporting Directive (CSRD) have an impact on the business activities and growth of AUTO1 as they govern our sustainability strategy and ethical responsibility. If we fail to live up to our promises to meet our sustainability commitments, our reputation as a responsible company could suffer. Furthermore, it could lead to legal risks or regulatory sanctions and make it more difficult for us to gain access to external financing.

Our assessment of sustainability risks is part of our overall risk management. It is our goal to assess how our business activities impact environmental, social and employee matters and whether we are complying with the necessary risk management, compliance and governance standards to successfully implement our sustainability strategy. On the basis of this risk analysis, we introduce measures and initiatives to mitigate the associated risks. For instance, by launching our carbon offset project while working on the efficiency of our sales network and energy consumption, we have made significant progress towards achieving our goal of being a climate-neutral company by 2030. We also plan to find and implement new ways to reduce our impact on the environment and to effectively reduce our greenhouse gas emissions. Furthermore, we have made a commitment to strengthen the governance measures that have enabled us to work towards our ESG goals while supporting the sustainable growth of our Company. More detailed information on our sustainability practices is included in our annual ESG Report.

Competitive Environment

AUTO1 is the largest used car dealer in Europe. We operate in a highly competitive sector and pressure from new and existing competitors can negatively impact our business and our operating results. Especially in the Retail segment, we expect both new and existing competitors to enter the online and traditional automotive market with competing brands, business models, products and services, even though 2022 saw two competitors (Cazoo and Carnext) leave most of our markets. New competitors could potentially make it harder to acquire inventories, attract customers, gather data and sell cars at a profit. Our main competitors include independent used car dealers, small ads websites and apps, rental car companies that sell used cars from their fleets directly

to consumers, and professional dealers. We provide an attractive, reliable service at competitive prices. If we fail to do so, potential buyers and sellers of used vehicles may choose to trade their vehicles through one of our competitors.

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

The European used car market is in a period of uncertainty, with record-high prices for cars and petrol dampening spirits. Recent macroeconomic developments have exacerbated the problems in the automotive supply chain, and since the number of cars being traded in for new cars is ever decreasing, it has become more difficult to source used cars. This has forced AUTO1 to improve cost efficiency and to continue to prioritise profitability per vehicle, which is a high priority for us, especially in the Retail segment.

In light of this competitive environment, we firmly believe that our unique online service, in combination with our increased brand awareness, is the right answer for the future and one that will allow AUTO1 to expand its customer base and deepen customer relationships by offering the most attractive offer for buying and selling cars online.

Barriers to Online Purchase of Used Cars

Traditional dealers still have a relatively strong position in the Retail segment. For some buyers of used cars, not being able to view and test drive a vehicle in person is still a reason not to buy a used car online. This could present a barrier to the online business model of AUTO1. Compared to last year, we have lowered our assessment of the probability of risk occurrence from "possible" to "unlikely", as AUTO1 has invested significantly in its website and app design as well as in the technological infrastructure. Furthermore, an increasing number of people are choosing to purchase cars online, and it is our aim to offer a convenient and convincing customer experience that sets AUTO1 apart from traditional used car dealers. We offer Autohero customers the option of using our online platform to arrange financing and warranty services, to value and trade in their current cars, and to schedule delivery and collection. Our handover experts deliver the cars to customers in branded vehicles and we offer a 20-day right of return for all cars sold. We also continued to invest in our fulfilment platform, which consists of over 400 delivery and collection locations in ten countries, as well as in our relationships with logistics providers. We firmly believe that a uniform platform is a considerable advantage, especially if we want to continue to grow our business over time.

Regulatory Changes in the Used Car Market

As a European Group, local regulatory changes are part of our day-to-day business. These changes can impact our business. New rules or regulations implemented by governmental authorities can result in a decline in 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.

Some of the vehicles we buy and sell do not have the latest innovative features, such as autonomous driving, and there is no guarantee that we will be able to quickly acquire such vehicles if these are in high demand. Initiatives by manufacturers and dealers also have a significant impact on demand in the used car market. If these parties decide to offer greater incentives for new car sales (e.g. rebates or attractive financing) or generally lower prices for new cars, this could make the purchase of a new car more attractive. This could lower the prices for used cars.

b. Legal and Compliance Risks

General Legal and Compliance Risks

As a European Company that buys and sells cars online, we are subject to a wide range of laws, regulations and compliance requirements. Cars are technologically complex and can have hidden faults that are not apparent until after the sale. Such faults can lead to claims by customers and business partners and result in litigation. This is especially true for transactions with consumers, as they are covered by consumer protection laws that – in contrast to our commercial customers – offer increased legal protection.

In order to reduce these risks, all vehicles traded by us are subject to strict scrutiny by trained experts, who inspect the vehicles as part of our quality assurance process and take test drives. These inspections and transparent communication of a vehicle's conditions to our customers mean we can considerably reduce the risks associated with hidden faults, e.g. complaints after the sale, litigation and other legal risks along with the related costs.

Risk of Non-compliance With Anti-Money Laundering Regulations

The traditional European used car market is known for being highly fragmented and lacking in transparency. At the same time, used cars are considered high-value goods. The combination of these factors means there is a risk of the used car market being used for illegal activities, such as money laundering and related criminal offences. As a company that trades in used cars, we run the risk of encountering persons or businesses that are involved in such illegal activities.

To reduce this risk, we have adopted anti-money laundering (AML), reporting and training measures as part of our group-wide compliance management system. As an overarching measure, we use a strict cashless business model that ensures that our transactions are settled using bank accounts that are subject to extensive KYC requirements (Know Your Customer), and we identify our business partner independently to ensure that they are reputable.

In addition, we have appointed an AML officer and have AML expertise within our Compliance Team. On the basis of our AML policy, this team has set up a web-based and individual AML training programme. In order to bolster these measures, we created internal and external reporting channels to make reporting easier, regularly monitor our processes and adapt to changing AML requirements.

Risk of Non-Compliance with Data Protection Regulations

As we handle personal data, we are exposed to the risk of non-compliance with the General Data Protection Regulation (GDPR) and general risks in connection with these data. Handling the personal data of our non-commercial business partners can especially pose the risk of complaints being lodged with national data protection authorities and the risks associated with this.

In order to counter these risks, we monitor our products and processes to ensure that they are in line with the General Data Protection Regulation. We also introduced a data protection management system that includes a data protection policy and IT security policy, and which forms the basis for training our employees. From management's perspective, we have a dedicated data protection team, including a data protection officer, who monitors our data protection measures, regional data contacts, who raise the awareness of data protection in all regions where we are active, as well as a data protection coordinator, who implements our data protection measures across the Group. In order to reduce the particular risks in connection with the personal data of consumers, we have a special procedure in place relating to the right of access, deletion and all other data protection issues.

c. Operational Risks

Logistics and Used Car 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 optimisation of these processes is required. Inefficient processes, erroneous planning or failing IT systems harbour the risk of increased logistics and personnel costs and delayed deliveries, which can impact gross profit and net earnings.

Managing the used car inventory is a key component of 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 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.

Compared to last year, we raised our assessment of the risk of increased logistics and personnel costs as well as delivery delays from “minor” to “moderate”, as new regulations for the road transport sector came into effect for the entire EU in 2022. These regulations are putting pressure on logistic capacity and transportation costs. The ongoing war in Ukraine led to a reduction in the number of drivers from Russia and Ukraine, which - in conjunction with rising logistics requirements facing OEMs and the aforementioned stricter regulations - is raising the pressure on logistics. In light of the currently challenging business environment, which also includes rising fuel prices, we assume that the problems plaguing logistics capacity will continue to persist in 2023. Nevertheless, we have taken appropriate measures to cushion these effects and rate the overall risk as being moderate in light of the market volume, flexible planning and diversification of our 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. As purchases and sales of vehicles are made on our online platform, technical malfunctions or failures have an immediate impact on the entire value chain.

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

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

The profound impact of IT risks means IT development and maintenance are subject to constant quality controls. There are several processes that can be used to make necessary last minute IT changes when urgent.

We further bolstered our IT security infrastructure during the course of 2022 by establishing a special security team, improving our e-commerce platform and reducing the risk of security incidents by optimising processes on the entire platform. A new security software will be rolled out in 2023. This program uses machine learning algorithms to identify malicious behaviour on servers and staff terminal devices and automatically diffuses threats. The probability of IT risks occurring is generally assessed as being low and the significance of IT risks for the performance indicators is assessed as moderate. Overall, the Management Board assumes that the impact of the risk can be considered as being medium and the probability of occurrence is unlikely, as the measures to reduce the risk are viewed as being appropriate.

Personnel Risk

AUTO1's steady growth allows the Company to attract, recruit, motivate and retain a highly talented team. Competition for these qualified employees is increasingly fierce. If we are unable to attract and retain talented employees, this could impair our ability to maintain and expand our business and our competitive position.

People are crucial in ensuring the Company's continued existence, which is why we offer our employees competitive remuneration and modern employment solutions.

We have long-term incentive plans for our senior and key employees and career development plans to retain our senior management and help them develop further. In addition, we recently launched a matching share programme so that all employees who have been with the Company for more than six months can acquire shares and receive additional matching shares depending on how long they have worked for the Company. At AUTO1, we value having an open working environment where performance is evaluated honestly and constructively within the Company. We have a strong, values-based culture that is embedded in our hiring, induction and training process. Our HR team carries out employee engagement surveys as part of our culture of open dialogue in order to further improve our transparency and understanding of what our employees need. Feedback cycles are organised twice a year.

d. Financial Risks

Of the financial risks, the liquidity, credit and interest rate risks are relevant for AUTO1.

Liquidity Risk

Liquidity risk is the most relevant potential financial risks for AUTO1, as there are no material foreign currency transactions or default risks. AUTO1's most important liquidity resources include its cash and cash equivalents of EUR 542 million as at 31 December 2022, our inventory asset-backed securitisation (ABS) facility for inventories with unused commitments of EUR 356 million as at 31 December 2022 and our consumer loan ABS facility for car loans with unused commitments of EUR 37 million as at 31 December 2022. The high amount of cash on hand and the fact that AUTO1 does not have – except for the ABS programmes for inventory and consumer credit – additional financial debt mean that the short-term liquidity risk for AUTO1 is very limited. Based on the Group's long-term planning, we assume that AUTO1's current liquid assets will be sufficient to support the planned expansion of Autohero's business and AUTO1's operating activities until we achieve profitability and positive cash flows from operating and investments. Up until this time, AUTO1 will need access to banks and capital markets in order to cover its need for asset-backed financing for inventories and Autohero car loans. AUTO1 is confident that it will be able to use these markets where necessary.

Interest Rate and Credit Risk

Despite expected increases in key rates, interest rate risks are still limited for AUTO1 at present. Our inventory-ABS facility bears interest at a variable rate, which means that higher interest rates would have a negative impact on our anticipated net earnings. This is managed through active asset-liability management and offset by our liquid assets, which are also subject to variable interest rates, which means that higher interest rates would have a positive impact on our anticipated net earnings. However, we assume that our liquid assets will decrease in the next two years as we use these to finance negative current cash flows from operating activities and investments, while the utilised amount of our inventory-ABS facility is expected to rise as our inventories increase. This means that higher key rates would have an increasingly negative impact on our net earnings.

Therefore, compared to last year, we raised our estimate of the risk from "minor" to "moderate".

