



Consolidated financial statements as at 31 December 2018 and group management report

AUDITOR'S REPORT

AUTO1 Group SE (until 30 July 2018: Blitz 18-757 SE)
Munich

KPMG AG Wirtschaftsprüfungsgesellschaft

Consolidated Statement of Financial Position as at 31 December 2018

Assets					
KEUR	Note	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Jan 1, 2016
Intangible assets	6.1	36	55	73	63
Property, plant and equipment	6.2	46,671	39,299	40,764	36,974
Investments accounted for using the equity method		5	-	-	-
Other financial assets (non-current)	6.7	79,999	63,242	53,719	21,530
Other assets (non-current)		1,037	1,007	757	1
Non-current assets		127,748	103,603	95,313	58,568
Inventories	6.5	208,304	241,678	146,876	67,828
Trade and other receivables	6.6	41,321	27,624	36,909	28,003
Income tax receivables		3,493	454	807	146
Other current financial assets	6.7	2,482	1,019	418	812
Other current assets	6.8	68,163	32,947	19,040	9,468
Cash and cash equivalents	6.9	116,513	52,487	55,519	59,378
Current assets		440,276	356,209	259,569	165,635
Total assets		568,024	459,812	354,882	224,203

Consolidated Statement of Financial Position as at 31 December 2018 (continued)

Equity and liabilities					
KEUR	Note	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Jan 1, 2016
Subscribed capital	7	3,421	3,122	2,981	2,769
Capital reserves	7	587,135	373,731	273,717	161,440
Other reserves	7	71,292	60,165	50,065	20,300
Retained earnings		(391,362)	(273,953)	(208,287)	(113,039)
Total equity		270,486	163,065	118,476	71,470
Borrowings	6.12	50,022	70,022	80,000	28,142
Other financial liabilities	6.14	30,378	26,760	29,910	26,748
Share-based payment obligation	6.10	71,555	60,714	50,582	20,449
Provisions	6.11	380	1,620	95	76
Other liabilities	6.15	1,000	1,531	1,140	270
Non-current liabilities		153,335	160,647	161,727	75,685
Borrowings	6.12	20,197	58,278	60	37,053
Trade and other payables	6.13	75,565	36,043	25,252	9,961
Other financial liabilities	6.14	13,415	11,833	9,870	8,772
Provisions	6.11	2,422	2,394	861	103
Other liabilities	6.15	30,798	26,346	38,168	21,159
Income tax liabilities		1,806	1,206	468	-
Current liabilities		144,203	136,100	74,679	77,048
Total liabilities		297,538	296,747	236,406	152,733
Total equity and liabilities		568,024	459,812	354,882	224,203

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2018

KEUR	Note	Jan 1, 2018 - Dec 31, 2018	Jan 1, 2017 - Dec 31, 2017	Jan 1, 2016 - Dec 31, 2016
Net revenue	5.1	2,855,894	2,177,352	1,466,610
Cost of sales	5.2	(2,609,926)	(1,979,297)	(1,353,076)
Gross profit		245,968	198,055	113,534
Other operating income	5.3	6,325	1,884	3,857
Employee costs	5.4	(162,123)	(120,229)	(125,044)
Other operating expenses	5.5	(188,615)	(127,247)	(70,425)
Earnings before interest, tax, depreciation and amortization (EBITDA)		(98,445)	(47,537)	(78,078)
Depreciation and amortization	6.1 6.2	(14,952)	(13,179)	(11,753)
Earnings before interest and tax (EBIT)		(113,397)	(60,716)	(89,831)
Finance income	5.6	263	-	4
Finance costs	5.6	(3,372)	(3,873)	(4,958)
Earnings before tax		(116,506)	(64,589)	(94,785)
Income taxes	5.7	(588)	(1,077)	(463)
Net Loss for the period		(117,094)	(65,666)	(95,248)
Thereof attributable to the owners of the Company		(117,094)	(65,666)	(95,248)
Other comprehensive income				
Exchange differences on translation of foreign operations		286	(32)	(367)
Other comprehensive income, net of tax		286	(32)	(367)
Total comprehensive income for the period		(116,808)	(65,698)	(95,615)
Thereof attributable to the owners of the Company		(116,808)	(65,698)	(95,615)

Consolidated Statement of Cash Flows for the year ended 31 December 2018

KEUR	Note	Jan 1, 2018 - Dec 31, 2018	Jan 1, 2017 - Dec 31, 2017	Jan 1, 2016 - Dec 31, 2016
Net loss for the period		(117,094)	(65,666)	(95,248)
Adjustments for		28,553	31,296	47,709
Amortization and depreciation	6.1 6.2	14,952	13,179	11,753
Finance result	5.6	3,109	3,873	4,954
Income taxes	5.7	588	1,077	463
Change in provisions and employee benefit obligations		(1,212)	3,058	777
Share-based employee benefits	6.10	10,841	10,132	30,132
Other non-cash effects		275	(23)	(370)
Change in operating assets and liabilities		22,124	(100,040)	(67,635)
Change in operating assets		(20,962)	(99,313)	(100,605)
Change in operating liabilities		43,086	(727)	32,970
Other cash flows used in operating activities		(3,190)	(3,633)	(2,820)
Interest received		263	-	4
Interest paid		(3,453)	(3,633)	(2,824)
Net cash from operating activities		(69,607)	(138,043)	(117,994)
Payments for investments		(8,724)	(1,643)	(1,089)
Proceeds from the sale of investments		854	147	92
Net cash from / (used in) investing activities		(7,870)	(1,496)	(997)
Proceeds from capital increase		213,703	100,155	75,431
Payments to shareholder		(315)	-	-
Payments for corporate and shareholder loans		(58,000)	48,000	49,800
Leasing	6.3	(13,885)	(11,648)	(10,099)
Net cash from / (used in) financing activities		141,503	136,507	115,132
Net increase in cash and cash equivalents		64,026	(3,032)	(3,859)
Cash and cash equivalents at the beginning of the year		52,487	55,519	59,378
Cash and cash equivalents at the end of the year	6.9	116,513	52,487	55,519

Consolidated Statement of Changes in Equity for the year ended 31 December 2018

KEUR	Note	Other reserves					Retained earnings	Total	Total Equity
		Subscribed capital	Capital reserve	Other equity reserves	Currency translation reserve				
Balance as of Jan 1, 2018		3,122	373,731	60,714	(549)	(273,953)	163,065	163,065	
Loss for the year						(117,094)	(117,094)	(117,094)	
Other comprehensive income					286		286	286	
Total comprehensive income for the year		-	-	-	286	(117,094)	(116,808)	(116,808)	
Issue of shares		299	213,404				213,703	213,703	
Transactions with shareholders						(315)	(315)	(315)	
Share based payments				10,841			10,841	10,841	
Balance as of Dec 31, 2018		3,421	587,135	71,555	(263)	(391,362)	270,486	270,486	

Consolidated Statement of Changes in Equity (continued)

KEUR	Other reserves						Total Equity
	Subscribed capital	Capital reserve	Other equity reserves	Currency translation reserve	Retained earnings	Total	
Note	7	7	7	7	7	12	
Balance as of Jan 1, 2017	2,981	273,717	50,582	(517)	(208,287)	118,476	118,476
Loss for the year					(65,666)	(65,666)	(65,666)
Other comprehensive income							
Total comprehensive income for the year				(32)		(32)	(32)
Issue of shares	141	100,014				100,155	100,155
Share based payments			10,132			10,132	10,132
Balance as of Dec 31, 2017	3,122	373,731	60,714	(549)	(273,953)	163,065	163,065

Consolidated Statement of Changes in Equity (continued)

KEUR	Subscribed capital	Capital reserve	Other reserves			Retained earnings	Total	Non-controlling interests	Total Equity
			Other equity reserves	Currency translation reserve					
Note	7	7	7	7	7	7	12		
Balance as of Jan 1, 2016	2,769	161,440	20,450	(150)	(113,039)	71,470	-	71,470	
Loss for the year					(95,248)	(95,248)		(95,248)	
Other comprehensive income						(367)		(367)	
Total comprehensive income for the year	-	-	-	(367)	(95,248)	(95,615)	-	(95,615)	
Issue of shares	212	112,277				112,489		112,489	
Share based payments			30,132			30,132		30,132	
Balance as of Dec 31, 2016	2,981	273,717	50,582	(517)	(208,287)	118,476	-	118,476	

Notes to the Consolidated Financial Statements as at 31 December 2018

1 Reporting entity

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

The AUTO1 Group is Europe's leading online marketplace for used car sales to dealers as well as individual customers with business operations in 30 countries. AUTO1 works with more than 55,000 active partner dealers. In 2018 AUTO1 traded more than 540 thousand cars.

AUTO1 Group SE became the parent entity of AUTO1 Group on 22.11.2018 when the shareholders of AUTO1 Group GmbH contributed their interests in AUTO1 Group GmbH into AUTO1 Group SE.

Before the contribution, all AUTO1 Group entities were ultimately controlled by AUTO1 Group GmbH, registered in the commercial register of the Berlin-Charlottenburg District court under HR number 143662 B and domiciled at Bergmannstrasse 72, 10961 Berlin, Germany. Since only a single business was placed under AUTO1 SE, the new parent, the transfer is accounted for as a capital reorganisation rather than a business combination in accordance with IFRS principles whereby the book value accounting is applied to the business transferred. Therefore, the 2018 consolidated financial statements of AUTO1 SE are a continuation of the consolidated financial statements of AUTO1 Group GmbH (predecessor) and include also the comparative consolidated financial information of AUTO1 Group GmbH for 2017 and 2016.

2 Basis of preparation

2.1 Statement of compliance

AUTO1's management has prepared the following consolidated financial statements for the AUTO1 Group as of and for the financial year ended 31 December 2018 in accordance with the International Financial Reporting Standards ('IFRS') and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by and required to be applied in the European Union ('EU'). These are the Group's first consolidated financial statements prepared in accordance with IFRSs and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied. An explanation of how the transition to IFRSs has affected the reported financial position and financial performance is provided in Note 14.

The consolidated financial statements as of and for the financial year ended 31 December 2018 for the AUTO1 SE 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 the 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 consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the financial year 2018, as well as comparative figure for the years ending on 31 December 2017 and 31 December 2016.

The consolidated financial statements were authorized on 20 November 2019 by the Board of Management of AUTO1 Group SE.

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for liabilities for cash-settled shared-based payment arrangements and the financial asset representing a reimbursement right towards shareholders with respect to this liability.