Our highly diversified auto credit portfolio of EUR 186 million as at 31 December 2022 is refinanced by asset-backed securitisation, where we retain the risk and interest surplus tranche. The returns on risk retention can be adversely affected

by interest rate changes and default losses. In the case of our consumer loans for cars, these involve fixed-interest loans with terms of 3-8 years, which are refinanced by a facility with variable interest rates. We have acquired a number of interest rate caps that effectively limit the maximum variable interest rate component to 1% for a considerable portion of the refinancing debts that was raised for the granted consumer loans. Thus, this reduces the potential effects of changes in interest rates. In addition, the returns reflect the performance of the underlying consumer loans with regard to default and repayment. AUTO1 manages the risk by means of (i) its underwriting process and (ii) reminder and collection processes. AUTO1 selects the customers to whom it grants financing by obtaining external credit reports and checking income. AUTO1 has an in-house collection and reminder department that closely monitors delinquent and non-paying customers and takes appropriate measures, which range all the way through to repossessing vehicles and taking legal action. The delinquency and default rates in 2022 were within the expected parameters. However, the Management Board is aware that the expected economic prospects for 2023 will necessitate continuous and careful monitoring of the credit portfolio. Accordingly, in-house lending standards were tightened already in 2022.

Fair Value Risks

There are two material factors related to inventory that are subject to ongoing risks: procurement and sales. We depend on consumers and dealers who offer us suitable vehicles in order to be able to provide our customers with a broad and attractive offering. Unlike manufacturers, we do not produce our vehicles ourselves but have the flexibility to align prices in line with the attractiveness of the products. Used cars are procured using our pricing algorithm, although a correct calculation for each individual valuation cannot be guaranteed at all times where volumes of transactions are high. 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. There is especially a potential risk in the prices for used cars declining due to a greater supply of new vehicles, which could possibly lead to more transactions, but also to a potential decline in average sales prices. The outbreak of war in Ukraine impacted our

inventories, but we were able to optimise them and maintain a high level of revenue, which proves the strength of our platform. Therefore, compared to last year, we raised our estimate of the risk from “minor” to “moderate”.

AUTO1 operates its own risk system, which we believe offers a competitive advantage in terms of inventory management. Before we purchase used cars, our algorithms analyse the expected GPU, selling speed, inventories held and market trends. If these algorithms assess the relevant used car as particularly difficult to sell, we generally do not buy it immediately, but place it in an online auction. AUTO1 manages the risks relating to the management of its inventory of used cars in such a manner that negative developments impacting 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. Increasing Digitalisation in the Used Car Market

The used car market is one of the largest sales markets in the world, and – in our opinion – the largest vertical industry sector that still has a limited online share.

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

Both consumers and professional dealers face specific challenges when buying and selling used cars. For consumers, there is only limited choice in local offerings, challenges due to a lack of fulfilment services and little transparency in pricing. Individual professional dealers try to take advantage of this situation, thus damaging the confidence in and the image of used car dealers. At the same time, professional dealers themselves cannot achieve economies of scale and are also limited to local markets, leading to a high degree of fragmentation in the used car market.

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 firmly believe that we have unique technological solutions that respond to the

challenges of purchasing and selling cars online, as we design and align our platform on the basis of what consumers and dealers need. As a result we are able to steadily improve our operating performance.

The ongoing challenges in the supply chain, which were caused by a combination of protracted upheavals that triggered a negative decline in supply and demand, continue to represent a significant disruptive factor that has reduced the liquidity of the European car markets. Despite the challenging market outlook, we are of the opinion that the European used-car market will return to the path of long-term growth as soon as the aforementioned challenges are overcome. Our robust platform, our efficient logistics network and our continuous concentration on creating an excellent customer experience are the main drivers behind our growth and profitability objectives.

b. Customer Experience

Our aim 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 improved on an ongoing basis. We already offer services that range from access to a huge stock of used cars to accompanying services such as logistics, registration and deregistration as well as financing and financing brokerage. We have invested in the design of our websites, apps and technological infrastructure in order to improve the customer experience. On this basis and as a result of our leading market position in buying and selling used cars in Europe, we see considerable opportunities for sustainable customer loyalty. By promoting a positive brand image and creating an attractive opportunity to buy and sell cars online, we are convinced that AUTO1 can improve and realign the image of used car dealers through our transparent and non-discriminatory online platform.

c. Integrated Technology Platform

As a technology company, the establishment and continuous improvement of an integrated, comprehensive technology platform was a key priority at the outset. All stakeholders – whether consumers, retailers or partners – are connected with the same technology and data platform. AUTO1 Group's mission is to simplify used-car trade through the use of technology. Our company has the vision to simplify and standardize the global used car business and transform it towards alternative mobility solutions.

AUTO1's business activities are supported by a vertically integrated, proprietary technology platform that was developed especially for the purchase, sale, portfolio management and delivery of used cars in Europe. Our consumer brands, including "wirkaufendeinauto.de", offer private persons across Europe a simple and trouble-free option for selling their used cars to AUTO1. Commercial dealers and fleet operators can market their vehicles using our remarketing solutions.

As Europe's largest wholesale platform for the sale of used cars, our "AUTO1" B2B brand provides a comprehensive solution for commercial buyers looking to buy vehicles. Furthermore, we created the "Autohero" brand, which uses our proprietary retail application to offer consumers an easy and transparent option for buying used cars online. Our algorithms and business logic work together to manage the inventory and match the right cars to the right customers. Our inventory is also broken down and optimised by our own data analysis in order to ensure customer satisfactions and efficient pricing.

AUTO1 regularly develops in-house software in order to optimise purchases and sales and launch new products. Our goal is to continuously improve our tech platform in order to make it as pleasant for dealers and private individuals as possible. The platform can be scaled as desired and is becoming ever more intelligent through the use of comparative data. The establishment of new purchasing centres, the expansion of the dealer network and the launch of new products, such as consumer financing, insurance and retail, require investments in the IT infrastructure in order to generate more sales revenue. This scalability will enable us to continue to tap existing and new markets in the future.

d. Pan-European Logistics Network

AUTO1 with its staff was active in over 30 countries in 2022. Almost every second transaction takes place across borders. This is possible only thanks to a close-knit logistics network that ensures fast and reliable transport. AUTO1 operates over 400 delivery points in Europe and also works with logistics partners who provide transportation as well as storage of our inventory in up to 130 warehouses. In addition, our logistics partners are responsible for preparing vehicles for Autohero in line with our sales standards. We believe that this makes us 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-localising supply and demand on a European platform, the need for a correspondingly large logistics network is a market entry barrier for potential competitors and strengthens AUTO1's position.

e. Network of Production Centres

AUTO1 continued to build up its own used-car production centres in 2022 in order to support the Autohero business and supplement the refurbishment capacities of the contractual partners. Seven production centres started operation in the meantime, which means AUTO1's annual refurbishment capacity has now risen to more than 143,000 vehicles. Internalisation of the production process has made our business more efficient. This enables us to control the entire process from start to finish in order to guarantee our customers the best quality. The internal production centres make it possible for us to repair cars faster, inexpensively and better than our external suppliers. In addition, we rolled out a fully digitalised logistics system in our production centres in order to make production processes quicker and scalable. This improved efficiency enables us to continually achieve our growth objectives and will make a major contribution to enhancing our customer experience and operating performance.

f. Overall Risk Assessment

The risks and opportunities described can affect the future development of AUTO1. Our assessment of the overall risk situation is based on a consolidated look at all material individual risks and opportunities. Overall, we did not identify any risks or risk clusters that could endanger AUTO1's ability to continue as a going concern. The risk management system in place, which is monitored and refined on an ongoing basis, allows the Group to take suitable countermeasures and avoid or mitigate potential risks and harness potential opportunities.

Outlook

Macroeconomy

In its January 2023 economic outlook, the International Monetary Fund (IMF) assumes that global growth will weaken from 3.4% in 2022 to 2.9% in 2023. Growth in the eurozone is expected to reach its low point in 2023 at 0.7% before rising again in 2024 to 1.6%. The increase in the central bank's interest rates to combat inflation as well as Russia's war in Ukraine continue to put a strain on global economic activity. The rapid spread of COVID-19 in China suppressed growth in 2022, but the recent reopening has paved the way to a quicker-than-expected recovery. In advanced economies inflation is expected to average 4.6%; in emerging market and developing economies an average of 8.1% is expected.³

³ IWF, World Economic Outlook January 2023.

According to the Organisation for Economic Co-operation and Development (OECD), global gross domestic product will increase by 2.2% in 2023, and inflation will persist at a slightly less but still high level of 6.6%. In the eurozone, GDP is forecast to increase slightly by 0.5% in 2023 and inflation is forecast to be 6.8%.⁴

Industry

The prices on the European used-car market rose in 2022 until the end of Q3. This was due to the lack of available semiconductors for new cars as well as strained supply and logistics chains. However, a sharp drop in prices was reported in Q4, which continued in a somewhat weaker form also into 2023.⁵

AUTO1 Group's Expectations

Actual revenue generated of EUR 6.5 billion meant that the Company achieved the upper end of the range of between EUR 5.7 billion and EUR 6.8 billion forecast for 2022 (raised to EUR 6.0 billion to EUR 7.0 billion in the 2022 half-year financial report). The adjusted EBITDA margin of -2.5% reported for financial year 2022 represents the middle of the forecast range of between -2.0% and -3.0%. Against the backdrop of the decline in the used-car market, the Company achieved its projected sales of a total of between 650,000 to 770,000 vehicles for financial year 2022, actually selling around 650,000 vehicles.

The Management Board of the AUTO1 Group will focus on profitability in financial year 2023 and therefore expects a lower level of growth compared to financial year 2022.

Between 625,000 and 690,000 vehicles are projected to be sold in total. In this regard, 590,000 vehicles and a corridor of plus/minus 5% is forecast for the Merchant segment and 65,000 to 70,000 vehicles for the Retail segment.

Gross profit is expected to rise overall. As a result, the Group's gross profit for 2023 is expected to be between EUR 500 million to EUR 550 million. In this regard, the gross profits of both segments should rise on account of higher GPUs in each segment.

Due to improved efficiency, the Group's adjusted EBITDA for 2023 is estimated to be between EUR -60 million and EUR -90 million.

We predict that average sales prices will decline slightly in the Merchant segment and remain stable in the Autohero segment. Thus, it can be assumed that total revenue in financial year 2023 will be on par with that of 2022.

Especially in light of the ongoing uncertainty about the length and impact of the war in the Ukraine, the resulting economic restrictions in many countries of Europe make it possible to provide only a limited reliable assessment of all effects on AUTO1's expected business performance. As a result, the actual results for performance indicators for financial year 2023 may 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 Ukraine, the Management Board is currently not aware of any special circumstances beyond the forecast period of one year which can impact the Group's financial position.

⁴ <https://www.oecd.org/economic-outlook/>; downloaded on 10 January 2023.

⁵ Indicata Market Watch, Edition 36, February 2023.

Supplementary Business Situation Reporting on the Annual Financial Statements of AUTO1 Group SE, Munich, for Financial Year 2022

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 combined 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 include 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 and financial instruments. 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.

AUTO1 Group SE successfully conducted the IPO on the Frankfurt Stock Exchange on 4 February 2021. Since then, the shares (ISIN: DE000A2LQ884, WKN: A2LQ88) have been traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange.

The key performance indicator of AUTO1 Group SE is net income/loss for the year.

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.

KEUR	2022	2021
Revenue	2,355	1,554
Other operating income	1,962	33,400
Personnel expenses	(1,032)	(1,259)
Other operating expenses	(18,117)	(221,234)
Interest and similar income	3,984	89
Write-downs on money market instruments	-	(621)
Interest and similar expenses	(2,299)	(29,151)
Income taxes	12	(18)
Net loss for the year	(13,135)	(217,240)

Revenue in the current financial year increased by KEUR 801 to KEUR 2,355 (2021: KEUR 1,554) and relate primarily to management services for AUTO1 Group Operations SE.

Other operating income decreased by KEUR 31,438 to KEUR 1,962 (2021: KEUR 33,400). This includes primarily income relating to other periods and foreign currency translation gains. Other operating income was favourably affected in the prior year particularly due to reversal of the termination right obligation for the convertible bond, which was recognised profit or loss as part of converting and redeeming the convertible loan.

Other operating expenses amounted to KEUR 18,117 (2021: KEUR 221,234) and mainly include losses from the disposal of money market instruments in the amount of KEUR 7,422 (2021: KEUR 0) and expenses for the employee share ownership plan in the amount of KEUR 6,316 (2021: KEUR 85,328). The prior year included expenses of KEUR 104,326 relating to the conversion and repayment of the convertible bond.

Interest and similar income includes primarily interest on receivables from affiliated companies (KEUR 3,058; 2021: KEUR 0). Interest and similar expenses of KEUR 2,999 (2021: KEUR 29,151) concern mainly interest on liabilities to affiliated companies (KEUR 2,173; 2021: KEUR 0). The prior year's interest expenses included mainly interest on the convertible bonds.

Especially due to the aforementioned prior-year effects, the net loss for the year improved to KEUR -13,135 (2021: KEUR -217,240).

2. Assets and Liabilities of the Company

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

KEUR		
	31 Dec. 2022	31 Dec. 2021
Assets		
Financial assets	934,508	934,508
Receivables from affiliated companies	517,689	169,230
Other assets and prepaid expenses	5,691	19,711
Money market instruments	-	534,432
Cash at banks	273,968	83,010
Total assets	1,731,856	1,740,891
Equity and liabilities		
Provisions	41,146	69,198
Trade payables	592	222
Liabilities to affiliated companies	47,560	50,137
Other liabilities	-	40
Total liabilities	89,298	119,597
Net assets	1,642,558	1,621,294
Equity		
Subscribed capital	214,803	212,335
Capital reserve	1,687,414	1,655,484
Accumulated deficit	(259,659)	(246,525)
Total equity	1,642,558	1,621,294

Financial assets include shares in affiliated companies and, unchanged year on year, amounted to KEUR 934,508 (2021: KEUR 934,508).

Receivables from affiliated companies rose by KEUR 348,459 to KEUR 517,689 and relate to the transfer of the proceeds from the IPO to subsidiaries to fund further growth.

Other assets and prepaid expenses (KEUR 5,691, 2021: KEUR 19,711) mainly include VAT receivables from the tax office of KEUR 4,912 (2021: KEUR 18,984).

All of the money market instruments, which concerned investments in money market funds, were sold in the year under review.

Provisions decreased by KEUR 28,052 to KEUR 41,146 (2021: KEUR 69,198) in particular due to fulfilling a portion of the obligations under the employee share ownership plans using shares. Accordingly, subscribed capital rose due to issuing new shares as well as the capital reserve due to reclassification of the residual value of the expenses previously recognised under provisions.

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

3. Financial Position of the Company

AUTO1 Group SE had current liquid assets of KEUR 273,968 at year-end (2021: KEUR 617,442), which mainly included KEUR 18,651 (2021: KEUR 2,990) in cash at bank and KEUR 255,000 (2021: KEUR 80,000) in short-term investments in money market instruments. Liquid funds included KEUR 534,432 in money market funds in the prior year, all of which were sold in the year under review.

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 and has an impact on the impairment testing of financial assets and receivables from affiliated companies in the annual financial statements.

II. Outlook

As forecast in the prior year for financial year 2022, the significant decrease in the net loss for the year was achieved. 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 outlook, which also presents management's expectations with regard to the Parent Company. We expect the Company's net loss for financial year 2023 to improve slightly over financial year 2022.

Takeover-related Disclosures

Composition of subscribed capital

As at 31 December 2022, the subscribed capital of AUTO1 Group SE amounted to EUR 215,695,838, consisting of 215,695,838 no-par value bearer shares pursuant to Clause 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 2022, the Company held treasury shares with a nominal value of EUR 892,467, from which the Company derives no rights in line with Section 71b AktG.

Direct or indirect shareholdings that exceed 10% of the voting rights

As at 31 December 2022, 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 exceeding 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

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

When making amendments to the Articles of Association, Sections 179 et seqq. AktG are to be observed. The shareholders' meeting decides on amendments to the Articles of Association (Sections 119 (1) no. 6, 179 (1) AktG). The Supervisory Board is authorised to adopt resolutions on amending the Articles of Association which relate only to wording (Clause 11 of the Articles of Association).

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

The Management Board 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 95,544,063 by issuing new bearer shares (Authorised Capital 2021).

The share capital of AUTO1 Group SE is conditionally increased by up to EUR 6,624,900 by issuing up to 6,624,900 new no-par value bearer shares (Contingent Capital 2020) in order to service the subscription rights granted up to 31 January 2021. Furthermore, the share capital is conditionally increased by up to EUR 79,934,175 by issuing up to 79,934,175 new no-par value bearer shares (Contingent Capital 2021). The Contingent Capital 2021 serves to grant shares to holders or creditors of convertible bonds as well as to the holders of option rights attached to option bonds that are issued by AUTO1 Group SE until 13 January 2026.

Non-Financial Statement

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

Corporate Governance Statement (unaudited)

The Corporate Governance Statement (Sections 289f, 315d HGB), including the Declaration of Compliance pursuant to Section 161 AktG, is published on the AUTO1 Group SE website at <https://ir.auto1-group.com/websites/auto1/English/6900/corporate-governance.html>.

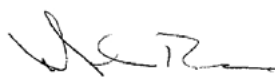
The process-independent monitoring of the implemented internal control and risk management system is performed by Internal Audit. As part of its risk-oriented audit planning, it assesses the adequacy and effectiveness of the governance processes and systems implemented.

The Management Board and the Audit Committee are informed on a regular basis about the audits conducted by Internal Audit, the results of the ICS audits and the opportunity and risk inventory as well as their further development. In the context of its supervisory activities, the Management Board is not aware of any information that would suggest that the implemented internal control and risk management system is not appropriate and effective during the period from 1 January to 31 December 2022.

Berlin, 27 March 2023
AUTO1 Group SE



Christian Bertermann
CEO



Markus Boser
CFO

04 CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated Statement of Financial Position

as at

31 DECEMBER 2022

Assets

KEUR	Note	31 Dec. 2022	31 Dec. 2021
Intangible assets	6.1	12,361	118
Property, plant and equipment	6.2	123,490	84,092
Trade and other receivables	6.6	151,703	41,430
Other financial assets	6.7	12,189	12,202
Other assets	6.8	-	7
Deferred tax assets	6.4	515	948
Non-current assets		300,258	138,797
Inventories	6.5	617,573	583,549
Trade and other receivables	6.6	117,547	89,302
Income tax receivables		3,028	868
Other financial assets	6.7	3,035	616,248
Other assets	6.8	105,028	91,492
Cash and cash equivalents	6.9	542,431	106,653
Current assets		1,388,642	1,488,112
Total assets		1,688,900	1,626,909

Consolidated Statement of Financial Position *continued*

as at

31 DECEMBER 2022

Equity & Liabilities

KEUR	Note	31 Dec. 2022	31 Dec. 2021
Subscribed capital	6.10	215,696	213,138
Capital reserve	8	1,711,745	1,679,904
Other reserves	8	63,790	90,363
Retained earnings		(1,308,764)	(1,062,391)
Equity attributable to owners of the Parent Company		682,467	921,014
Non-controlling interests		2,417	-
Total equity		684,884	921,014
Financial liabilities	6.13	617,398	330,000
Other financial liabilities	6.15	49,256	38,139
Provisions	6.12	454	95
Other liabilities	6.16	1,616	1,616
Deferred tax liabilities	6.4	853	95
Non-current liabilities		669,577	369,945
Financial liabilities	6.13	11,295	-
Trade payables	6.14	143,285	171,030
Other financial liabilities	6.15	33,560	19,525
Provisions	6.12	16,049	18,616
Other liabilities	6.16	124,626	125,198
Income tax liabilities		5,624	1,581
Current liabilities		334,439	335,950
Total liabilities		1,004,016	705,895
Total equity and liabilities		1,688,900	1,626,909

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the period

1 JANUARY - 31 DECEMBER 2022

KEUR	Note	1 Jan. 2022 - 31 Dec. 2022	1 Jan. 2021 - 31 Dec. 2021
Revenue	5.1	6,534,119	4,774,973
Cost of materials	5.2	(6,045,907)	(4,344,097)
Gross profit		488,212	430,876
Other operating income	5.3	16,146	16,352
Personnel expenses	5.4	(303,296)	(231,022)
Other operating expenses	5.5	(384,046)	(340,618)
Earnings before interest, tax, depreciation and amortization (EBITDA)		(182,984)	(124,412)
Depreciation and amortisation	6.1 6.2	(36,748)	(27,073)
Earnings before interest and tax (EBIT)		(219,732)	(151,485)
Interest income and other finance income	5.6	1,005	4,121
Interest expense and other finance costs	5.6	(13,323)	(14,746)
Other financial result	5.6	(6,960)	(209,843)
Earnings before tax (EBT)		(239,010)	(371,953)
Income taxes	5.7	(7,362)	(2,101)
Net loss for the year		(246,372)	(374,054)
Thereof attributable to the owners of the Parent Company		(246,372)	(374,054)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		(195)	(39)
Profit or loss from derivative financial instruments	9	3,176	-
Deferred taxes	9	(759)	-
Other comprehensive income, net of tax		2,222	(39)
Total comprehensive income		(244,150)	(374,093)
Thereof attributable to the owners of the Parent Company		(246,567)	(374,093)
Thereof attributable to non-controlling interests		2,417	-
Earnings per share (basic and diluted)	12	(1.15)	(1.81)

Consolidated Statement of Changes in Equity

for the period

1 JANUARY - 31 DECEMBER 2022

KEUR	Subscribed Capital			Other Reserves			Total of the Parent Company's Owners	Non-controlling Interests [†]	Total Equity
	Subscribed Capital	Treasury Shares	Capital Reserve	Other Equity Reserves	Currency Translation Reserve	Retained Earnings			
Note	8		8	8	8			8	
As at 1 Jan. 2022	212,335	803	1,679,904	91,260	(896)	(1,062,392)	921,014	-	921,014
Net loss for the year	-	-	-	-	-	(246,372)	(246,372)	-	(246,372)
Other comprehensive income	-	-	-	-	(195)	-	(195)	2,417	2,222
Total comprehensive income for the year	-	-	-	-	(195)	(246,372)	(246,567)	2,417	(244,150)
Share-based payment	(89)	89	-	8,029	-	-	8,029	-	8,029
Capital increases	2,558	-	31,841**	(34,399)**	-	-	-	-	-
Other changes	-	-	-	-	(9)	-	(9)	-	(9)
As at 31 Dec. 2022	214,804	892	1,711,745	64,890	(1,100)	(1,308,764)	682,467	2,417	684,884

*including mainly reserves from hedge accounting (refer to Note 9)

**including DLOM reclassification

KEUR	Subscribed Capital			Other Reserves			Total	Total Equity
	Subscribed Capital	Treasury Shares	Capital Reserve	Other Equity Reserves	Currency Translation Reserve	Retained Earnings		
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

Consolidated Statement of Cash Flows

for the period

1 JANUARY - 31 DECEMBER 2022

KEUR	Note	1 Jan. 2022 - 31 Dec. 2022	1 Jan. 2021 - 31 Dec. 2021
Net loss for the year		(246,372)	(374,054)
Adjustments for			
Depreciation and amortisation	6.1 6.2	36,748	27,073
Financial result	5.6	19,278	220,468
Income taxes	5.7	7,362	2,101
Change in provisions		(2,208)	11,493
Expenses from share-based payments	6.11	8,029	5,688
Loss on the disposal of property, plant and equipment		2,462	-
Other non-cash effects		17,175	6,311
Changes in operating assets and liabilities			
Change in operating assets		(197,224)	(516,086)
Change in operating liabilities		(20,996)	154,457
Other cash flows used in operating activities			
Interest received		688	4,121
Interest paid		(10,700)	(7,583)
Interest for lease liability*	6.3	(1,557)	(1,559)
Taxes (paid)/received		(5,049)	321
Cash flow from operating activities		(392,364)	(467,249)
Acquisition of property, plant and equipment		(34,241)	(26,619)
Acquisition of investments in intangible assets**		(12,801)	(40)
Acquisition of investments in financial assets		(3,473)	(1,436,685)
Proceeds from sale of property, plant and equipment		953	2,005
Proceeds from sale of financial assets		607,010	821,530
Cash flow from investing activities		557,448	(639,809)
Proceeds from capital increase		-	1,008,060
Transaction costs for the capital increase		-	(26,981)
Proceeds / (payments) from issue / (repayment) of convertible bonds		-	(232,349)
Proceeds from incurring liabilities to banks		915,523	345,000
Repayment of liabilities to banks		(614,640)	(15,000)
Transaction costs related to loans taken out		(1,938)	-
Payment of lease liabilities		(28,251)	(22,270)
Cash flows from financing activities		270,694	1,056,460
Net change in cash and cash equivalents		435,778	(50,598)
Cash and cash equivalents at the beginning of the period		106,653	157,251
Cash and cash equivalents at the end of the period	6.9	542,431	106,653

*The interest on lease liabilities was reported as interest paid in the prior year's statement of cash flows.