2.3 Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

- The determination of the lease term (Note 4.6)
- The determination of the point of revenue recognition as well as the principal vs. agent assessment for the remarketing business (Note 4.14)

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are as follow:

- The determination of the fair value of the liabilities for cash-settled shared-based payment arrangements (Note 6.10)
- The determination of net realisable value of inventories (Note 4.7)

3 Standards issued but not yet effective

A few new standards are effective for annual periods beginning after 1 January 2019. The Group has not early adopted the new or amended standards in preparing these consolidated financial statements except for IFRS 16 Leases. The following amendments and revisions will become effective and will be applied in the future periods:

Standards/amendments/IFRICs	To be applied from	Effects
Amendments to IFRS 9: Prepayment Features with Negative Compensation	January 1, 2019	No significant effect expected
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	January 1, 2019	No significant effect expected
IFRIC 23: Uncertainty over Income Tax Treatments (1.1.2019)	January 1, 2019	No significant effect expected
Annual improvements to IFRS cycle 2015 – 2017: Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23	January 1, 2019	No significant effect expected
Amendment to IAS 19: Plan Amendment, Curtailment or Settlement	January 1, 2019	No significant effect expected
Amendments to references to the Conceptual Framework in IFRS Standards	January 1, 2020	No significant effect expected
Amendment to IFRS 3 Definition of Business	January 1, 2020	No significant effect expected
Amendments to IAS 1 and IAS 8: Definition of Material	January 1, 2020 (IASB)	No significant effect expected
IFRS 17: Insurance Contracts	January 1, 2021 (IASB)	No significant effect expected

4 Summary of significant accounting policies

The accounting policies set out below have been applied consistently by Group entities to all periods presented in these consolidated financial statements and in preparing the opening IFRS statement of financial position at 1 January 2016 for the purpose of transition to IFRS, except as explained under 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 realized or settled within one year or within a longer and normal operating cycle. Deferred tax assets and liabilities and similar obligations are generally presented as non-current items.

4.2 Basis of consolidation

Currently, the Group comprises 42 consolidated subsidiaries. Subsidiaries are entities controlled by the Group. The consolidated financial statements include the financial statements of the subsidiaries from the date that control commences until the date that control ceases. Control only exists if the parent entity has the power over the subsidiary, is exposed to variable returns, and is able to use power to affect its amount of variable returns, based on voting or other rights.

The financial statements of consolidated subsidiaries which are included in the consolidated financial statements are generally prepared as of the reporting date of the consolidated financial statements and are prepared using uniform recognition and measurement principles. All intercompany assets and liabilities, equity, 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 Group 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 each of the 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 presented in EURO, which is AUTO1 SE's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates 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 currencies at year end exchange rates are generally recognized in profit or loss.

Group companies

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income 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 exchange differences are recognized in the other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign currency are recognized in the other comprehensive income.

The EURO is the functional currency of the legal entities in scope of the consolidation with the primary economic environment within the European currency area and legal entities whose operations are integral to these entities.

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

Foreign currency per EUR	Closing rate as of			Average rate for the financial year		
	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	2018	2017	2016
SEK	10.25	9.84	9.55	10.26	9.64	9.47
USD	1.15	1.20	1.05	1.18	1.13	1.11

4.4 Intangible assets

Currently the intangible assets of the Group are immaterial and represent acquired licences. They are initially measured at acquisition costs and subsequently amortized on a straight-line basis over the useful life of 3 years.

4.5 Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. The acquisition costs 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 cost, including costs of repair and maintenance costs, are only recognized as part of the assets acquisition costs, or if relevant, as a separate asset when it appears likely that the Group will retain future economic benefits and the asset's cost 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 lives
Buildings	5 - 15 years
Other operational and office equipment	3 - 13 years

In addition to the scheduled depreciation an impairment test will be performed and an impairment will be booked if required, if there are any relevant events or changes in circumstances that indicate that property, plant and equipment might be impaired.

Property, plant and equipment are either de-recognized at the time of disposal or when it is determined that there are no longer economic benefits attributable to such items. Gains or losses from disposals or decommission are recorded in the statement of profit or loss in the period they occur.

The residual carrying amounts and estimated useful lives and the depreciation methods are reviewed annually and adjusted when 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 cars where a Group entity acts as a lessee. These contracts are recognized as right-of-use assets and lease liabilities.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The lease liability is subsequently increased by the interest expense on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee if it exists, or changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. Lease payments with respect to repayment of the principal and payments of interest are classified as financing activities in the cash flow statement.

The right-of-use asset is initially measured at cost comprising lease liability amount, payments made before or at the commencement of the lease, restoration costs and initial direct costs and subsequently at cost less accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

If a leased property is sub-leased, the sub-lease 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 impacts the lease term, which significantly affects the amount of lease liabilities and right of use assets recognized.

Starting from the opening IFRS statement of financial position at 1 January 2016, AUTO1 measured the lease liabilities and the right-of-use assets as described above.

4.7 Inventory

The inventory of the Group consists of used cars. Inventory is stated at the lower of cost or net realizable value. Car inventory cost is determined by specific identification. Net realizable value is the estimated selling price less costs to complete, dispose and transport the cars. Selling prices are derived from historical data and trends, such as sales price and inventory turn times of similar cars, as well as independent market resources. Each reporting period the Group recognizes any necessary adjustments to reflect car inventory at the lower

of cost or net realizable value through cost of sales. To the extent that there are significant changes to estimated car selling prices or decreases in demand for used cars, there could be significant adjustments to reflect the inventory at net realizable value.

4.8 Financial instruments

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 asset not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of a financial asset measured at fair value through profit or loss are recognized in profit or loss. A trade receivable is initially measured at fair value including transaction costs (transaction price).

Classification of financial assets

The Group classifies financial assets at initial recognition as financial assets measured at amortised cost or financial assets measured at fair value through profit or loss.

Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortised cost.

- The financial asset is held within the Group's business model whose objective is to hold assets in order to collect 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.

'Principal' is the fair value of the financial asset on initial recognition and 'interest' is 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 lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss.

Within AUTO1 Group such financial assets are represented by cash and cash equivalents, trade receivables and security deposits.

Cash and cash equivalents

Cash and cash equivalents comprise all cash-related assets that have a remaining term of less than three months at the date of acquisition or investment. This includes mainly cash at banks and cash on hand. Cash and cash equivalents are measured at nominal value.

Fair value through profit or loss financial assets (FVTPL)

When a financial asset does not meet the conditions for the amortised cost measurement, the financial asset is classified as 'at fair value through profit or loss' and measured at fair value with changes in fair value recognized in profit or loss as 'finance gain' or 'finance loss'. The financial assets in AUTO1 Group falling into

this category comprise a receivable from shareholders with respect to the reimbursement right for the share-based payments. However, since shareholders are acting in their capacity as shareholders in this transaction the fair value changes of this receivable are reported in Other reserves in equity.

Impairment of financial assets

In the Group the impairment requirements apply to financial assets measured at amortised cost. Such financial assets carry a loss allowance estimated based on expected credit losses (ECLs). ECLs are a probability-weighted estimate of the present value of cash shortfall over the expected life of the financial instrument. The Group recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Trade receivable

Trade receivables, for which recoverability is considered remote, or impaired (e.g. insolvency of the dealer), are deemed not recoverable. Such trade receivables are recognized as impaired and written off. The write-off constitutes a derecognition event whereby the gross carrying amount of such trade receivables is reduced against the corresponding amount previously recorded on the allowance account. However, receivables that have been written off could still be recovered in order to comply with the Group's dunning procedures.

Other financial assets

The ECLs for all other financial assets are recognized in two stages:

- For financial assets for which there has not been a significant increase in credit risk since initial recognition, the Group recognizes credit losses which represent the life time shortfalls that would result if a default occurs in the 12 months after the reporting date or a shorter period if 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.

However, in the Group all other financial assets are of high credit quality and the application of the above principal does not lead to recognition of any material impairment losses.

Derecognition

The Group derecognizes 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 derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

Financial liabilities

Initial measurement of financial liabilities

Financial liabilities are initially recognized at fair value, in case of financial liabilities measured at amortized cost, less transaction costs.

Classification of financial liabilities

Financial liabilities are classified as those measured at fair value through profit or loss or those measured at amortized cost. Financial liabilities are measured at amortized cost unless they are required to be measured

at fair value through profit or loss. If financial liabilities measured at amortized cost contain embedded derivatives that are not closely related to the host instrument, such embedded derivatives are separated and accounted for at fair value through profit or loss. All financial liabilities of the Group are measured at amortized cost.

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

Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees and directly attributable expenses paid on the establishment of loan facilities are deferred to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is recognized over the duration of the loan facility.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

If the Group has the right to settle borrowings in a fixed number of own shares, such financial instruments are classified as equity.

4.9 Provisions

Provisions are recognized for present or legal 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 an obligation is expected to occur after one year, the provision is recognized at the present value of the expected cash outflow. Claims for reimbursements from third parties are separately reflected on the balance sheet, if their realization is virtually certain.

4.10 Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognized in respect of employees' services 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 employee benefit obligations in the balance sheet.

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 recognizes 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 recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

4.11 Share-based compensation

Share-based payments of the Group are primarily cash-settled share-based payment transactions. The settlement is contingent upon an exit event and vesting of the awards is subject to service vesting conditions. The fair value of the amount payable to employees is recognized as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as personnel expense in profit or loss.

The shareholders of the Company agreed by way of the shareholders resolution to fully release the Company from the costs of the share-based payments arising in case of an exit event. The Group concluded that such an agreement meets the definition of a financial asset and recognized a receivable. The receivable is measured applying the same principles as the corresponding liability. The changes are reported in equity in other reserves on the basis that this is transaction with shareholders in their capacity as shareholders.

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 recognized 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. Such contingent liabilities are according to IAS 37 not recorded in the statement of financial position but are disclosed in the Notes.

4.13 Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where any group company purchases the company's equity instruments, for example as the result of a share buy-back 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 ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners.

4.14 Revenue recognition

Revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or

services.

Car sales to dealers

The Group sells used cars which it acquires from individual sellers to dealers at the auctions. The corresponding revenue is recognized after a successful auction when the dealer meets all the contractual obligations (such as transfer of the payment or entering into a financing agreement). Sold cars are not subject to the right of return.

Cars are sold at a fixed contract price which comprises the price achieved at the auction and any other related fees. The Group may however offer discounts for future purchases in case of customers' complaints. These discounts are recognized as a reduction of the current revenue and the corresponding contract liability when offered.

If the dealer contracts an Auto1 entity to deliver the car, due to short delivery times, the revenue for the delivery performance obligation is recognized when the dealer receives the car at the specified location.

Sales taxes and other taxes from customers collected on behalf of governmental authorities at the time of sale are not included in net sales and operating revenues or cost of sales.

Remarketing

The revenue channel Remarketing is the same as sale of cars to dealers except that sellers are cars commercial companies (B2B) rather than individual sellers (C2B). Under this business model AUTO1 is exposed to inventory risk only if the sale fails despite of the successful auction, for example if the dealer fails to make payment when due (before the auction the inventory risk is retained by the seller and after the auction the inventory risks passes to the dealer). Therefore, a judgement is required to determine whether AUTO1 acts as a principal or an agent. It was determined that AUTO1 acts as a principal because it sets up the pricing of the cars, establishes the terms of the auction, validates the auction results, is subject to inventory risk in case of failed sales, and as a result is primarily responsible for fulfilling the promise to provide the car to the end customers.