**Acquisition of investments in intangible assets was shown in prior year's statement of cash flows under acquisition of property, plant and equipment.

Notes

to the consolidated financial statements as at 31 December 2022

1. Reporting entity

The AUTO1 Group (hereinafter also referred to as 'AUTO1' or the 'Group'), consists of 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 one of Europe's leading online marketplaces for the purchase/sale of used vehicles from/to dealers as well as individual customers and has business operations in over 30 countries. AUTO1 works with more than 87,000 active partner dealers. AUTO1 traded more than 650,000 vehicles in more than 30 European countries in 2022.

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 2022 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 EU.

The consolidated financial statements of the AUTO1 Group for the financial year as at 31 December 2022 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 2022, as well as comparative figures for the financial year ending on 31 December 2021.

The consolidated financial statements were approved on 27 March 2023 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 using the historical cost basis, with the exception of the accounting of share-based payments, assets measured at fair value and the measurement of derivative financial instruments.

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. The 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 measurement of inventories (Note 4.7)

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 2022, the Group applied the following standards and amendments for the first time:

- Amendment to IFRS 3: Reference to the Conceptual Framework
- Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to IAS 37: Cost of Fulfilling a Contract
- Improvements to IFRS 2018-2020: Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41

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.

Various new financial reporting standards and interpretations were issued but are not mandatory for reporting periods as at 31 December 2022 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 67 subsidiaries (2021: 60). 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 non-controlling 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. 2022	31 Dec. 2021	2022	2021
SEK	11.12	10.25	10.63	10.14
PLN	4.68	4.60	4.68	4.56

4.4 Intangible assets

Intangible assets are initially measured at cost and subsequently amortised on a straight-line basis over the useful life of 3 to 16 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 period of time 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 the principal portion of the lease liability 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 especially 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. Internal and external refurbishment costs are also capitalised. 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. 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 on the basis of the country of purchase, the fuel type, the length of time in the inventory and the purchase price. For the respective clusters, the Group determines potentially achievable margins on the basis of 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. Refurbishment costs are also taken into account. This primarily concerns the Retail business.

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 subsequent to 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, which include derivative financial instruments.

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. Cash mainly includes bank balances and cash on hand. Cash equivalents include time deposits. 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,
- other receivables.

Apart from trade receivables attributable to instalment purchases and in view of immateriality, the Group does not measure allowances for 12-month expected credit losses as this otherwise relates solely 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 (e.g. in the event of insolvency of dealer) are deemed not recoverable. Such trade receivables are written off. 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 request against the dealers, which is offset by a contract liability of the Group to fulfil its obligation to deliver the vehicle upon receipt of payment.

Trade receivables include to a significant extent receivables from the Retail segment, which were transacted with end-customers as part of the programme for receivables from instalment purchases. These receivables are stated at amortised cost.

The expected credit losses (ECL) for receivables from instalment purchases are calculated in two steps:

- For receivables from instalment purchases 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 from a default to occur in the 12 months after the reporting date.
- In the case of receivables from instalment purchases for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses on the basis of probability of default expected over the remaining life of the respective instalment purchase agreement.

Other financial assets

Expected credit losses (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 from a default to occur in the 12 months after the reporting date or a shorter period where the expected life of a financial instrument is less than 12 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 the case of financial liabilities measured at amortised cost, these 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 and 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 12 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 12 months after the reporting period.

Derivative financial instruments and hedge accounting

AUTO1 Group holds derivative financial instruments exclusively to hedge interest rate risks relating to the refinancing of the portfolio of instalment purchases. Derivatives are measured at fair value on initial recognition and as part of subsequent measurement.

Derivative financial instruments are generally designated as hedges to protect against fluctuations in cash flows resulting from changes in interest rates. At the inception of the designated hedge, the risk management objectives and strategies being pursued for the hedging are documented. There is also documentation of the financial relationship between the hedged item and the hedging instrument and whether there is an expectation that the changes in cash flows of the hedged item and the hedging instrument will offset each other.

Cash flow hedges

If a derivative is designated a cash flow hedge, the effective portion of the changes in the fair value is recognised in other comprehensive income and the cumulative change transferred to the hedging reserve. The effective portion of changes in fair value recognised in other comprehensive income is limited to the cumulative change of fair value of the hedged item (calculated on the basis of present value) from the inception of the hedge. Any ineffective portion of the changes in fair value of the derivative is recognised directly in profit or loss.

Only the change in the fair value of the intrinsic value of interest rate hedges is recognised by the Group as a hedge in cash flow hedging. The change in the fair value of the time value is accounted for separately as a cost of the hedging relationship and allocated to equity as a reserve for the costs of the hedge.

If the hedging relationship ceases to meet the criteria for hedge accounting or if the hedging instrument expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been

accumulated in the hedging reserve remains in equity until it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, the amounts classified to the hedging reserve are directly reclassified to profit or loss.

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 and annual leave that are expected to be settled in full within 12 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 on the day the equity-settled share-based payment transaction is recognised 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 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 in the course of 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 amount expected 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 purchase price). 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. As the transport can be ordered separately after the vehicle has been purchased at auction, 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 procurement 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 the 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 with regard to issues of warranty and service and also 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 21-day right of return. 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, which means 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 receives revenue for referring Autohero customers to partner banks. The brokerage fee is paid upon successful conclusion of a financing agreement. The revenue is recognised largely at the same point in time at which the corresponding vehicle sale is booked.

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. The realised financing component is reported under Retail revenue. The exemption provided for under IFRS 15.63 is

not applied to the instalment purchase agreements. The exemption only applies 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. They are thus appropriate and are 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 and interest carryforwards. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for temporary differences and tax loss and interest carryforwards to the extent that it is probable that sufficient future taxable income will be available against which deductible temporary differences and/or loss and interest carryforwards 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 relate 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.

IFRIC 23 clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments, and covers current and deferred tax assets or liabilities. In accordance with IFRIC 23, uncertain tax treatments can be considered separately or together with one or more other uncertain tax treatments. The method that better predicts the resolution of the uncertainty is to be selected. As part of the assessment it should be assumed that a taxation authority will examine all amounts it has a right to examine and that it has full knowledge of all related information when making those examinations. If it is considered improbable that the taxation authority will accept an uncertain tax treatment, the effect of the uncertainty is accounted for by applying to each uncertain tax treatment either the most likely amount or the expected amount – depending on which method better predicts the resolution of the uncertainty.

The Group companies are subject to income taxes around the world in a number of countries. When assessing global income tax assets and liabilities, the interpretation of tax regulations, in particular, can be subject to uncertainty. The respective tax authorities may take a different view of the correct interpretation of tax standards. Changes to the assumptions regarding the correct interpretation of tax standards, for example due to changes to legislation, are included in the accounting for the uncertain income tax assets and liabilities in the financial year in question.

4.16 Fair value measurement

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 on the basis of 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 are 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 other observable inputs for the asset or liability.

Level 3 inputs are 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 may use 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 ended.

Other than the measurement of money market instruments allocated to Level 1 of the measurement category and of derivative financial instruments to hedge against interest risks that belong to Level 2, 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 disregarded in the adjustment if it causes the loss per share to decline or the earnings per share to rise.

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

5.1 Revenue

KEUR	1 Jan. 2022 - 31 Dec. 2022	1 Jan. 2021 - 31 Dec. 2021
Dealer platform (Merchant)	5,477,595	4,195,988
Retail business (Retail)	1,056,524	578,985
Total revenue	6,534,119	4,774,973

As a result of the rapid growth at Autohero and stronger trading in the Merchant business, which was accompanied by increased used vehicle prices, revenue increased by KEUR 1,759,146 year on year.

Revenue in the Retail segment includes interest income of KEUR 4,568 (2021: KEUR 495), the result of granting instalment payments in retail business and that led to the recognition of a significant financing component in accordance with IFRS 15. This interest income is not revenue from contracts with customers.

AUTO1 Group fully settled the contract liabilities recognised as at 31 December 2021 for performance obligations still to be settled with customers who had made payments and recognised them in revenue in financial year 2022.

The information on revenue included in segment reporting under Note 11 meets the requirements of IFRS 15.114. 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. 2022 - 31 Dec. 2022	1 Jan. 2021 - 31 Dec. 2021
Cost of purchased vehicles	(5,794,933)	(4,165,068)
Other cost of materials	(250,974)	(179,029)
Total	(6,045,907)	(4,344,097)

The cost of materials increased slightly more strongly than Group revenue. The other cost of materials includes external transport costs (costs for transport to the customer), document handling and other costs in connection with processing vehicle purchases and sales, as well as internal and external expenses for the preparation of vehicles.

The other costs of materials include changes in inventories from the capitalisation of internal refurbishment expenses in the amount of KEUR 3,562 (2021: KEUR 0) and expenses from the refinancing and related interest hedging in the amount of KEUR 1,686 (2021: KEUR 0).

5.3 Other operating income

Other operating income largely includes foreign currency translation gains and income relating to other periods, mainly from the reimbursement of VAT and insurance benefits.

5.4 Personnel expenses

KEUR	1 Jan. 2022 - 31 Dec. 2022	1 Jan. 2021 - 31 Dec. 2021
Wages and salaries	(232,696)	(178,314)
Social security contributions	(55,048)	(41,054)
Equity-settled share-based payments	(8,029)	(5,688)
Other	(7,523)	(5,965)
Total	(303,296)	(231,022)

The rise in personnel expenses is due to the higher number of employees following the further expansion of our business activities.

Contributions to defined contribution plans amounted to KEUR 27,594 in financial year 2022 (2021: KEUR 15,834).

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

	2022	2021
Employees	6,054	4,649
Senior management	40	55
Total	6,094	4,704

5.5 Other operating expenses

KEUR	1 Jan. 2022 - 31 Dec. 2022	1 Jan. 2021 - 31 Dec. 2021
Marketing expenses	(193,156)	(203,275)
Internal logistics expenses	(79,971)	(57,974)
Legal and consulting	(11,928)	(18,028)
Expenses for IT from third-party providers	(11,445)	(8,096)
Prior-period expenses	(10,469)	(7,637)
Building-related expenses	(10,281)	(7,105)
Impairment on receivables	(3,450)	(1,356)
Other expenses	(63,346)	(37,147)
Total	(384,046)	(340,618)

The expansion of business activities also increased other operating expenses. The main driver for the increase in other operating expenses was higher expenses for internal logistics due to the higher number of transported vehicles and increased transport prices. The marketing expenses and the legal and consulting expenses were reduced compared to the prior year. Expenses relating to other periods also include logistics and registration costs. Other expenses mainly include costs for IT, incidental rental costs, costs for obtaining vehicle identification numbers, travel and recruitment costs, currency translation losses, costs for insurance, credit losses, duties and amounts and costs for freelancers. A majority of these expenses rose in line with the increase in revenue.