Car sales to individual customers

The Group also sells cars to individual customers. The revenue is recognized at a point in time when the car is transferred to the customer. The cars sold to individual customers are subject to a 14-days right of return.

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 of 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 recognizing uncertain tax positions only if AUTO1 Group assesses the probability of occurrence greater than 50%.

Deferred income taxes

Deferred taxes are recognized 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 bases used in the computation of taxable income. Furthermore, deferred tax assets are recognized for tax loss carry forwards. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for temporary differences and tax loss carry forwards to the extent to which it is probable that sufficient future taxable income will be available against which deductible temporary differences and/or loss carry forwards can be utilized.

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

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

Deferred tax assets and liabilities arising through temporary differences related to investments in subsidiaries, associates or joint arrangements are taken into account unless the date for reversal of temporary differences cannot be determined at Group level or/and it is probable that the temporary differences will not reverse in the foreseeable future.

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

4.16 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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

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

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

Level 3 Inputs that are significant to the measurement that are not observable in the market and include management's judgments about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk).

All fair value measurements applied in these financial statements are Level 3.

5 Notes to the Consolidated Statement of Profit or Loss

5.1 Net revenue

KEUR	Jan 1, 2018 - Dec 31, 2018	Jan 1, 2017 - Dec 31, 2017	Jan 1, 2016 - Dec 31, 2016
Merchant Platform	2,823,897	2,173,781	1,466,610
Retail	31,997	3,571	-
Total revenue	2,855,894	2,177,352	1,466,610

Revenues from Merchant Platform are mainly comprised of core business sales, but also include fees from remarketing, logistics and all other fees in connection with providing the cars to merchants.

Revenues from Retail consists of car sales to individual customers.

The significant growth in revenues year by year is due to the international expansion of the Group.

5.2 Cost of sales

KEUR	Jan 1, 2018 - Dec 31, 2018	Jan 1, 2017 - Dec 31, 2017	Jan 1, 2016 - Dec 31, 2016
Cost of purchased cars	(2,545,350)	(1,928,375)	(1,298,525)
Other cost of sales	(64,576)	(50,922)	(54,551)
Total	(2,609,926)	(1,979,297)	(1,353,076)

Cost of sales increased proportionally with the revenue of the Group.

5.3 Other operating income

Other operating income mainly consists of income from the de-recognition of liabilities and reversal of provisions.

5.4 Employee costs

KEUR	Jan 1, 2018 - Dec 31, 2018	Jan 1, 2017 - Dec 31, 2017	Jan 1, 2016 - Dec 31, 2016
Personnel expenses	(151,282)	(110,098)	(94,911)
Share-based payments	(10,841)	(10,131)	(30,133)
Total	(162,123)	(120,229)	(125,044)

The increase in personnel expenses is primarily attributable to the higher average number of employees year by year.

The following table shows the average number of employees in each financial year:

	FY 2018	FY 2017	FY 2016
Employees	3,505	2,735	2,320
Executive staff	41	42	40
Total	3,546	2,777	2,360

5.5 Other operating expenses

KEUR	Jan 1, 2018 - Dec 31, 2018	Jan 1, 2017 - Dec 31, 2017	Jan 1, 2016 - Dec 31, 2016
Marketing and internal logistic costs	(130,791)	(89,426)	(41,399)
Legal and consulting	(8,684)	(6,020)	(6,532)
Impairment on receivables	(165)	(849)	(124)
Other expenses	(48,975)	(30,952)	(22,370)
Total	(188,615)	(127,247)	(70,425)

The increase of other operating expenses mainly results from higher marketing expenses, internal logistic costs and IT costs which are necessary to accelerate the growth of the Group.

5.6 Finance income and finance costs

KEUR	Jan 1, 2018 - Dec 31, 2018	Jan 1, 2017 - Dec 31, 2017	Jan 1, 2016 - Dec 31, 2016
Finance income			
Interest income	242	-	-
Other finance income	21	-	4
Total	263	-	4
Finance costs			
Interest expenses	(3,333)	(3,846)	(4,930)
Other interest expenses and similar expenses	(39)	(28)	(28)
Total	(3,372)	(3,873)	(4,958)
Finance result	(3,109)	(3,873)	(4,954)

The interest expenses mainly consist of accrued interest from the credit facility and lease liabilities. Other finance expenses relate to bank charges. The finance income relates to accrued interest from the lending to AUTO1 FT GmbH and to bank deposits.

5.7 Income taxes

Income tax expense charged to the statement of profit or loss

KEUR	Jan 1, 2018 - Dec 31, 2018	Jan 1, 2017 - Dec 31, 2017	Jan 1, 2016 - Dec 31, 2016
Current tax expense (current year)	(958)	(1,082)	(480)
Current tax expense (changes in estimates related to prior years)	370	5	17
Total	(588)	(1,077)	(463)

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

The effective income tax expense is reconciled as follows:

KEUR	Jan 1, 2018 - Dec 31, 2018	Jan 1, 2017 - Dec 31, 2017	Jan 1, 2016 - Dec 31, 2016
Earnings before tax	(116,506)	(64,589)	(94,785)
Expected income tax rate (rate of the parent)	30.175%	30.175%	30.175%
Income tax at the expected income tax rate	35,156	19,490	28,601
Increase / (decrease) in income tax expense due to:			
Effect of deviations between the company's domestic and foreign tax rates	3,053	(482)	16
Effect of non-deductible expenses for tax purposes / tax income	4,974	(1,853)	(9,201)
Effect of non-recognition of deferred tax assets tax loss carry forwards	(44,288)	(18,839)	(19,298)
Effect of non-recognition of deferred tax assets on temporary differences	137	29	(561)
Taxes for previous years	370	5	17
Other differences	10	555	(38)
Total income tax income (+) / expenses (-)	(588)	(1,077)	(463)

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%.

6 Notes to the Consolidated Statement of Financial Position

6.1 Intangible Assets

KEUR	Acquired intangible assets	Total
Gross carrying amount as of Jan 1, 2018	109	109
Additions	5	5
Gross carrying amount as of Dec 31, 2018	114	114
Accumulated amortization as of Jan 1, 2018	54	54
Additions	24	24
Accumulated amortization as of Dec 31, 2018	78	78
Net carrying amounts as of Dec 31, 2018	36	36
Gross carrying amount as of Jan 1, 2017	93	93
Additions	16	16
Gross carrying amount as of Dec 31, 2017	109	109
Accumulated amortization as of Jan 1, 2017	20	20
Additions	34	34
Accumulated amortization as of Dec 31, 2017	54	54
Net carrying amounts as of Dec 31, 2017	55	55
Gross carrying amount as of Jan 1, 2016	68	68
Additions	25	25
Gross carrying amount as of Dec 31, 2016	93	93
Accumulated amortization as of Jan 1, 2016	4	4
Additions	16	16
Accumulated amortization as of Dec 31, 2016	20	20
Net carrying amounts as of Dec 31, 2016	73	73

The intangible assets of the Group are mainly represented by acquired licences.

6.2 Property, plant and equipment

KEUR	Land and buildings	Other equipment	Right-of- use assets	Total
Gross carrying amount as of Jan 1, 2018	392	4,350	59,826	64,568
Additions	425	3,268	19,500	23,194
Disposals	(262)	(668)	-	(931)
Gross carrying amount as of Dec 31, 2018	555	6,950	79,326	86,831
Accumulated depreciation as of Jan 1, 2018	117	2,262	22,890	25,269
Additions	64	779	14,085	14,928
Disposals	-	(77)	-	(77)
Currency translation differences	-	-	40	40
Accumulated depreciation as of Dec 31, 2018	181	2,964	37,015	40,160
Net carrying amounts as of Dec 31, 2018	374	3,986	42,311	46,671
KEUR	Land and buildings	Other equipment	Right-of- use assets	Total
Gross carrying amount as of Jan 1, 2017	346	2,972	49,643	52,961
Additions	51	1,576	10,183	11,810
Disposals	(5)	(198)	-	(203)
Gross carrying amount as of Dec 31, 2017	392	4,350	59,826	64,568
Accumulated depreciation as of Jan 1, 2017	70	1,393	10,734	12,197
Additions	48	924	12,173	13,145
Disposals	(1)	(55)	-	(56)
Currency translation differences	-	-	(17)	(17)
Accumulated depreciation as of Dec 31, 2017	117	2,262	22,890	25,269
Net carrying amounts as of Dec 31, 2017	275	2,088	36,936	39,299

KEUR	Land and buildings	Other equipment	Right-of- use assets	Total
Gross carrying amount as of Jan 1, 2016	236	2,124	35,069	37,429
Additions	120	944	14,574	15,638
Disposals	(10)	(96)		(106)
Gross carrying amount as of Dec 31, 2016	346	2,972	49,643	52,961
Accumulated depreciation as of Jan 1, 2016	61	394	-	455
Additions	14	1,008	10,715	11,737
Disposals	(5)	(9)		(14)
Currency translation differences	-	-	19	19
Accumulated depreciation as of Dec 31, 2016	70	1,393	10,734	12,197
Net carrying amounts as of Dec 31, 2016	276	1,579	38,909	40,764

The largest group of property, plant and equipment of AUTO1 are leased property and cars represented by right-of -use assets. Further information regarding leases is presented in Note 6.3.

6.3 Leases

The Group leases property and cars. However, the class leases of cars is not material. The leases are recognized as right-of-use assets which are presented as part of property, plant and equipment (see Note 6.2) and the corresponding lease liabilities (see Note 6.14).

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

KEUR	Jan 1, 2018 - Dec 31, 2018	Jan 1, 2017 - Dec 31, 2017	Jan 1, 2016 - Dec 31, 2016
Depreciation of right-of-use assets	14,085	12,173	10,715
Interest expense on lease liabilities	1,210	1,222	1,165
Total	15,295	13,395	11,880

The depreciation of 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	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016
Maturity analysis – Contractual undiscounted cash flows			
< 1 year	14,561	12,478	10,837
1 - 5 years	26,433	25,202	27,488
> 5 years	7,058	4,073	5,382
Total undiscounted lease liabilities as of 31.12.	48,052	41,753	43,707
Lease liabilities included in the statement of financial position as of 31.12.	43,683	38,114	39,552

The cash payments for the leases during the reporting and comparative periods are disclosed in the cash flow statement within the financing activities.

AUTO1 measured the lease liabilities at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate of 3%.

6.4 Deferred taxes

Deferred tax assets on tax loss carry forwards / tax credits and deductible temporary differences are recognized only to the extent that the realization 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 have been recognized in profit and loss. No changes of deferred taxes have been recognized in OCI or have been credited directly to equity.

Deferred tax assets and liabilities are as follows:

KEUR	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Jan 1, 2016
Deferred tax assets	16,896	15,698	18,468	14,102
Deferred tax liabilities	(16,896)	(15,698)	(18,468)	(14,102)
Net deferred taxes recognized	-	-	-	-

Deferred taxes per classes of assets and liabilities related to temporary differences as of 31 December 2018 are as follows:

KEUR	Dec 31, 2018	
	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	-	(12,767)
Inventories	-	(4,129)
Financial liabilities	12,767	-
Other liabilities	4,129	-
Total temporary differences	16,896	(16,896)
Total	16,896	(16,896)
Offsetting	(16,896)	16,896
Total after offsetting	-	-

Deferred taxes per classes of assets and liabilities related to temporary differences as of 31 December 2017 are as follows:

KEUR	Dec 31, 2017	
	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	-	(11,146)
Inventories	-	(4,552)
Financial liabilities	11,146	-
Other liabilities	4,552	-
Total temporary differences	15,698	(15,698)
Total	15,698	(15,698)
Offsetting	(15,698)	15,698
Total after offsetting	-	-

Deferred taxes per classes of assets and liabilities related to temporary differences as of 31 December 2016 are as follows:

KEUR	Dec 31, 2016	
	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	-	(11,740)
Inventories	-	(6,728)
Financial liabilities	11,740	-
Other liabilities	6,728	-
Total temporary differences	18,468	(18,468)
Total	18,468	(18,468)
Offsetting	(18,468)	18,468
Total after offsetting	-	-

Deferred taxes per classes of assets and liabilities related to temporary differences as of 1 January 2016 are as follows:

KEUR	Jan 1, 2016	
	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	-	(10,582)
Inventories	-	(3,520)
Financial liabilities	10,582	-
Other liabilities	3,520	-
Total temporary differences	14,102	(14,102)
Total	14,102	(14,102)
Offsetting	(14,102)	14,102
Total after offsetting	-	-

Deferred tax assets have not been recognized in respect to the following temporary differences (gross amount), because it is not probable that future taxable profit will be available which the Group can use to benefit therefrom.

KEUR	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Jan 1, 2016
Financial liabilities	1,374	1,177	645	-
Other liabilities	1,061	1,712	2,340	1,127
Total	2,435	2,889	2,985	1,127

Furthermore, deferred tax assets have not been recognized in respect to the following tax loss carry forwards that never expire (unlimited tax loss carry forwards):

KEUR	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Jan 1, 2016
Tax loss carry forwards	292,308	203,270	144,904	91,569

As of 31 December 2018, a deferred tax liability related to investments in subsidiaries has not been recognized, since the Group controls the dividend policy of its subsidiaries, i.e. the Group controls the timing of the reversal of the related taxable temporary differences which amount to KEUR 0 as of 31 December 2018 (2017 and 2016: KEUR 0). Management is satisfied that they will not reverse in the foreseeable future.

6.5 Inventories

Cars stock is primarily pledged as collateral for the liabilities to financial institutions (see Note 6.12).

6.6 Trade and other receivables

KEUR	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Jan 1, 2016
Trade receivables	37,351	23,205	24,649	26,527
Others	3,970	4,419	12,260	1,476
Total	41,321	27,624	36,909	28,003

The carrying amounts of trade receivables are considered to be the same as their fair values due to their short-term nature. Information about the Group's exposure to credit risk and impairment measurement is presented in Note 9. The allowance account did not contain material amounts at either of the balance sheet dates.

Trade receivables are primarily pledged as collateral for the liabilities to financial institutions (see Note 6.12).

6.7 Other financial assets

KEUR	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Jan 1, 2016
Other non-current financial assets				
Claims against shareholders in respect of share-based payments	71,554	60,714	50,582	20,449
Lending to AUTO1 FT GmbH	5,025	-	-	-
Deposits	3,420	2,528	3,137	1,081
Total	79,999	63,242	53,719	21,530
Other current financial assets				
Deposits	1,108	909	140	812
Others	1,374	110	278	-
Total	2,482	1,019	418	812

AUTO1 has an agreement with its shareholders to reimburse AUTO1 for its obligations under the share-based payments obligations. AUTO1 recognizes an asset with respect to this reimbursement right measured in the same amount as the corresponding liability for share-based payments (see Note 6.10). The remeasurements are recognized under the share-based payment reserve.

Deposits are mainly security deposits for lease contracts.

6.8 Other assets

Other assets contain mainly VAT receivables and prepaid expenses for rents, insurances and occasionally other items. VAT receivables increased due to increased business activities.

6.9 Cash and cash equivalents

Cash balances are primarily pledged as collateral for liabilities to financial institutions (see Note 6.12).

6.10 Share-based compensation

The Company operates a Virtual Share Incentive Program, whereby current and future members of the management or employees, freelancers or consultants of the Company who participate in the Program receive virtual shares. The virtual shares vest in four yearly tranches. Partially event-related accelerated vesting applies. The virtual shares are settled in cash upon occurrence of a liquidity event: (i) any sale of at least 50% of all shares in the Company, (ii) an asset deal or (iii) the liquidation of the Company. The cash amount is equal an increase in the valuation of the common shares of the Company above certain strike price at such a liquidity event.

The Group accounts for the virtual share program as a cash-settled share-based payment and recognizes a corresponding provision as follows.

KEUR	31 Dec 2018	31 Dec 2017	31 Dec 2016	1 Jan 2016
Total carrying amount of liabilities	71,555	60,714	50,582	20,449
Total intrinsic value of vested benefits	70,321	59,348	51,456	22,645

The fair value of the liability at each balance sheet date is determined using an option pricing approach by running a Monte Carlo Simulation that takes into account the strike price, the term of the virtual shares, the impact of liquidity preferences, the share price at each balance sheet date, the risk free interest rate for the term of the virtual shares and the expected volatility. The expected price volatility is based on the historic volatility of determined peer group companies.

Selected executives have been granted so called restricted stock units in 2017, which are also classified as cash settled virtual shares as described above. Vesting of these restricted stock units is only contingent upon (i) achievement of an IPO or (ii) sale of more than 50% of the company's outstanding shares that earns certain multiples of money and internal rates of return based on a prior investment round. These market performance conditions are incorporated into the fair value calculation at each balance sheet date. The amount of liabilities related to the restricted stock units is KEUR 51 as of 31 December 2018 (31 December 2017: KEUR 426).

The following parameters were used in determining the carrying amount of the liabilities:

	31 Dec 2018	31 Dec 2017	31 Dec 2016	1 Jan 2016
Risk-free rate	0%	0%	0%	0%
Expected maturity in years	1.50	2.50	3.50	4.50
Unlevered volatility	33%	18%	24%	18%
Strike price	37.88	40.65	31.79	27.30
Expected dividend	0%	0%	0%	0%
Share price	789	789	789	473
Fair value of virtual share	643	666	607	275

The share-based payment liability is remeasured through profit and loss at each balance sheet date to the extent to which the beneficiaries have rendered services up to the reporting date. Total expenses arising from share-based payment transactions are disclosed in the statement of profit or loss.

The movements in the outstanding virtual shares are presented below:

	31 Dec 2018	31 Dec 2017	31 Dec 2016
Outstanding 1 January	91,134	83,368	74,243
Forfeited during the period	647	2,719	-
Granted during the period	20,735	10,485	9,125
Outstanding 31 December	111,222	91,134	83,368

By shareholder resolution of AUTO1 Group GmbH dated 28 October 2016, the shareholders agreed that the Company is fully released from the costs accruing to the Company under the virtual share incentive programs in the event of exercising virtual shares at the time of a liquidity event pro rata in proportion to their participation in the Company's share capital. AUTO1 recognizes a financial asset (see Note 6.7) with regard to this reimbursement right.

6.11 Provisions

KEUR	1 Jan 2018	Utilisation	Reversal	Additions	31 Dec 2018
Provisions for lawsuits	1,130	554	-	265	841
Car related warranties	1,813	1,813	-	1,906	1,906
Other provisions	1,071	1,016	-	-	55
Total	4,014	3,383	-	2,171	2,802

Car related provisions were mainly formed in connection with warranties, which require the companies of the Group to remedy any quality issues of the sold cars.

6.12 Borrowings

KEUR	31 Dec 2018	31 Dec 2017	31 Dec 2016	1 Jan 2016
Borrowings (non-current)				
Liabilities to financial institutions	50,000	70,000	80,000	28,142
Accrued interest	22	22	-	-
Total	50,022	70,022	80,000	28,142
Borrowings (current)				
Liabilities to financial institutions	20,000	58,000	-	-
Liabilities to shareholders	-	-	-	37,039
Accrued interest	197	278	60	14
Total	20,197	58,278	60	37,053

Liabilities to financial institutions relate to a facility agreement (as was the case in prior years) with six banks with a term of one to five years for credit lines worth a total of KEUR 160,000. Collateral for these credit lines are provided using the working capital of AUTO1 European Cars B.V. and AUTO 1 Italia Commercio S.R.L and includes the pledging of current accounts, assignment of inventories as security and blanket assignment of receivables. EURO 20 million of those borrowings are shown as current since this amount was repaid in 2019.

The facility agreement has a term of more than one and less than five years and has been increased beginning of April 2019 from EURO 160 million to EURO 235 million.

In addition, during 2016 the Company converted an outstanding convertible loan plus accrued interest into equity shares in the amount of KEUR 35,000 (principal) and KEUR 2,058 (accrued interest).

6.13 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 and payment is usually made within 30 days but depends on individual payment conditions.

6.14 Other financial liabilities

KEUR	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Jan 1, 2016
Other non-current financial liabilities				
Lease liabilities	30,378	26,760	29,910	26,748
Total	30,378	26,760	29,910	26,748
Other current financial liabilities				
Lease liabilities	13,305	11,354	9,643	8,321
Other	110	479	227	451
Total	13,415	11,833	9,870	8,772

Further information about leases is presented in Note 6.3.

6.15 Other liabilities

KEUR	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Jan 1, 2016
Other non-current liabilities				
Personnel-related liabilities	1,000	1,078	376	137
Others	-	453	764	133
Total	1,000	1,531	1,140	270
Other current liabilities				
Personnel-related liabilities	12,273	7,624	6,328	6,124
Contract liabilities	14,870	16,800	24,699	12,815
Others	3,655	1,922	7,141	2,220
Total	30,798	26,346	38,168	21,159

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

Contract liabilities are prepayments from car dealers for sales of cars and related services, which were not yet recognized as revenue in the reporting period. Also, a contract liability is recognized when a payment for a customer is due. The revenue with respect to outstanding contract liabilities is recognized shortly after the reporting date.

Personnel-related liabilities primarily include vacation payment and severance payment obligations.