5.6 Finance income and finance costs

KEUR	1 Jan. 2022 - 31 Dec. 2022	1 Jan. 2021 - 31 Dec. 2021
Interest income and other finance income		
Interest income	793	3,952
Other interest and similar income	212	170
Total	1,005	4,122
Interest expense and other finance costs		
Interest expense	(9,259)	(10,377)
Other interest and similar expenses	(4,063)	(4,369)
Total	(13,322)	(14,746)
Other financial result	(6,960)	(209,843)
Financial result	(19,277)	(220,467)

Interest income and other finance income result mainly from interest on cash and cash equivalents and liquid financial assets. Interest income of the prior year especially concerns the interest charged on VAT from 2018.

Interest expenses mainly consist of interest on the inventory ABS facility (KEUR 7,185; 2021: KEUR 1,540) to refinance inventories and the interest on lease liabilities (KEUR 1,557; 2021: KEUR 1,559). The prior year's interest expenses also included interest on the convertible bonds that have been redeemed (KEUR 5,727).

The other financial result from the financial year under review includes a loss on the sale of money market funds in the amount of KEUR 7,422 (2021: KEUR 0). The repayment at fair value of the embedded derivative from the repaid convertible bond in the amount of KEUR 209,049 had been recognised in the other financial result in the prior year.

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. 2022 - 31 Dec. 2022	1 Jan. 2021 - 31 Dec. 2021
Deferred tax expense	(299)	(773)
Current tax expense (current year)	(2,917)	(2,724)
Current tax expense (changes in estimates related to prior years)	(4,146)	1,397
Total	(7,362)	(2,100)

The effective income tax expense is reconciled as follows:

KEUR	1 Jan. 2022 - 31 Dec. 2022	1 Jan. 2021 - 31 Dec. 2021
Earnings before tax	(239,010)	(371,953)
Income tax rate (of Parent Company)	30.175%	30.175%
Income tax at the income tax rate	72,121	112,237
Increase/(decrease) in income tax expense due to:		
Effect of deviations between domestic and foreign tax rates	(2,290)	(2,097)
Effect of non-deductible expenses for tax purposes/tax-exempt income	(4,861)	(8,342)
Effect of non-recognition of deferred tax assets on tax loss carryforwards	(68,464)	(119,792)
Effect of non-recognition of deferred tax assets on temporary differences	851	14,878
Taxes for previous years	(4,358)	1,009
Other differences	(362)	7
Total tax income (+)/ expenses (-)	(7,362)	(2,100)
Effective tax rate	(3.080%)	(0.565%)

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. 2022	272	272
Additions	12,803	12,803
Disposals	-	-
Foreign currency translation differences	(2)	(2)
Gross carrying amount as at 31 Dec. 2022	13,073	13,073
Accumulated amortisation as at 1 Jan. 2022	154	154
Additions	558	558
Disposals	-	-
Foreign currency translation differences	-	-
Accumulated amortisation as at 31 Dec. 2022	712	712
Net carrying amounts as at 31 Dec. 2022	12,361	12,361

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

The Group's intangible assets largely relate to an acquired trademark.

6.2 Property, plant and equipment

KEUR	Land and building	Other equipment	Rights of use	Total
Gross carrying amount as at 1 Jan. 2022	1,310	36,603	115,248	153,161
Additions	4,587	29,653	44,789	79,029
Disposals	-	3,093	15,364	18,457
Foreign currency translation differences	-	(104)	282	178
Gross carrying amount as at 31 Dec. 2022	5,897	63,059	144,955	213,911
Accumulated depreciation as at 1 Jan. 2022	340	10,354	58,375	69,069
Additions	379	6,814	28,997	36,190
Disposals	-	217	15,307	15,524
Foreign currency translation differences	-	434	252	686
Accumulated depreciation as at 31 Dec. 2022	719	17,385	72,317	90,421
Net carrying amounts as at 31 Dec. 2022	5,178	45,674	72,638	123,490

KEUR	Land and building	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 depreciation 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 depreciation 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

The largest group of property, plant and equipment of AUTO1 covers leased property relating to the purchasing branches and production centres. These are presented as right-of-use assets. Further information regarding leases is presented in Note 6.3. Furthermore, other property, plant and equipment was increased by investments in the Autohero delivery vehicle fleet and in operating and office equipment, which also includes advance payments on delivery vehicles.

6.3 Leases

The Group's leases mainly involve real estate, with this divided into the branches used for vehicle purchasing and the production centres in which the used vehicles are refurbished. 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 6.15).

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. 2022 - 31 Dec. 2022	1 Jan. 2021 - 31 Dec. 2021
Depreciation expense for right-of-use assets	(28,997)	(23,203)
Interest expense for lease liabilities	(1,557)	(1,559)
Total	(30,554)	(24,762)

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. 2022	31 Dec. 2021
Maturity analysis - Contractual undiscounted cash flows		
< 1 year	25,572	21,101
1 - 5 years	42,768	35,371
> 5 years	8,443	4,155
Total undiscounted lease liabilities as at 31 Dec.	76,783	60,627
Lease liabilities in the statement of financial position as at 31 Dec.	74,042	57,639

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

6.4 Deferred taxes

Deferred tax assets on tax loss carryforwards, interest carryforwards, 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. An amount of KEUR 760, which is based on the temporary differences of the derivative financial instruments included in the hedges, was taken into account as deferred taxes in other comprehensive income and recognised directly in equity.

Deferred tax assets and liabilities are as follows:

KEUR	31 Dec. 2022	31 Dec. 2021
Deferred tax assets	515	948
Deferred tax liabilities	(853)	(95)
Net deferred taxes recognised	(338)	853

Deferred tax assets and tax liabilities are shown net. These were shown before netting in the prior year.

Deferred taxes by assets and liabilities in respect of temporary differences as at 31 December 2022 are as follows:

KEUR	31 Dec. 2022	
	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	-	(3)
Inventories	246	-
Other receivables	5	(17,459)
Financial liabilities (non-current)	100	-
Provisions (current)	31	-
Other liabilities (current)	16,704	-
Total temporary differences	17,086	(17,462)
Loss carryforwards	38	-
Total	17,124	(17,462)
Offsetting	(16,609)	16,609
Total after offsetting	515	(853)

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

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	-
Total temporary differences	18,290	(17,666)
Loss carryforwards	229	-
Total	18,519	(17,666)
Offsetting	(17,571)	17,571
Total after offsetting	948	(95)

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 use is currently not yet sufficiently specified.

KEUR	31 Dec. 2022	31 Dec. 2021
Other assets	20	623
Provisions	278	545
Financial liabilities	-	64
Other liabilities	278	817
Total	576	2,049

Furthermore, deferred tax assets have not been recognised in respect of the following tax loss and interest carryforwards that do not expire (unlimited tax and interest loss carryforwards):

KEUR	31 Dec. 2022	31 Dec. 2021
Tax loss carryforwards (corporate tax)	1,056,227	875,195
Tax loss carryforwards (trade tax)	876,903	805,065
Interest carryforwards	77,067	68,611

As at 31 December 2022, 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. Taxable temporary differences relating to investments in subsidiaries amounted to KEUR 1,104 as at 31 December 2022 (2021: KEUR 900).

6.5 Inventories

The carrying amount of inventories included vehicle stock of KEUR 617,573 as at 31 December 2022 (31 December 2021: KEUR 583,549). For a breakdown of inventories by Merchant and Retail segments, please refer to Note 11. The vehicle inventory was increased in the past financial year as a result of the Group's growth, particularly for Autohero.

Significant amounts of the vehicle inventory are pledged as collateral for liabilities to financial institutions (see Note 6.13). Vehicle acquisition costs recognised in cost of materials amounted to KEUR 5,781,239 in 2022 (2021: KEUR 4,159,341). As at the reporting date of 31 December 2022, inventories were reduced by KEUR 26,891 (31 December 2021: KEUR

13,198) on account of writing down to the net realisable value. This write-down was recognised as an expense.

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

6.6 Trade and other receivables

KEUR	31 Dec. 2022	31 Dec. 2021
Non-current trade receivables		
Receivables from instalment purchases	151,703	41,430
Total	151,703	41,430
Current trade and other receivables		
Trade receivables	66,569	62,402
Receivables from instalment purchases	33,932	7,603
Other receivables	17,046	19,297
Total	117,547	89,302

The year-on-year increase in current trade receivables was due primarily to the growth of the instalment purchase business in Germany and Austria. In financial year 2021, the Group began 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 185,635 (2021: KEUR 49,032). The receivables from instalment purchases from Germany and Austria serve as collateral for creditors from the consumer loan ABS facility.

Impairment losses on current and non-current trade receivables amounted to KEUR 7,606 as at the reporting date (2021: KEUR 4,155).

6.7 Other financial assets

KEUR	31 Dec. 2022	31 Dec. 2021
Other non-current financial assets		
Deposits	5,772	12,102
Derivative financial assets	6,417	-
Other	-	100
Total	12,189	12,202
Other current financial assets		
Money market funds and money market instruments	-	614,432
Deposits	3,035	1,816
Total	3,035	616,248

In the prior year, current money market funds and money market instruments included liquid investments to minimise the effects of negative interest rates, which were funded by IPO proceeds and could be sold at short notice. As at 31 December 2022, investments in current money market instruments of KEUR 330,000 were reported in cash and cash equivalents owing to their intended use for the repayment of liabilities at short notice. The money market funds held as at 31 December 2021 with a carrying amount of KEUR 534,432 were sold in full in financial year 2022.

Deposits are mainly collateral security for lease agreements. The derivative financial assets concern purchased interest rate hedging instruments to limit interest rate risks from refinancing the instalment purchase programme.

6.8 Other assets

Other assets mainly comprise VAT receivables of KEUR 82,184 (2021: KEUR 78,340) and prepaid expenses for insurance and advertising campaigns.

6.9 Cash and cash equivalents

Cash balances of KEUR 143,128 (2021: KEUR 55,984) are pledged as collateral for liabilities to financial institutions (see Note 6.13).

Cash and cash equivalents include time deposits of KEUR 330,000 (2021: KEUR 0) with terms of less than three months.

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 A share1	Series 1a shares
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 bond)	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	-	-	-	-	-	-	-	-
Issued for payment in kind (VSIP/MD Pool/SCP settlement)	2,557,838	-	-	-	-	-	-	-	-
As at 31 Dec. 2022	215,695,838	-	-	-	-	-	-	-	-

The ordinary shares and Series A to E shares were no-par-value shares, which have been fully paid. 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 shareholders' meeting on 14 January 2021 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 disapplied (Authorised Capital 2021/I).

On 4 February 2021, AUTO1 Group SE successfully completed its IPO on the Frankfurt Stock Exchange. 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 following capital increases were carried out in financial year 2022: Share capital was increased by EUR 2,013,521 to EUR 215,151,521 upon entry in the commercial register on 2 February 2022. Share capital was increased by EUR 277,929 to EUR 215,429,450 upon entry in the commercial register on 14 April 2022. Share capital was increased by EUR 193,102 to EUR 215,622,552 upon entry in the commercial register on 24 August 2022. Entry in the commercial register on 22 November 2022 led to an increase in the share capital of EUR 73,286 to EUR 215,695,838. These capital increases took place in connection with settling equity-based remuneration in shares and in each case were carried out by partially drawing on the Authorised Capital 2021/I. Authorised Capital 2021/I amounted to EUR 95,544,063 at year-end 2022 after the partial drawn-down.