7 Notes to the Consolidated Statement of Changes in Equity

Share capital and share premium

	31 Dec 2018	31 Dec 2017	31 Dec 2016
Number shares			
In issue at 1 January	3,121,535	2,980,995	2,768,841
Issued during the year	299,230	140,540	212,154
In issue at 31 December	3,420,765	3,121,535	2,980,995
Authorized capital – par value EUR	3,518,787	3,219,557	3,079,017

The issued shares are ordinary shares that entitle their holders to the Company's residual assets and to one vote per share at shareholders' meetings.

The shares were issued for cash except for the shares issued during 2016 which were partially issued for cash (KEUR 75,431) and partially through conversion of a shareholder's loan in the amount of KEUR 35,000 plus accrued interest of KEUR 2,058.

During the capital reorganization undertaken in 2018, whereby AUTO1 SE became the new parent of the Group (see Note 1), all shares in AUTO1 Group GmbH were transformed into the same number of shares in AUTO1 SE.

Nature and purpose of reserves

Translation reserve

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

Other equity reserves

These reserves are currently represented by the changes in the asset towards the shareholders of the Company with respect to the reimbursement right for the share-based payments (see Note 6.10).

8 Cash Flows from financing activities

The cash flows from financing activities reconcile to the financial position as follows:

KEUR	31 Dec 2018	Cash outflow	Cash inflow	Accrued interest expense (non-cash)	Interest expense paid (cash outflow)	Additions/disposals (non-cash)	FX changes	1 Jan 2018
Liabilities to financial institutions	70,220	(58,000)	-	3,372	(3,453)	-	-	128,300
Lease liabilities	43,683	(13,885)	-	-	-	19,500	(46)	38,114
Total	113,903	(71,885)	-	3,372	(3,453)	19,500	(46)	166,415

KEUR	31 Dec 2017	Cash outflow	Cash inflow	Accrued interest expense (non-cash)	Interest expense paid (cash outflow)	Additions/disposals (non-cash)	FX changes	1 Jan 2017
Liabilities to financial institutions	128,300	-	48,000	3,873	(3,633)	-	-	80,060
Liabilities to shareholders	-	-	-	-	-	-	-	-
Lease liabilities	38,114	(11,648)	-	-	-	10,183	26	39,553
Total	166,415	(11,648)	48,000	3,873	(3,633)	10,183	26	119,614

KEUR	31 Dec 2016	Cash outflow	Cash inflow	Accrued interest expense (non-cash)	Interest expense paid (cash outflow)	Additions/disposals (non-cash)	FX changes	1 Jan 2016
Liabilities to financial institutions	80,060	-	49,800	4,929	(2,824)	-	-	28,156
Liabilities to shareholders	-	-	-	19	-	(37,058)	-	37,039
Lease liabilities	39,553	(10,099)	-	9	-	14,574	-	35,069
Total	119,614	(10,099)	49,800	4,957	(2,824)	(22,484)	-	100,264

9 Financial risk management

Financial instruments of the Group comprise the following financial assets and financial liabilities.

31 Dec 2018

KEUR	Measurement category	Carrying amount	Fair value	Fair value hierarchy
Financial assets				
Other non-current financial assets		79,999		
<i>of which due from shareholders</i>	<i>Measured at fair value</i>	71,554	71,554	3
<i>of which other non-current financial asset</i>	<i>Measured at amortized cost</i>	8,445	8,445	2
Trade and other receivables	<i>Measured at amortized cost</i>	41,321	n/a	n/a
Other current financial assets	<i>Measured at amortized cost</i>	2,482	n/a	n/a
Cash and cash equivalents	<i>Measured at amortized cost</i>	116,513	n/a	n/a
Financial liabilities				
Non-current financial liabilities		80,400		
<i>of which financial liabilities due to banks</i>	<i>Measured at amortized cost</i>	50,022	50,022	2
<i>of which lease liabilities</i>	<i>See Note 6.3</i>	30,378	n/a	n/a
Trade and other payables	<i>Measured at amortized cost</i>	75,565	n/a	n/a
Other current financial liabilities		33,612		
<i>of which financial liabilities due to banks</i>	<i>Measured at amortized cost</i>	20,197	20,197	2
<i>of which lease liabilities</i>	<i>See Note 6.3</i>	13,305	n/a	n/a
<i>of which other financial liabilities</i>	<i>Measured at amortized cost</i>	110	110	2

31 Dec 2017

KEUR	Measurement category	Carrying amount	Fair value	Fair value hierarchy
Financial assets				
Other non-current financial assets		63,242		
<i>of which due from shareholders</i>	<i>Measured at fair value</i>	60,714	60,714	3
<i>of which other non-current financial assets</i>	<i>Measured at amortized cost</i>	2,528	2,528	2
Trade and other receivables	<i>Measured at amortized cost</i>	27,624	n/a	n/a
Other current financial assets	<i>Measured at amortized cost</i>	1,019		
<i>of which other current financial assets</i>	<i>Measured at amortized cost</i>	1,019	1,019	2
Cash and cash equivalents	<i>Measured at amortized cost</i>	52,487	n/a	n/a
Financial liabilities				
Non-current financial liabilities		96,782		
<i>of which financial liabilities due to banks</i>	<i>Measured at amortized cost</i>	70,022	70,022	2
<i>of which lease liabilities</i>	<i>See Note 6.3</i>	26,760	n/a	n/a
Trade and other payables	<i>Measured at amortized cost</i>	36,043	n/a	n/a
Other current financial liabilities		70,111		
<i>of which financial liabilities due to banks</i>	<i>Measured at amortized cost</i>	58,278	58,278	2
<i>of which lease liabilities</i>	<i>See Note 6.3</i>	11,354	n/a	n/a
<i>of which other current financial liabilities</i>	<i>Measured at amortized cost</i>	479	479	2

31 Dec 2016

KEUR	Measurement category	Carrying amount	Fair value	Fair value hierarchy
Financial assets				
Other non-current financial assets		53,719		
<i>of which due from shareholders</i>	<i>Measured at fair value</i>	50,582	50,582	3
<i>of which other non-current financial assets</i>	<i>Measured at amortized cost</i>	3,137	3,137	2
Trade and other receivables	<i>Measured at amortized cost</i>	36,909	n/a	n/a
Other current financial assets	<i>Measured at amortized cost</i>	418	418	2
Cash and cash equivalents	<i>Measured at amortized cost</i>	55,519	n/a	n/a
Financial liabilities				
Non-current financial liabilities		109,910		
<i>of which financial liabilities due to banks</i>	<i>Measured at amortized cost</i>	80,000	80,000	2
<i>of which lease liabilities</i>	<i>See Note 6.3</i>	29,910	n/a	n/a
Trade and other payables	<i>Measured at amortized cost</i>	25,252	n/a	n/a
Other current financial liabilities		9,930		
<i>of which financial liabilities due to banks</i>	<i>Measured at amortized cost</i>	60	60	2
<i>of which lease liabilities</i>	<i>See Note 6.3</i>	9,643	n/a	n/a
<i>of which other financial liabilities</i>	<i>Measured at amortized cost</i>	227	227	2

The carrying amounts of cash and cash equivalents, trade and other receivable as well as trade payables is approximately their fair value due to their short-term maturities. For all other financial assets and liabilities, no changes occurred that would have affected in any material way the fair value of these instruments since their initial recognition.

The net results from financial instruments comprise the following:

31 Dec 2018

KEUR	Interest	Impairment	Gain (+) /loss (-) from valuation	Total
Financial assets at amortized cost	263	(165)	-	98
Financial assets at fair value	-	n/a	10,840	10,840 *
Financial liabilities at amortized cost	(2,162)	-	-	(2,162)
Net results	(1,899)	(165)	10,840	8,776

*Relates to the receivable due from shareholders in relation to the share-based payment liability and recognized through 'Other reserves' (see Note 6.7 and Note 6.10 for further detail).

31 Dec 2017

KEUR	Interest	Impairment	Gain (+) /loss (-) from valuation	Total
Financial assets at amortized cost	-	(849)	-	(849)
Financial assets at fair value	-	n/a	10,132	10,132 *
Financial liabilities at amortized cost	(2,651)	-	-	(2,651)
Net results	(2,651)	(849)	10,132	6,632

*Relates to the receivable due from shareholders in relation to the share-based payment liability and recognized through 'Other reserves' (see Note 6.7 and Note 6.10 for further detail).

31 Dec 2016

KEUR	Interest	Impairment	Gain (+) /loss (-) from valuation	Total
Financial assets at amortized cost	4	(124)	-	(120)
Financial assets at fair value	-	n/a	30,133	30,133 *
Financial liabilities at amortized cost	(3,793)	-	-	(3,793)
Net results	(3,789)	(124)	30,133	26,220

*Relates to the receivable due from shareholders in relation to the share-based payment liability and recognized through 'Other reserves' (see Note 6.7 and Note 6.10 for further detail).

Financial risk management

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The exposure to credit risk with commercial counterparties of the Group is mitigated to the extent that cash is received upfront as a prepayment. Some insignificant impairments arise incidentally. Such impairment losses are measured using the following provision matrix: current: 0%; 30 to 180 days overdue: 20%; 181-360 days: 30%; more than 361 days 60%. The impairment loss amounted to KEUR 165 during the reporting period (2017: KEUR 849; 2016: KEUR 124). If the possibility of recovery becomes remote, such receivables are written off. The write off represents a derecognition event. As the impairment losses are not material AUTO1 Group SE does not disclose this amount in a separate line in the consolidated statement of profit and loss and other comprehensive income.

If merchants pay in instalments, AUTO1 Group estimates the expected credit losses on the corresponding trade receivables using a credit loss rate approach. The credit loss rate is estimated based on historical loss trends and forecasted forward loss curves reflecting the cash flows expected from liquidating the repossessed cars. The impairment losses (gains) recognized in profit or loss represent the periodic adjustment to the allowance account. Due to a low volume of the trade receivables falling under such category in the reporting period and zero in the comparative periods the expected credit losses were immaterial.

The credit risk on liquid funds and other financial assets is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. Therefore, expected credit losses on these financial assets of the group are immaterial both during the reporting and comparative periods.

The carrying amount of the financial assets represents the Group's maximum exposure to credit risk. Such trade receivables amounted KEUR 16,553 (2017: 0; 2016:0; 1 January 2016:0).

Market risk

Market risks arise from foreign exchange risk on intercompany financing denominated in EURO provided by the parent to the subsidiaries whereby the functional currency of the subsidiary is different from EURO. However, the exposure to the fluctuations in the exchange rate at the current and comparative reporting dates is immaterial.

The Group is not exposed to the interest rate risk to any significant extent because all its financings are based on fixed interest rates.

The price risk from remeasurement of the receivable from shareholders is exactly the same as that of the corresponding share-based payment liability which is described in Note 6.9.

Liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date.

Maturity analysis of financial liabilities as of 31 December 2018:

31 Dec 2018				
KEUR	< 1 year	1 - 5 years	Total	Carrying amount
Financial liabilities due to banks	20,197	50,022	70,219	70,219
Other financial liabilities	110	-	110	110
Trade payables and other payables	75,565	-	75,565	75,565
Total	95,872	50,022	145,894	145,894

Maturity analysis of financial liabilities as of 31 December 2017:

31 Dec 2017				
KEUR	< 1 year	1 - 5 years	Total	Carrying amount
Financial liabilities due to banks	58,278	70,022	128,300	128,300
Other financial liabilities	479	-	479	479
Trade payables and other payables	36,043	-	36,043	36,043
Total	94,800	70,022	164,822	164,822

Maturity analysis of financial liabilities as of 31 December 2016:

31 Dec 2016				
KEUR	< 1 year	1 - 5 years	Total	Carrying amount
Financial liabilities due to banks	60	80,000	80,060	80,060
Other financial liabilities	227	-	227	227
Trade payables and other payables	25,252	-	25,252	25,252
Total	25,539	80,000	105,539	105,539

Capital management

AUTO1 Group's objectives when managing its capital were to:

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

AUTO1 SE mainly controls AUTO1 Group's liquidity risks by retention of sufficient capital reserves and credit lines with banks as well as through ongoing monitoring of expected and actual cash flows and a balanced portfolio of financial assets and liabilities in regard to maturities.

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

KEUR	31 Dec 2018	31 Dec 2017	31 Dec 2016	1 Jan 2016
Total equity	270,486	163,065	118,476	71,470
Total equity and liabilities	568,024	459,812	354,882	224,203
Equity ratio	47.6%	35.5%	33.4%	31.9%

A new shareholder participated in AUTO1 Group in 2018 by way of a capital increase. The capital increase became effective on January 12, 2018. This included a contribution to the capital reserve (KEUR 213,404), which was considerably higher than the contributions in 2017 and an increase of the subscribed capital (KEUR 299). In 2017 three capital increases took place which led to an increase in subscribed capital of KEUR 141 and KEUR 100,014 in capital reserves.

10 Related party disclosure

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 Hakan Koç (Founder / Co-Chief Executive Officer), Christian Bertermann (Founder / Co-Chief Executive Officer) and Markus Boser (Chief Financial Officer). Until 30 November 2018, Hakan Koç and Christian Bertermann were managing directors of AUTO1 Group GmbH. From 1 December 2018, they became board members of AUTO1 Group SE with Markus Boser.

The members of the supervisory board are Gerhard Cromme (chairman of the supervisory board), supervisory board member, Jonathan Browning, manager, Gerd Häusler, supervisory board member, Andrin Bachmann (vice-chairman of the supervisory board), venture capital investor, and Akshay Naheta, manager.

The key management personnel received short-term employee benefits in 2018 of KEUR 831, 2017 of KEUR 504 and 2016 of KEUR 337.

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

Other transactions with related parties

In addition to the receivables against AUTO1 FT GmbH, the Group has a claim against its shareholders in respect of the virtual share incentive programs in 2018 of KEUR 71,554, 2017 of KEUR 60,714, 2016 of KEUR 50,582 (see Note 6.10).

The following table shows the receivables against AUTO1 FT GmbH as related parties:

KEUR	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Jan 1, 2016
Receivables from related parties (non-current)	5,025	-	-	-
Receivables from related parties (current)	2,347	-	-	-
Total	7,372	-	-	-

The receivables against AUTO1 FT GmbH relate to a long-term lending from the Group and the exchange of cars and car related services within the scope of sales to merchants.

The following table shows income from transactions with AUTO1 FT GmbH as related parties:

KEUR	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016
Sale of goods and services to related parties	6,215	-	-
Other income	186	-	-
Total	6,401	-	-

11 Auditors' fees and services

Following table shows the fees for services provided by KPMG AG Wirtschaftsprüfungsgesellschaft, Germany, the Group auditor for the consolidated financial statements as of and for the financial year ended 31 December 2018:

KEUR	Jan 1, 2018 - Dec 31, 2018	Jan 1, 2017 - Dec 31, 2017	Jan 1, 2016 - Dec 31, 2016
Audit services	155	155	120
Tax services	547	273	26
Other services	-	-	8
Total	702	428	154

12 Disclosures on participations

On 31 December 2018 the AUTO1 Group SE was comprised of 42 entities that were included in the scope of consolidation.

Name	Registered office	Total of direct and indirect shares as of 31 Dec 2018 in %
AUTO1 Albania SPHK	Tirana, Albania	100.00
AUTO1 European Auctions GmbH & Co. KG	Berlin, Germany	100.00
AUTO1 European Auctions Verwaltungs GmbH	Berlin, Germany	100.00
AUTO1 European Cars B.V.	Amsterdam, Netherlands	100.00
AUTO1 FT GmbH	Berlin, Germany	20.00
AUTO1 Global Services GmbH & Co. KG	Berlin, Germany	100.00
AUTO1 Group GmbH	Berlin, Germany	100.00
AUTO1 IT Services GmbH & Co. KG	Berlin, Germany	100.00
AUTO1 IT Services Verwaltungs GmbH	Berlin, Germany	100.00
AUTO1 Italia Commercio S.R.L.	Milan, Italy	100.00
AUTO1 Marketing Services GmbH & Co. KG	Berlin, Germany	100.00
AUTO1 N.V.	Amsterdam, Netherlands	100.00
AUTO1 Operation Services GmbH & Co. KG	Berlin, Germany	100.00
AUTO1 Operation Services Verwaltungs GmbH	Berlin, Germany	100.00
AUTO1 Polska Sp. z o.o.	Warsaw, Poland	100.00
AUTO1 Sales Services GmbH & Co. KG	Berlin, Germany	100.00
AUTO1 Sales Services Verwaltungs GmbH	Berlin, Germany	100.00
AUTO1 Tschechien s.r.o.	Prague, Czech Republic	100.00
AUTO1.com	Berlin, Germany	100.00
Autohero GmbH	Berlin, Germany	100.00
Autohero Inc.	Delaware, USA	100.00
Autohero Plus Spain S.L.	Madrid, Spain	100.00
Autohero Poland Sp. z o.o.	Warsaw, Poland	100.00
Autowholesale Automotive Finland Oy	Tempere, Finland	100.00
GAB Service UG	Berlin, Germany	100.00
L&L Auto Info GmbH	Berlin, Germany	100.00
NOI COMPRIAMO AUTO.IT S.R.L.	Milan, Italy	100.00
VAMANCIA S.L.	Madrid, Spain	100.00
VKDA Sverige AB	Stockholm, Sweden	100.00
WijkopenAutos B.V.	Amsterdam, Netherlands	100.00
wirkaufendeinauto.de GmbH	Berlin, Germany	100.00
WKA BVBA	Antwerp, Belgium	100.00
WKDA Automobile GmbH & Co. KG	Berlin, Germany	100.00
WKDA Automotive SRL	Bucharest, Romania	100.00
WKDA Booking Services GmbH & Co. KG	Berlin, Germany	100.00

WKDA Booking Services Verwaltungs GmbH	Berlin, Germany	100.00
WKDA Deutschland GmbH	Berlin, Germany	100.00
WKDA France S.A.S	Issy-les-Moulinaux, France	92.87 *
WKDA FRSM UG	Berlin, Germany	66.10 *
WKDA Österreich GmbH	Vienna, Austria	100.00
WKDA Portugal, Unipessoal Lda.	Carnaxide, Portugal	100.00
WKDA Schweiz GmbH	Zurich, Switzerland	100.00
WKDA Services GmbH	Berlin, Germany	100.00

*The local management are the shareholders of the parent. Therefore, no non-controlling interests exist in the Group.

AUTO1 Group sold 80% of its shares in AUTO1 FT GmbH at cost during 2018. Therefore, the company is now an associated company. As of 31 December 2018 the AUTO1 FT GmbH had trade receivables of EURO 16.6 million, cash and cash equivalents EURO 9.3 million, an equity of EURO -5.0 million, EURO 25.9 million borrowings and EURO 4.2 million trade payables.

13 Events after the reporting period

The facility agreement was extended and modified at the end of March 2019. It has a term of more than one and less than five years; the credit facilities increase from EURO 160 million to EURO 235 million. Collateral for these credit lines continues to be provided using the working capital of AUTO1 European Cars B.V. and AUTO1 Italia Commercio S.R.L. and relates to the pledging of current accounts assignment of inventories as security and blanket assignment of receivables.

14 Explanation of transition to IFRS

For the transition to IFRS, the following IFRS Standards have the main impact:

IFRS 2: For HGB no share-based payments needed to be accounted as the shareholder have agreed to pay back the obligation for the share-based payments. For IFRS an obligation for the share-based payments and a receivable to the shareholders for paying back the obligation must be accounted. The accounting of the obligation lead to employee expenses. The receivable to shareholders must be booked to other reserve and has no P&L effect.

IFRS 15: The differences regarding IFRS 15 are mainly due to a change of the revenue recognition date. For HGB we recognized the revenue at the point when the merchant won the auction. For IFRS it is at the date when the merchant has made his payment.

IFRS 16: For IFRS 16 we have the difference between HGB and IFRS, because for IFRS we must capitalized the leasing contract for rent and cars as property, plant and equipment and in the same amount a lease liability. According to HGB, the rent and cars leasing were expensed at the time they occur.

The following tables show the transition from Local GAAP ('HGB') to IFRS as of 31 December 2018:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

KEUR	Local GAAP		IFRS					IFRS	
	Jan 1, 2018 - Dec 31, 2018	IFRS 2	IFRS 15	IFRS 16	IAS 37	IAS 16	Reclasses	Others	Jan 1, 2018 - Dec 31, 2018
Net revenue	2.850.075		2.050				3.769		2.855.894
Cost of sales	(2.608.526)		(1.400)						(2.609.926)
Gross profit	241.549		650				3.769		245.968
Other operating income	12.397			47	(2.350)		(3.769)		6.325
Employee costs	(151.282)	(10.841)							(162.123)
Other operating expenses	(202.565)			15.053		(1.103)			(188.615)
Earnings before interest, tax, depreciation and amortization (EBITDA)	(99.901)	(10.841)	650	15.100	(2.350)	(1.103)			(98.445)
Depreciation and amortization	(2.284)			(14.086)		1.418			(14.952)
Earnings before interest and tax (EBIT)	(102.185)	(10.841)	650	1.014	(2.350)	315			(113.397)
Finance income	263								263
Finance costs	(2.162)			(1.210)					(3.372)
Earnings before tax	(104.084)	(10.841)	650	(196)	(2.350)	315			(116.506)
Income taxes	(588)								(588)
Net loss for the period	(104.672)	(10.841)	650	(196)	(2.350)	315			(117.094)
Thereof attributable to the owners of the Company	(104.672)	(10.841)	650	(196)	(2.350)	315			(117.094)
Other comprehensive income									
Exchange differences on translation of foreign operations								286	286
Other comprehensive income, net of tax								286	286
Total comprehensive income for the period	(104.672)	(10.841)	650	(196)	(2.350)	315		286	(116.808)
Thereof attributable to the owners of the Company	(104.672)	(10.841)	650	(196)	(2.350)	315		286	(116.808)