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

KEUR	Share capital	Capital reserves
As at 1 Jan. 2022	213,138	1,679,904
Capital increase (VSIP/MD Pool) in February 2022*	2,014	24,252
Capital increase (VSIP/MD Pool) in April 2022	278	3,844
Capital increase (VSIP/MD Pool/SCP) in August 2022	193	2,619
Capital increase (VSIP/MD Pool/SCP) in November 2022	73	1,126
As at 31 Dec. 2022	215,696	1,711,745

*Capital reserve including discount for lack of marketability (DLOM) reclassification

KEUR	Share capital	Capital reserves
As at 1 Jan. 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 bond 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 Dec. 2021	213,138	1,679,904

6.11 Share-based payment

1. Incentive program for virtual shares

Terms

The Company has established a virtual share incentive programme (VSIP). Under this programme, 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 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 such a 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 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 being based on 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 expense for the remaining vesting period is therefore determined based on the fair value of the virtual shares measured at the original grant date.

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

KEUR	
Share-based payment as at 1 Jan. 2022	91,260
+ Recognition of share-based payment (equity-settled)	8,029
- Reclassification of share-based payment to capital reserve	(34,398)
Share-based payment as at 31 Dec. 2022	64,891

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 financial year 2022. The average share price on the date of exercise for the virtual shares exercised in the period was EUR 1.52.

The virtual shares outstanding as at 31 December 2022 have a weighted average exercise price of EUR 2 and a weighted average remaining contractual term of 5 months.

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. 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.

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 financial year 2021), 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 to a dividend/exit payment only where 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 on the basis of the respective vesting period and is recorded in equity.

Series 1a shares were converted into ordinary shares as part of the IPO, taking into account 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), 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 2022 have a weighted average exercise price of EUR 9.8 in accordance with IFRS 2 and a weighted average remaining contractual term of 8 months.

*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 on the basis of the respective vesting period and is recorded in equity.

No changes were made to conditions as a result 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), 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 2022 have an exercise price of EUR 15.76 and a weighted average remaining contractual term of 26 months.

Reconciliation of outstanding subscriptions rights

	2022	
	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	-	-

	2021	
	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	-	-

V. AUTO1 Share Compensation Program 2021

Terms

A new share-based payment programme was introduced in financial year 2021 that grants employees virtual shares as an incentive in connection with their future activity in the Group (AUTO1 Share Compensation Program 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 euro, 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 on the basis of the respective vesting period and is recorded in equity.

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 on the basis of an allocation amount in euro, 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 shares of AUTO1 Group SE 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 2022 have a weighted average remaining contractual term of 7 months.

VI. Virtual Option Program

Terms

As part of the virtual option program, employees and freelancers receive a part of their remuneration in the form of virtual options. Each virtual option grants the participant an option in respect of the Company that is settled by the transfer of shares of AUTO1 Group. Alternatively, settlement can also be made by a cash payment at the discretion of the Company. The virtual options are granted in three tranches with three different vesting periods, which are individually stipulated for each participant. Participants can exercise the options arising from the virtual options allocated to them at the earliest after the respective vesting period for the respective tranche. Virtual options can be exercised within certain exercise periods at least two times per year. The options have a term of five years, commencing with the

expiration of the respective vesting period.

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 on the basis of the respective vesting period and is recorded in equity.

Fair value measurement

The fair value at the grant date of the subscription rights was determined as follows. The participants receive virtual shares depending on the number stipulated in the allocation offer. The exercise price of virtual shares approximates nil, for which reason the value of an option equates to the average exchange price of the real shares of AUTO1 Group SE during one of the reference periods 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 2022 have a weighted average remaining contractual term of 26 months.

Reconciliation of outstanding virtual options

	2022	
	Number of virtual options	Weighted-average exercise price
Outstanding on 1 January	-	-
Forfeited during the period	6,666	-
Granted during the period	629,065	-
Exercised during the period	-	-
Outstanding on 31 December	622,399	-
Exercisable on 31 December	-	-

VII. Matching share plan

Terms

The one-off Matching Share Programme gives employees with an uninterrupted employment relationship the opportunity to receive matching shares if the respective participant invests in investment shares. The vesting period for granting matching shares is one year ("minimum holding period") or two years ("additional holding period"). For every three investment shares purchased and held without interruption by the participant for the minimum holding period, the participant

receives a matching share. For every three investment shares purchased and held without interruption by the participant for the additional holding period, the participant receives a further matching share. Participants with an uninterrupted employment relationship of at least three years receive an additional matching share for the respective three investment shares that are held without interruption during the additional holding period. Settlement can also be made by a cash payment at the discretion of the Company.

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 on the basis of the respective vesting period and is recorded in equity.

Fair value measurement

The fair value at the grant date of the subscription rights was determined as follows. Each participant has the opportunity to buy real shares of the AUTO1 Group SE. Depending on the terms set out in the allocation offer, the participant receives one share for each three shares purchased after a holding period of one year and one/two shares after a holding period of 2 years. The value is determined by the average exchange price of the real shares of AUTO1 Group SE during the 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 2022 have a weighted average remaining contractual term of 12 months.

6.12 Provisions

KEUR	1 Jan. 2022	Utilisation	Reversal	Additions	Reclassifications	31 Dec. 2022
Provisions for litigation	10,299	6,754	769	1,305	-	4,081
Provisions for vehicles	8,317	3,641	4,153	11,249	-	11,772
Other provisions	95	-	-	555	-	650
Total	18,711	10,395	4,922	13,109	-	16,503

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

6.13 Financial liabilities

In December 2020, the structured entity AUTO1 Funding B.V. with registered office in Amsterdam, the Netherlands, was founded. It is controlled and fully consolidated by AUTO1 Group SE. In January 2021, in the context of a securitisation (inventory ABS facility; non-recourse financing), AUTO1 Funding B.V. issued promissory note loans and registered bonds to fund the Group's growing vehicle trade. The promissory note loans and registered bonds are collateralised by, among other collateral, a significant part of inventory.

In addition, in February 2022, the structured entity Autohero Funding 1 B.V. with registered office in Amsterdam, the Netherlands, was founded. It is controlled and fully consolidated by AUTO1 Group SE. In April 2022, Autohero Funding 1 B.V. issued debt instruments as part of a securitisation (consumer loan ABS facility; non-recourse financing) to finance the growing instalment purchase programme of Autohero. The debt instruments are collateralised by, among other collateral, a significant amount of Autohero's trade receivables.

These two non-recourse debt instruments are recognised in the statement of financial position as follows:

KEUR	31 Dec. 2022	31 Dec. 2021
Financial liabilities (non-current)		
Liabilities to financial institutions	617,398	330,000
Total	617,398	330,000
Financial liabilities (current)		
Liabilities to financial institutions	11,000	-
Interest and fees accrued	295	-
Total	11,295	-

Liabilities to financial institutions relate to the loans from the securitisation programme for inventory and the refinancing programme for receivables from instalment purchases utilised as at the reporting date.

6.14 Trade and other payables

Trade and other payables are unsecured.

The carrying amounts are considered to be 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. 2022	31 Dec. 2021
Other non-current financial liabilities		
Lease liabilities	49,233	38,117
Other	23	22
Total	49,256	38,139
Other current financial liabilities		
Lease liabilities	24,809	19,523
Other	8,751	2
Total	33,560	19,525

Further information regarding leases is presented in Note 6.3.

6.16 Other liabilities

KEUR	31 Dec. 2022	31 Dec. 2021
Other non-current financial liabilities		
Personnel-related liabilities	1,616	1,616
Total	1,616	1,616
Other current financial liabilities		
Personnel-related liabilities	21,156	20,297
Contract liabilities	101,357	98,812
Other	2,112	6,089
Total	124,626	125,198

Other liabilities mainly result from contract liabilities and personnel-related liabilities.

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 leave entitlement, 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. 2022	Cash outflows	Cash inflows	Accrued interest expense (non-cash)	Interest paid (cash out- flow)	Additions/ disposals (non-cash)	Changes in foreign exchange rates	1 Jan. 2022
Financial liabilities	628,693	(616,578)	915,523	295	-	(547)	-	330,000
Lease liabilities	74,042	(28,251)	-	1,557	(1,557)	44,809	(155)	57,639
Total	702,735	(644,829)	915,523	1,852	(1,557)	44,262	(155)	387,639

KEUR	31 Dec. 2021	Cash outflows	Cash inflows	Accrued interest expense (non-cash)	Interest paid (cash out- flow)	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

The non-cash changes in financial liabilities mainly relate to additions of lease liabilities.

The other non-cash changes in operating cash flow mainly relate to the measurement of inventories. The adjustments for the financial result include, among others, non-cash losses on disposal for money market funds.

8. Notes to the consolidated statement of changes in equity

Subscribed capital and capital reserve

Number of shares	2022	2021
Issued on 1 January	213,138,000	3,462,363
Share split (prior year) and issue during the year	2,557,838	209,675,637
Issued on 31 December	215,695,838	213,138,000
Authorised capital - nominal amount in EUR	95,544,063	98,101,901

The issued shares are no-par ordinary shares entitling their holders to the Company's residual assets and to one vote per share at shareholder meetings. AUTO1 held 892,467 treasury shares as at 31 December 2022 (2021: 802,854).

The capital reserve comprises the equity accruing to the Company in excess of 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.

Non-controlling interests

Non-controlling interests are largely attributable to hedge accounting in Autohero Funding 1 B.V. (refer to Note 9 – Cash flow hedges).

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. The fair value of non-current trade receivables can deviate from the carrying amount especially due to changes in the interest rate environment. 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.

31 Dec. 2022

KEUR	Measurement category	Carrying amount	Fair value	Fair value hierarchy
Financial assets				
Non-current financial assets		163,892		
<i>of which receivables from instalment purchases</i>	<i>Measured at amortised cost</i>	151,703	146,991	2
<i>of which derivative financial assets</i>	<i>No measurement category pursuant to IFRS 9</i>	6,417	6,417	2
<i>of which other non-current financial assets</i>	<i>Measured at amortised cost</i>	5,771	n/a	n/a
Current trade and other receivables	Measured at amortised cost	117,547	n/a	n/a
Other current financial assets		3,035		
<i>of which other current financial assets</i>	<i>Measured at amortised cost</i>	3,035	n/a	n/a
Cash and cash equivalents	Measured at amortised cost	542,431	n/a	n/a
Financial liabilities				
Non-current financial liabilities		666,653		
<i>of which financial liabilities</i>	<i>Measured at amortised cost</i>	617,398	617,398	2
<i>of which lease liabilities</i>	<i>No measurement category pursuant to IFRS 9</i>	49,233	n/a	n/a
<i>of which other financial liabilities</i>	<i>Measured at amortised cost</i>	23	n/a	n/a
Current loans and borrowings	Measured at amortised cost	11,295	11,295	2
Trade and other payables	Measured at amortised cost	143,285	n/a	n/a
Other current financial liabilities		33,560		
<i>of which lease liabilities</i>	<i>No measurement category pursuant to IFRS 9</i>	24,809	n/a	n/a
<i>of which other current financial liabilities</i>	<i>Measured at amortised cost</i>	8,751	n/a	n/a

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	<i>n/a</i>	<i>n/a</i>
<i>of which other non-current financial assets</i>	<i>Measured at amortised cost</i>	12,202	<i>n/a</i>	<i>n/a</i>
Current trade and other receivables	Measured at amortised cost	89,302	<i>n/a</i>	<i>n/a</i>
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	<i>n/a</i>	<i>n/a</i>
Cash and cash equivalents	Measured at amortised cost	106,653	<i>n/a</i>	<i>n/a</i>
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	<i>n/a</i>	<i>n/a</i>
<i>of which other financial liabilities</i>	<i>Measured at amortised cost</i>	22	<i>n/a</i>	<i>n/a</i>
Trade and other payables	Measured at amortised cost	171,029	<i>n/a</i>	<i>n/a</i>
Other current financial liabilities		19,525		
<i>of which lease liabilities</i>	<i>No measurement category pursuant to IFRS 9</i>	19,523	<i>n/a</i>	<i>n/a</i>
<i>of which other current financial liabilities</i>	<i>Measured at amortised cost</i>	2	<i>n/a</i>	<i>n/a</i>

The net income from financial instruments comprises the following:

31 Dec. 2022

KEUR	Interest	Impairment	Gain (+)/ loss (-) from measurement	Total
Financial assets at amortised cost	1,005	(3,450)	20	(2,425)
Financial assets measured at FVTPL	-	-	(7,319)	(7,319)
Financial assets measured at FVOCI	(166)	-	3,176	3,010
Financial liabilities at amortised cost	(13,323)	-	360	(12,963)
Financial liabilities measured at FVTPL	-	-	-	-
Net income (loss)	(12,484)	(3,450)	(3,763)	(19,697)

31 Dec. 2021

KEUR	Interest	Impairment loss	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 (loss)	(10,625)	(1,355)	(209,843)	(221,823)

In financial year 2022, no financial instruments were held that are measured at fair value and for which the fair value was allocated to Level 3.