Consolidated Statement of Financial Position

Assets	Local GAAP				IFRS	
	Dec 31, 2018	IFRS 2	IFRS 15	IFRS 16	IAS 37	Dec 31, 2018
KEUR						
Intangible assets	36					36
Property, plant and equipment	4.361			42.310		46.671
Investments accounted for using the equity method	5					5
Other financial assets (non-current)	8.444	71.555				79.999
Other assets (non-current)	1.037					1.037
Deferred tax assets	-					-
Non-current assets	13.883	71.555		42.310		127.748
Inventories	194.729		13.575			208.304
Trade and other receivables (current)	41.321					41.321
Income tax receivables (current)	3.493					3.493
Other financial assets (current)	2.482					2.482
Other assets (current)	68.054		109			68.163
Cash and cash equivalents	116.513					116.513
Current assets	426.592		13.684			440.276
Total assets	440.475	71.555	13.684	42.310		568.024

Equity and liabilities	Local GAAP				IFRS			
	Dec 31, 2018	IFRS 2	IFRS 15	IFRS 16	IAS 37	Dec 31, 2018		
KEUR	3.421					3.421		
Subscribed capital	587.135					587.135		
Capital reserves	(263)	71.555				71.292		
Other reserves	(318.022)	(71.555)	(1.062)	(1.373)	650	(391.362)		
Result carried forward	272.271	-	(1.062)	(1.373)	650	270.486		
Total equity	50.022					50.022		
Borrowings (non-current)	-			30.378		30.378		
Other financial liabilities (non-current)	-	71.555				71.555		
Employee benefit obligations (non-current)	980				(600)	380		
Provisions (non-current)	1.000					1.000		
Other liabilities (non-current)	52.002	71.555	-	30.378	(600)	153.335		
Non-current liabilities	20.197					20.197		
Borrowings (current)	75.565					75.565		
Trade and other payables (current)	110			13.305		13.415		
Other financial liabilities (current)	2.472				(50)	2.422		
Provisions (current)	16.052		14.746			30.798		
Other liabilities (current)	1.806					1.806		
Income tax liabilities (current)	116.202	-	14.746	13.305	(50)	144.203		
Current liabilities	168.204	71.555	14.746	43.683	(650)	297.538		
Total liabilities	440.475	71.555	13.684	42.310	-	568.024		
Total equity and liabilities								

Consolidated Statement of Cash Flows

KEUR	Local GAAP		IFRS 2		IFRS 15		IFRS 16		IAS 37		IAS 16		Rounding		IFRS	
	Jan 1, 2018 - Dec 31, 2018	Jan 1, 2018 - Dec 31, 2018	Jan 1, 2018 - Dec 31, 2018	Jan 1, 2018 - Dec 31, 2018	Jan 1, 2018 - Dec 31, 2018	Jan 1, 2018 - Dec 31, 2018	Jan 1, 2018 - Dec 31, 2018	Jan 1, 2018 - Dec 31, 2018	Jan 1, 2018 - Dec 31, 2018	Jan 1, 2018 - Dec 31, 2018	Jan 1, 2018 - Dec 31, 2018	Jan 1, 2018 - Dec 31, 2018	Jan 1, 2018 - Dec 31, 2018	Jan 1, 2018 - Dec 31, 2018	Jan 1, 2018 - Dec 31, 2018	Jan 1, 2018 - Dec 31, 2018
Net loss for the period	(104.672)	(104.672)	(10.841)	(10.841)	650	(196)	(2.350)	315	(2.350)	(2.350)	(1.418)	(1.418)	(1.418)	(1.418)	(1.418)	(117.094)
Adjustments for	1.491	1.491	10.841	10.841	-	15.296	2.350	(1.418)	2.350	(1.418)	(1.418)	(1.418)	(1.418)	(1.418)	(1.418)	28.553
Amortisation and depreciation	2.282	2.282	-	-	-	14.086	-	-	-	-	-	-	-	-	-	14.952
Finance result	1.899	1.899	-	-	-	1.210	-	-	-	-	-	-	-	-	-	3.109
Income taxes	588	588	-	-	-	-	-	-	2.350	-	-	-	-	-	-	588
Change in provisions and employee benefit obligations	(3.562)	(3.562)	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.212)
Share-based employee benefits	-	-	10.841	10.841	-	-	-	-	-	-	-	-	-	-	-	10.841
Other non-cash effects	284	284	-	-	-	-	-	-	-	-	-	-	-	-	-	275
Change in operating assets and liabilities	22.772	22.772	-	-	(650)	-	-	-	-	-	-	-	-	-	-	22.124
Change in operating assets	(22.362)	(22.362)	-	-	1.400	-	-	-	-	-	-	-	-	-	-	(20.962)
Change in operating liabilities	45.134	45.134	-	-	(2.050)	-	-	-	-	-	-	-	-	-	-	43.086
Other cash flows used in operating activities	(1.980)	(1.980)	-	-	-	(1.210)	-	-	-	-	-	-	-	-	-	(3.190)
Interest received	263	263	-	-	-	-	-	-	-	-	-	-	-	-	-	263
Interest paid	(2.243)	(2.243)	-	-	-	(1.210)	-	-	-	-	-	-	-	-	-	(3.453)
Net cash from operating activities	(82.389)	(82.389)	-	-	-	13.890	-	(1.103)	-	(1.103)	(1.103)	(1.103)	(1.103)	(1.103)	(1.103)	(69.607)
Payments for investments	(10.142)	(10.142)	-	-	-	-	-	1.418	-	1.418	1.418	1.418	1.418	1.418	1.418	(8.724)
Proceeds from the sale of investments	854	854	-	-	-	-	-	-	-	-	-	-	-	-	-	854
Net cash from / (used in) investing activities	(9.288)	(9.288)	-	-	-	-	-	-	-	-	1.418	1.418	1.418	1.418	1.418	(7.870)
Proceeds from capital increase	213.703	213.703	-	-	-	-	-	-	-	-	-	-	-	-	-	213.703
Payments to shareholder	-	-	-	-	-	-	-	(315)	-	(315)	(315)	(315)	(315)	(315)	(315)	(315)
Payments for corporate and shareholder loans	(58.000)	(58.000)	-	-	-	-	-	-	-	-	-	-	-	-	-	(58.000)
Leasing	-	-	-	-	-	(13.885)	-	-	-	-	-	-	-	-	-	(13.885)
Net cash from / (used in) financing activities	155.703	155.703	-	-	-	(13.885)	-	(315)	-	(315)	(315)	(315)	(315)	(315)	(315)	141.503
Net increase in cash and cash equivalents	64.026	64.026	-	-	-	5	-	5	-	5	5	5	5	5	5	64.026
Cash and cash equivalents at the beginning of the year	52.487	52.487	-	-	-	-	-	-	-	-	-	-	-	-	-	52.487
Cash and cash equivalents at the end of the year	116.513	116.513	-	-	-	5	-	5	-	5	5	5	5	5	5	116.513

The following tables show the transition from Local GAAP ('HGB') to IFRS as of 31 December 2017:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

KEUR	Local GAAP				IFRS		
	Jan 1, 2017 - Dec 31, 2017	IFRS 2	IFRS 15	IFRS 16	IAS 37	Others	Jan 1, 2017 - Dec 31, 2017
Net revenue	2.169.512		7.840				2.177.352
Cost of sales	(1.972.085)		(7.212)				(1.979.297)
Gross profit	197.427	-	628	-	-	-	198.055
Other operating income	1.867			17			1.884
Employee costs	(110.097)	(10.132)					(120.229)
Other operating expenses	(141.093)			12.846	1.000		(127.247)
Earnings before interest, tax, depreciation and amortization (EBITDA)	(51.896)	(10.132)	628	12.863	1.000	-	(47.537)
Depreciation and amortization	(1.007)			(12.172)			(13.179)
Earnings before interest and tax (EBIT)	(52.903)	(10.132)	628	691	1.000	-	(60.716)
Finance income	-						-
Finance costs	(2.651)			(1.222)			(3.873)
Earnings before tax	(55.554)	(10.132)	628	(531)	1.000	-	(64.589)
Income taxes	(1.077)	-		-			(1.077)
Net loss for the period	(56.631)	(10.132)	628	(531)	1.000	-	(65.666)
Thereof attributable to the owners of the Company	(56.631)	(10.132)	628	(531)	1.000	-	(65.666)
Other comprehensive income							
Exchange differences on translation of foreign operations	-					(32)	(32)
Other comprehensive income, net of tax	-	-	-	-	-	(32)	(32)
Total comprehensive income for the period	(56.631)	(10.132)	628	(531)	1.000	(32)	(65.698)
Thereof attributable to the owners of the Company	(56.631)	(10.132)	628	(531)	1.000	(32)	(65.698)

Consolidated Statement of Financial Position

Assets	Local GAAP				IFRS		
	Dec 31, 2017	IFRS 2	IFRS 15	IFRS 16	IAS 37	Dec 31, 2017	
KEUR							
Intangible assets	55					55	
Property, plant and equipment	2,362			36,937		39,299	
Other financial assets (non-current)	2,528	60,714				63,242	
Other assets (non-current)	1,007					1,007	
Deferred tax assets	-	-	-	-	-	-	
Non-current assets	5,952	60,714	0	36,937	-	103,603	
Inventories	226,733		14,945			241,678	
Trade and other receivables (current)	27,624					27,624	
Income tax receivables (current)	454					454	
Other financial assets (current)	1,019					1,019	
Other assets (current)	32,808		139			32,947	
Cash and cash equivalents	52,487					52,487	
Current assets	341,125	-	15,084	-	-	356,209	
Total assets	347,077	60,714	15,084	36,937	-	459,812	

Equity and liabilities	Local GAAP				IFRS		
	Dec 31, 2017	IFRS 2	IFRS 15	IFRS 16	IAS 37	Dec 31, 2017	
KEUR							
Subscribed capital	3.122					3.122	
Capital reserves	373.731					373.731	
Other reserves	(549)	60.714				60.165	
Result carried forward	(213.350)	(60.714)	(1.712)	(1.177)	3.000	(273.953)	
Total equity	162.954	0	(1.712)	(1.177)	3.000	163.065	
Borrowings (non-current)	70.022					70.022	
Other financial liabilities (non-current)	-			26.760		26.760	
Employee benefit obligations (non-current)	-	60.714				60.714	
Provisions (non-current)	4.620				(3.000)	1.620	
Other liabilities (non-current)	1.531					1.531	
Non-current liabilities	76.173	60.714	-	26.760	(3.000)	160.647	
Borrowings (current)	58.278					58.278	
Trade and other payables (current)	36.043					36.043	
Other financial liabilities (current)	479			11.354		11.833	
Provisions (current)	2.394					2.394	
Other liabilities (current)	9.550		16.796			26.346	
Income tax liabilities (current)	1.206					1.206	
Current liabilities	107.950	-	16.796	11.354	-	136.100	
Total liabilities	184.123	60.714	16.796	38.114	(3.000)	296.747	
Total equity and liabilities	347.077	60.714	15.084	36.937	-	459.812	