The deviation between the fair value and the carrying amount of non-current financial liabilities is considered immaterial as these are subject to variable interest rates.

Management of financial risk

The main financial risks faced by the Group are credit risk, market risk, interest rate 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 3,450 in the reporting period (2021: KEUR 1,355). 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 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. For the amount of non-current trade receivables recognised from the offer of the instalment purchase option, the fair value deviates from the carrying amount owing to changes in the interest rate level.

The Group had cash and cash equivalents of KEUR 542,431 as at 31 December 2022 (2021: KEUR 106,653). The cash and cash equivalents are deposited at banks or financial institutions that have high credit ratings from international rating agencies.

The estimated impairment loss on 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. The impairment loss amounted to KEUR 0 as at 31 December 2022 (2021: KEUR 0).

The carrying amount of the financial assets represents the Group's maximum exposure to credit risk. Trade receivables amounted to KEUR 269,250 as at the reporting date (2021: KEUR 130,731). Other financial assets amounted to KEUR 3,035 for current other financial assets (2021: KEUR 616,248) and KEUR 12,189 for non-current financial assets (2021: KEUR 12,202). In addition, the Group did not hold any investments accounted for using the equity method in the amount as at 31

December 2022 (2021: KEUR 0). 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 reporting date and at the comparative reporting dates are immaterial.

Interest rate risk

An interest rate risk exists also due to the inventory ABS facility, which is subject to variable interest. An amount of KEUR 455,000 was drawn down on this credit line as at 31 December 2022. The interest rate risk from the inventory ABS facility has not been hedged to date.

In addition, there is an interest rate risk in the case of the consumer loan ABS facility, as the income from the receivables from instalment purchases is based on fixed interest rates and refinancing through the consumer loan ABS facility is subject to variable interest. KEUR 175,523 was drawn down on the consumer loan ABS facility as at 31 December 2022. AUTO1 uses a hedging strategy to ensure that no nominal values above EUR 25 million from the consumer loan ABS facility are exposed to interest rate risk. In order to hedge fluctuations in payment flows from changes in interest rates, interest rate cap transactions are concluded. A hedge ratio of 1:1 is applied. The economic relationship between the hedging instrument and the hedged item is established on the basis of benchmark interest rates, terms, interest rate adjustment dates and maturities as well as the nominal values. The anticipated effectiveness is determined based on the critical terms.

The main causes of ineffectiveness under these hedging relations can be differences in the interest rate adjustment dates between interest caps and the hedged item. A reasonably possible increase in the market interest rates by 100 basis points as at the reporting date would have – taking into account the interest rate hedging instruments entered into – reduced the profit or loss by KEUR 4,642. The change in the fair values of the interest rate hedging instruments would have increased equity by KEUR 1,883.

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, to the extent 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 2022, the expected cash flows from trade and other receivables due within two months amounted to KEUR 85,446 (2021: KEUR 89,302). This does not include potential effects from extreme circumstances (for instance natural catastrophes), which cannot be reasonably predicted.

A secured rated inventory ABS facility was concluded in December 2020 that relates to the refinancing of the vehicle inventory. KEUR 455,000 was drawn down on the inventory ABS facility as at 31 December 2022. In December 2022, the credit facility was extended to 31 January 2025. This credit facility was extended during the year. The key data of the credit facility are as follows:

Type	Junior Notes	Mezzanine Notes	Senior Notes
Amount of credit facility	200,000,000 EUR	35,000,000 EUR	800,000,000 EUR
Interest rate	5.00%	4.50% + EURIBOR (0% floor)	1.75% + EURIBOR (0% floor)
Term	31 January 2025		
Collateral	Assignment as collateral of inventories as well as bank accounts of AUTO1 Funding B.V. and AUTO1 European Cars B.V. and shares in AUTO1 European Cars B.V.		

A new secured consumer loan ABS facility was concluded in April 2022 in the course of refinancing the instalment purchase programme. KEUR 175,523 was drawn down on the consumer loan ABS facility as at 31 December 2022. The credit facility was extended in December 2022. The key data of the credit facility are as follows:

Type	Junior Notes	Mezzanine Notes	Senior Notes
Amount of credit facility	12,500,000 EUR	25,000,000 EUR	212,500,000 EUR
Interest rate	5.00%	5.00%	1.40% - 1.55% + EURIBOR
Term	8 April 2027		
Collateral	Assignment of receivables as collateral as well as bank accounts of Autohero Funding 1 B.V.		

Exposure to liquidity risk

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

31 Dec. 2022

KEUR	< 1 year	1-5 years	> 5 years	Total	Carrying amount
Financial liabilities	11,295	619,523	-	630,818	628,693
<i>of which ABS credit facilities</i>	11,295	619,523	-	630,818	628,693
Other financial liabilities	-	23	-	23	23
Trade and other payables	153,877	-	-	153,877	153,877
Lease liabilities	25,572	42,768	8,443	76,783	74,042
Total	190,744	662,314	8,443	861,501	856,635

31 Dec. 2021

KEUR	< 1 year	1-5 years	> 5 years	Total	Carrying amount
Financial liabilities	6,325	330,527	-	336,852	330,000
<i>of which ABS credit facilities</i>	6,325	330,527	-	336,852	330,000
Other financial liabilities	2	22	-	24	24
Trade and other payables	171,030	-	-	171,030	171,030
Lease liabilities	21,101	35,271	4,155	60,627	57,639
Total	198,458	365,920	4,155	568,533	558,693

Cash flow hedges

As at 31 December 2022, the following instruments were held to hedge interest rate risks from the instalment purchase business:

31 Dec. 2022	Remaining term		
	1-6 months	6-12 months	More than one year
Interest rate risk, interest rate caps			
Nominal value (in KEUR)	115,968	105,740	63,778
Average cap interest rate	1.1%	1.1%	1.0%

No cash flow hedging was carried out in the prior year as the instalment purchase business was refinanced only in 2022.

Amounts relating to items that were designated as hedged items were as follows as at reporting date:

31 Dec. 2022	Change in value for calculation of the ineffectiveness of the hedge relationship	Cash flow hedge reserve	Costs of hedging reserve	Remaining balances in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied
Interest rate risk				
Floating rate instruments (in KEUR)	3,990	4,006	(830)	-

The amounts relating to items that were designated as hedging instruments and hedge ineffectiveness are as follows.

Interest rate risk (in KEUR)	31 Dec. 2022
Notional amount of interest rate caps	120,169
Carrying amount of assets	6,417
Line item of statement of financial position which includes the hedging instrument	Other financial assets (non-current)
Changes in the value of the hedging instrument recognised in OCI	4,006
Hedge ineffectiveness recognised in profit or loss	-
Total comprehensive income item that includes hedge ineffectiveness	-
Costs of hedging recognised in OCI	(830)
Amount reclassified from hedging reserve to profit or loss	50
Amount reclassified from costs of hedging reserve to profit or loss	216
Total comprehensive income item affected by reclassification	Cost of materials

The following table shows a reconciliation of the risk categories of equity components and the analysis of items in OCI after taxes resulting from accounting for cash flow hedges:

KEUR	Hedge reserve	Costs of hedging reserve
Carrying amount at 1 January 2022	-	-
Fair value changes	4,056	(1,046)
Amount reclassified to consolidated statement of profit or loss and other comprehensive income	(50)	216
Taxes on movements in the reserves	(959)	199
Carrying amount as at 31 December 2022	3,047	(631)

Capital management

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

KEUR	31 Dec. 2022	31 Dec. 2021
Fixed assets and other non-current assets	300,258	138,796
Inventory	617,573	583,549
Cash and cash equivalents	542,431	106,653
Other current assets less current liabilities	(105,802)	461,960

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
- Liquid assets
- Other current assets less current liabilities

This involves financing up to 90% of the inventory through the rated inventory ABS facility. The remaining inventory and all other assets with the exception of right-of-use assets are financed by the Group. The receivables from instalment purchases reported in other non-current and current assets are refinanced through the consumer loan ABS facility.

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 with regard to maturities.

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

KEUR	31 Dec. 2022	31 Dec. 2021
Total equity	684,884	921,014
Total equity and liabilities	1,688,900	1,626,909
Equity ratio	40.6%	56.6%

10. Contingent liabilities

AUTO1 Group has contingent liabilities to the French tax authorities of KEUR 7,467 (2021: 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 areas: Merchant and Retail, which represent the reportable segments. These strategic areas 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.

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. 2022 – 31 Dec. 2022	1 Jan. 2021 – 31 Dec. 2021	1 Jan. 2022 – 31 Dec. 2022	1 Jan. 2021 – 31 Dec. 2021	1 Jan. 2022 – 31 Dec. 2022	1 Jan. 2021 – 31 Dec. 2021
Revenue	5,477,595	4,195,988	1,056,525	578,985	6,534,119	4,774,973
thereof:						
C2B	4,599,187	3,544,726	-	-	-	-
Remarketing	878,408	651,262	-	-	-	-
Cost of materials	(5,059,594)	(3,780,080)	(986,314)	(564,017)	(6,045,908)	(4,344,097)
Gross profit	418,000	415,908	70,211	14,968	488,211	430,876
KEUR	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Inventories	303,026	228,571	314,547	354,978	617,573	583,549

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 procurement 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 in eight European countries.

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 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. 2022 – 31 Dec. 2022	1 Jan. 2021 – 31 Dec. 2021
Germany	1,360,372	906,625
France	1,130,219	844,546
Italy	800,069	476,846
Other countries	3,243,459	2,546,956
Total	6,534,119	4,774,973

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

Non-current assets (excluding financial instruments and excluding deferred tax assets), broken down by location of assets, are as follows:

Non-current assets

KEUR	31 Dec. 2022	31 Dec. 2021
Germany	200,471	80,063
Spain	20,712	8,680
Italy	17,431	10,224
Other countries	61,129	38,882
Total	299,743	137,849

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.

	2022	2021
Earnings per share (basic and diluted)	(1,15)	(1,81)

Treasury shares are excluded from the calculation.

	1 Jan. 2022 – 31 Dec. 2022	1 Jan. 2021 – 31 Dec. 2021
Consolidated loss for the period in KEUR	(246,372)	(374,054)
Loss attributable to holders of ordinary shares (for basic and diluted earnings per share)	(246,372)	(374,054)

The weighted average of ordinary shares in 2022 (basic and diluted) was calculated as follows:

In thousands of shares	2022
Ordinary shares as at 1 Jan.	211,587
Effect of capital increase in February 2022	1,836
Effect of ordinary shares vested in February 2022	59
Effect of capital increase in April 2022 and ordinary shares vested	229
Effect of ordinary shares vested in May 2022	42
Effect of ordinary shares vested in August 2022	25
Effect of capital increase in August 2022	20
Effect of capital increase and ordinary shares vested in November 2022	30
Weighted average of ordinary shares as at 31 Dec.	213,828

The following options were excluded in the calculation of the diluted weighted average number of ordinary shares at 31 December 2022 because their effect would have been anti-dilutive:

In thousands of shares	2022
Unvested ordinary shares - member of the Management Board	343
Potential ordinary shares from the incentive program for virtual shares	1,780
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	328
Potential ordinary shares from the Virtual Options Programme	622
Potential ordinary shares from the Matching Share Programme	17
Total number of potential ordinary shares	12,855

Weighted average of ordinary shares in 2021 (basic and diluted):

In thousands of shares	2021
Ordinary shares as at 1 Jan.	171,293
IPO capital increase and shares from the convertible bond 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 effect 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 program 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

Additional potential ordinary shares result from restricted stock units.

13. Related party disclosures

Key management personnel

For AUTO1 the members of the Management Board 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, Hakan Koç (Deputy Chairman of the Supervisory Board), founder, businessman, Gerd Häusler, businessman, Silvie Mutschler von Specht, businesswoman, Vassilia Kennedy (from 9 June 2022 to 13 January 2023), businesswoman, and Lars Santelmann (since 20 July 2022), businessman.

Remuneration of Management in key positions comprises:

KEUR	1 Jan. 2022 – 31 Dec. 2022	1 Jan. 2021 – 31 Dec. 2021
Short-term employee benefits	1,803	1,759
Share-based payment	766	1,052
Total	2,569	2,811

As at 31 December 2022, the Group has not made any pension commitments to members of the Management Board or the Supervisory Board.

14. Auditor's fees 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 2022:

KEUR	1 Jan. 2022 – 31 Dec. 2022	1 Jan. 2021 – 31 Dec. 2021
Audit services	694	522
Other assurance services	318	311
Tax services	-	35
Other services	50	15
Total	1,062	883

The fee for audit services of KPMG AG Wirtschaftsprüfungsgesellschaft, Germany, related primarily to the audit of the consolidated financial statements and the annual financial statements of AUTO1 Group SE. The fees for audit services in the year under review include KEUR 143 in fees relating to financial year 2021. Other assurance services include also the review of interim financial statements and the issuance of comfort letters, and contain KEUR 182 in fees for services from the previous year. The other services are attributable to advisory services relating to the non-financial statement.

15. Disclosures relating to subsidiaries

AUTO1 Group SE held direct or indirect interests in 67 entities on 31 December 2022 (2021: 60). All entities were included in the consolidated financial statements by way of consolidation. The subsidiaries are shown below.

In addition, the list shows the subsidiaries that avail themselves of the exemption options pursuant to Section 264 (3) HGB and Section 264b HGB or those under Dutch corporate law. 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 entities AUTO1 Funding B.V. and Autohero Funding 1 B.V., through which financing is provided exclusively as part of the ABS facilities. However, based on the terms and conditions of the agreements on which the entities were established, the AUTO1 Group essentially receives all income from their activities and their net assets. AUTO1 Group can also direct the entities' activities that have a material effect on their income. Non-controlling interests in the consolidated loss are not recognised for reasons of materiality.

Name	Registered office	Total of direct and indirect shareholdings as at 31 Dec. 2022 in %	Total of direct and indirect shareholdings as at 31 Dec. 2021 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 Car Export S.R.L.	Verona, Italy	100.00	0.00***
Auto1 Car Trade S.R.L.	Verona, Italy	100.00	0.00***
AUTO1 Danmark ApS	Copenhagen, Denmark	100.00	100.00
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, The Netherlands	100.00	100.00
AUTO1 Finance B.V.	Amsterdam, The Netherlands	100.00	0.00***
AUTO1 FT Investment GmbH & Co. KG*	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, The Netherlands	0.00	0.00**
AUTO1 Global Services SE & Co. KG*	Berlin, Germany	100.00	100.00
AUTO1 Group Operations SE*	Berlin, Germany	100.00	100.00
AUTO1 IT Services SE & Co. KG*	Berlin, Germany	100.00	100.00
AUTO1 IT Services Verwaltungs GmbH	Berlin, Germany	0.00	100.00****
AUTO1 Italia Commercio S.R.L.	Milan, Italy	100.00	100.00
AUTO1 Marketing Services SE & Co. KG*	Berlin, Germany	100.00	100.00
AUTO1 Operation Services SE & Co. KG*	Berlin, Germany	100.00	100.00
AUTO1 Operation Services Verwaltungs GmbH	Berlin, Germany	0.00	100.00****
AUTO1 Polska Sp. z o.o.	Warsaw, Poland	100.00	100.00
AUTO1 Production SE & Co. KG*	Berlin, Germany	100.00	0.00

Name	Registered office	Total of direct and indirect shareholdings as at 31 Dec. 2022 in %	Total of direct and indirect shareholdings as at 31 Dec. 2021 in %
AUTO1 Remarketing GmbH	Berlin, Germany	100.00	100.00
AUTO1 RS D.O.O.	Belgrade, Serbia	100.00	100.00
AUTO1 Sales Services SE & Co. KG*	Berlin, Germany	100.00	100.00
AUTO1 Sales Services Verwaltungs GmbH	Berlin, Germany	0.00	100.00****
AUTO1 Slovakia s.r.o.	Bratislava, Slovakia	100.00	0.00***
AUTO1 Czechia 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 BV	Antwerp, Belgium	100.00	100.00
Autohero France SAS	Neuilly-sur-Seine, France	100.00	100.00
Autohero Funding 1 B.V.	Amsterdam, The Netherlands	0.00	0.00***
Autohero GmbH*	Berlin, Germany	100.00	100.00
Autohero Inc.	Delaware, USA	100.00	100.00
Autohero Italia S.R.L.	Milan, Italy	100.00	100.00
Autohero NL B.V.*	Amsterdam, The 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	0.00	100.00****
Autowholesale Automotive Finland Oy	Tampere, Finland	100.00	100.00
GAB Service UG (limited liability)	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.	Madrid, Spain	100.00	100.00
VKDB Sverige AB	Stockholm, Sweden	100.00	100.00
WijkopenAutos B.V.*	Amsterdam, The Netherlands	100.00	100.00
wirkaufendeinauto.de GmbH	Berlin, Germany	0.00	100.00****
WKA BENL Holding B.V.*	Amsterdam, The Netherlands	100.00	100.00
WKA BV	Antwerp, Belgium	100.00	100.00
WKDA Automobile DE SE & Co. KG*	Berlin, Germany	100.00	100.00
WKDA Automotive SRL	Bucharest, Romania	100.00	100.00
WKDA Booking Services SE & Co. KG*	Berlin, Germany	100.00	100.00
WKDA Booking Services Verwaltungs GmbH	Berlin, Germany	0.00	100.00****
WKDA Deutschland GmbH	Berlin, Germany	0.00	100.00****
WKDA France S.A.S	Issy-les-Moulinaux, France	100.00	100.00
WKDA FRSM UG (limited liability)	Berlin, Germany	100.00	100.00

Name	Registered office	Total of direct and indirect shareholdings as at 31 Dec. 2022 in %	Total of direct and indirect shareholdings as at 31 Dec. 2021 in %
WKDA GmbH (formerly: AUTO1 FT Investment Verwaltungs GmbH)	Berlin, Germany	100.00	100.00
WKDA Mitte SE & Co.KG*	Berlin, Germany	100.00	0.00***
WKDA Mobil Ost SE & Co.KG*	Berlin, Germany	100.00	0.00***
WKDA Mobil Süd SE & Co.KG*	Berlin, Germany	100.00	0.00***
WKDA Mobil West SE & Co.KG*	Berlin, Germany	100.00	0.00***
WKDA Mobil Mitte SE & Co.KG*	Berlin, Germany	100.00	0.00***
WKDA Ost SE & Co.KG*	Berlin, Germany	100.00	0.00***
WKDA Österreich GmbH	Vienna, Austria	100.00	100.00
WKDA Portugal, Unipessoal Lda.	Carnaxide, Portugal	100.00	100.00
WKDA Purchasing SE & Co.KG*	Berlin, Germany	100.00	0.00***
WKDA Services GmbH	Berlin, Germany	0.00	100.00****
WKDA Süd SE & Co.KG*	Berlin, Germany	100.00	0.00***
WKDA West SE & Co.KG*	Berlin, Germany	100.00	0.00***

*Use made of exemption pursuant to Section 264 (3) and Section 264b HGB or according to company law in the Netherlands.

**Recognition of non-controlling interests in the consolidated loss waived due to their minor significance.

***Company was first established in financial year 2022.

****Company was merged with AUTO1 Group Operations SE in financial year 2022.

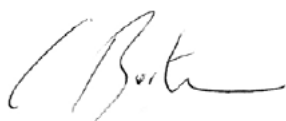
16. Events after the reporting period

No events of material significance occurred after the reporting date.

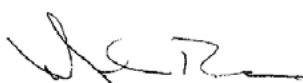
Responsibility Statement

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, 27 March 2023
 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 2022, 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 2022, 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 2022.

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 2022, and of its financial performance for the financial year from 1 January to 31 December 2022, 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 2022. 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 2022, used vehicles with a value amounting to EUR 618 million are recognised under inventories; for the most part this inventory was impaired by EUR 27 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 warehouseers.

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 accurately.

Inventories, which are initially recorded at cost, are written down in value if the 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 refurbishment. The historical determination of expected margins is based on factors such as days in inventory, purchase price cluster, country, and the type of fuel used.

There is the risk for the consolidated financial statements that the valuation for used vehicles is overstated due to potentially unidentified impairment losses.

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 selected 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 third-party confirmations in 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 6,534 million in financial year 2022 and is generated in the Merchant and Retail segments. Revenue is one of the Group's most important performance indicators for the year under review and also 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 are 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 and incoming payments for a representatively selected sample of sales transactions for the relevant financial year. 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 non-financial report, expected to be provided to us after the date of this auditor's report, which is referred to in the combined management report and
- the corporate governance statement referred to in the combined management report.

The other information also includes the remaining parts of the annual report. 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.

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 (i.e., fraudulent financial reporting and misappropriation of assets) 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 the risk of not detecting a

material misstatement 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 actions taken or safeguards applied to eliminate independence threats.

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 „auto1groupse-2022-12-31-de.zip“ (SHA256 hash value: 6a4824602501374332270e8cffdb04c97219140188a398d-706fa7152ba80762d) 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 2022, contained in the "Report on the Audit of the Consolidated Financial Statements and of 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 (06.2022)). Accordingly, our responsibilities are further described below. Our audit firm has applied 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 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 Commission Delegated Regulation (EU) 2019/815, as amended as of 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 Commission Delegated Regulation (EU) 2019/815, as amended as of 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 9 June 2022. We were engaged by the Chairperson of the Supervisory Board on 8 February 2023. We have been the group auditor of AUTO1 Group SE 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 entered in the company register – 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, 28 March 2023

KPMG AG

Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Jessen

Wirtschaftsprüfer
[German Public Auditor]

Knorr

Wirtschaftsprüfer
[German Public Auditor]



SERVICE

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Glossary

ABS

Asset-backed-securitization facilities, which are utilized to secure long-term, cost-efficient financing of the inventory as well as installment purchase loans.

Adjusted EBITDA

EBITDA adjusted for separately disclosed items including non-operating effects, which comprise share-based payments and 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.

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.

NPS

Abbreviation for "Net Promoter Score", a key figure that measures the extent to which consumers would recommend a product or service to others.

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

2023

May 3	Publication of Q1 2023 Report and Earnings Call
June 7	Annual General Meeting
August 2	Publication of Trading Update (Q2 2023) and Earnings Call
September 13	Publication of Half-Year Financial Statements (Half-year 2023)
November 8	Publication of Quarterly Financial Statements (Q3 2023) and Earnings Call

Contact

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Disclaimer

Certain statements in this communication may constitute forward looking statements. These statements are based on assumptions that are believed to be reasonable at the time they are made, and are subject to significant risks and uncertainties. Our actual results may differ materially and adversely from any forward-looking statements discussed in this communication. You should not rely on forward-looking statements as predictions of future events. We do not undertake any obligation to update or revise these statements and do not accept any liability regarding the achievement of forward looking statements.

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