Consolidated Statement of Cash Flows

KEUR	Local GAAP		IFRS 2		IFRS 15	IFRS 16	IAS 37	IFRS	
	Jan 1, 2017 - Dec 31, 2017	Jan 1, 2017 - Dec 31, 2017	IFRS 2	IFRS 15	IFRS 16	IAS 37	Jan 1, 2017 - Dec 31, 2017	Rounding	Jan 1, 2017 - Dec 31, 2017
Net loss for the period	(56.631)	(56.631)	(10.132)	628	(531)	1.000	(65.666)		
Adjustments for	8.761	8.761	10.132	-	13.394	(1.000)	31.295	8	
Amortisation and depreciation	1.007	1.007	-	-	12.172	-	13.179		
Finance result	2.651	2.651	-	-	1.222	-	3.873		
Income taxes	1.077	1.077	-	-	-	-	1.077		
Change in provisions and employee benefit obligations	4.058	4.058	-	-	-	(1.000)	3.058		
Share-based employee benefits	-	-	10.132	-	-	-	10.132		
Other non-cash effects	(32)	(32)	-	-	-	-	(24)	8	
Change in operating assets and liabilities	(99.410)	(99.410)	-	(628)	-	-	(100.039)	(1)	
Change in operating assets	(106.524)	(106.524)	-	7.212	-	-	(99.313)	(1)	
Change in operating liabilities	7.114	7.114	-	(7.840)	-	-	(726)	-	
Other cash flows used in operating activities	(2.411)	(2.411)	-	-	(1.223)	-	(3.633)	1	
Interest paid	(2.411)	(2.411)	-	-	(1.223)	-	(3.633)	1	
Net cash from operating activities	(149.691)	(149.691)	-	-	11.640	-	(138.043)	8	
Payments for investments	(1.643)	(1.643)	-	-	-	-	(1.643)	-	
Proceeds from the sale of investments	147	147	-	-	-	-	147	-	
Net cash from / (used in) investing activities	(1.496)	(1.496)	-	-	-	-	(1.496)	-	
Proceeds from capital increase	100.155	100.155	-	-	-	-	100.155	-	
Payments for corporate and shareholder loans	48.000	48.000	-	-	-	-	48.000	-	
Leasing	-	-	-	-	-	-	(11.648)	-	
Net cash from / (used in) financing activities	148.155	148.155	-	-	(11.648)	-	136.507	-	
Net increase in cash and cash equivalents	(3.032)	(3.032)	-	-	(8)	-	(3.032)	8	
Cash and cash equivalents at the beginning of the year	55.519	55.519	-	-	-	-	55.519	-	
Cash and cash equivalents at the end of the year	52.487	52.487	-	-	(8)	-	52.487	8	

The following tables show the transition from Local GAAP ('HGB') to IFRS as of 31 December 2016:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

KEUR	Local GAAP		IFRS					
	Jan 1, 2016 - Dec 31, 2016	Jan 1, 2016 - Dec 31, 2016	IFRS 2	IFRS 15	IFRS 16	IAS 37	Others	Jan 1, 2016 - Dec 31, 2016
Net revenue	1.478.454	(1.478.454)	(11.844)	10.631	-	-	-	1.466.610
Cost of sales	(1.363.707)	(1.363.707)	(1.213)	10.631	-	-	-	(1.353.076)
Gross profit	114.747	114.747	-	(1.213)	16	-	-	113.534
Other operating income	3.841	3.841	(30.133)	-	-	-	-	3.857
Employee costs	(94.911)	(94.911)	-	-	11.219	2.000	-	(125.044)
Other operating expenses	(83.644)	(83.644)	(30.133)	-	11.219	2.000	-	(70.425)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(59.967)	(59.967)	(30.133)	(1.213)	11.235	2.000	-	(78.078)
Depreciation and amortization	(1.037)	(1.037)	(30.133)	(1.213)	(10.716)	-	-	(11.753)
Earnings before interest and tax (EBIT)	(61.004)	(61.004)	(30.133)	(1.213)	519	2.000	-	(89.831)
Finance income	4	4	-	-	-	-	-	4
Finance costs	(3.793)	(3.793)	(30.133)	(1.213)	(1.165)	-	-	(4.958)
Earnings before tax	(64.793)	(64.793)	(30.133)	(1.213)	(646)	2.000	-	(94.785)
Income taxes	(463)	(463)	-	-	-	-	-	(463)
Net loss for the period	(65.256)	(65.256)	(30.133)	(1.213)	(646)	2.000	-	(95.248)
Thereof attributable to the owners of the Company	(65.256)	(65.256)	(30.133)	(1.213)	(646)	2.000	-	(95.248)
Other comprehensive income	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(367)	(367)
Other comprehensive income, net of tax	-	-	-	-	-	-	(367)	(367)
Total comprehensive income for the period	(65.256)	(65.256)	(30.133)	(1.213)	(646)	2.000	(367)	(95.615)
Thereof attributable to the owners of the Company	(65.256)	(65.256)	(30.133)	(1.213)	(646)	2.000	(367)	(95.615)

Consolidated Statement of Financial Position

Assets	Local GAAP				IFRS	
	Dec 31, 2016	IFRS 2	IFRS 15	IFRS 16	IAS 37	Dec 31, 2016
KEUR						
Intangible assets	73					73
Property, plant and equipment	1.856			38.908		40.764
Other financial assets (non-current)	3.137	50.582				53.719
Other assets (non-current)	757					757
Deferred tax assets	-	-	-	-	-	-
Non-current assets	5.823	50.582	-	38.908	-	95.313
Inventories	124.758		22.118			146.876
Trade and other receivables (current)	36.909					36.909
Income tax receivables (current)	807					807
Other financial assets (current)	418					418
Other assets (current)	18.862		178			19.040
Cash and cash equivalents	55.519					55.519
Current assets	237.273	-	22.296	-	-	259.569
Total assets	243.096	50.582	22.296	38.908	-	354.882

Equity and liabilities	Local GAAP				IFRS			
	Dec 31, 2016	IFRS 2	IFRS 15	IFRS 16	IAS 37	Dec 31, 2016		
KEUR								
Subscribed capital	2.981					2.981		
Capital reserves	273.717					273.717		
Other reserves	(516)	50.582				50.066		
Result carried forward	(156.719)	(50.582)	(2.340)	(646)	2.000	(208.287)		
Total equity	119.463	-	(2.340)	(646)	2.000	118.477		
Borrowings (non-current)	80.000					80.000		
Other financial liabilities (non-current)	-			29.910		29.910		
Employee benefit obligations (non-current)	-	50.582				50.582		
Provisions (non-current)	2.095				(2.000)	95		
Other liabilities (non-current)	1.139					1.139		
Non-current liabilities	83.234	50.582	-	29.910	(2.000)	161.726		
Borrowings (current)	60					60		
Trade and other payables (current)	25.252					25.252		
Other financial liabilities (current)	226			9.644		9.870		
Provisions (current)	861					861		
Other liabilities (current)	13.532		24.636			38.168		
Income tax liabilities (current)	468					468		
Current liabilities	40.399	-	24.636	9.644	-	74.679		
Total liabilities	123.633	50.582	24.636	39.554	(2.000)	236.405		
Total equity and liabilities	243.096	50.582	22.296	38.908	-	354.882		

Consolidated Statement of Cash Flows

KEUR	Local GAAP				IFRS			
	Jan 1, 2016 - Dec 31, 2016	IFRS 2	IFRS 15	IFRS 16	IAS 37	Rounding	Jan 1, 2016 - Dec 31, 2016	
Net loss for the period	(65.256)	(30.133)	(1.213)	(646)	2.000		(95.248)	
Adjustments for	7.700	30.133	-	11.881	(2.000)	(4)	47.710	
Amortisation and depreciation	1.037			10.716			11.753	
Finance result	3.789			1.165			4.954	
Income taxes	463			-			463	
Change in provisions and employee benefit obligations	2.777				(2.000)		777	
Share-based employee benefits	-	30.133				(1)	30.132	
Other non-cash effects	(366)					(3)	(369)	
Change in operating assets and liabilities	(68.856)	-	1.213	-	-	7	(67.636)	
Change in operating assets	(89.975)	-	(10.631)	-	-	1	(100.605)	
Change in operating liabilities	21.119	-	11.844	-	-	6	32.969	
Other cash flows used in operating activities	(1.681)	-	-	(1.139)	-	-	(2.820)	
Interest received	4						4	
Interest paid	(1.685)			(1.139)			(2.824)	
Net cash from operating activities	(128.093)	-	-	10.096	-	3	(117.994)	
Payments for investments	(1.089)						(1.089)	
Proceeds from the sale of investments	92						92	
Net cash from / (used in) investing activities	(997)	-	-	-	-	-	(997)	
Proceeds from capital increase	75.431						75.431	
Payments for corporate and shareholder loans	49.800						49.800	
Leasing	-			(10.099)			(10.099)	
Net cash from / (used in) financing activities	125.231	-	-	(10.099)	-	-	115.132	
Net increase in cash and cash equivalents	(3.859)	-	-	(3)	-	3	(3.859)	
Cash and cash equivalents at the beginning of the year	59.378						59.378	
Cash and cash equivalents at the end of the year	55.519			(3)		3	55.519	

The transition from Local GAAP ('HGB') to IFRS as of 1 January 2016:

Consolidated Statement of Financial Position

Assets	Local GAAP		IFRS			
	Jan 1, 2016	IFRS 2	IFRS 15	IFRS 16	Jan 1, 2016	IFRS
KEUR						
Intangible assets	63	-	-	-	63	-
Property, plant and equipment	1.905	-	-	35.069	36.974	-
Other financial assets (non-current)	1.081	20.449	-	-	21.530	-
Other assets (non-current)	1	-	-	-	1	-
Deferred tax assets	-	-	-	-	-	-
Non-current assets	3.050	20.449	-	35.069	58.568	-
Inventories	56.163	-	11.665	-	67.828	-
Trade and other receivables (current)	28.003	-	-	-	28.003	-
Income tax receivables (current)	146	-	-	-	146	-
Other financial assets (current)	812	-	-	-	812	-
Other assets (current)	9.468	-	-	-	9.468	-
Cash and cash equivalents	59.378	-	-	-	59.378	-
Current assets	153.970	-	11.665	-	165.635	-
Total assets	157.020	20.449	11.665	35.069	224.203	-

Equity and liabilities	Local GAAP		IFRS			
	KEUR	Jan 1, 2016	IFRS 2	IFRS 15	IFRS 16	Jan 1, 2016
Subscribed capital		2.769	-	-	-	2.769
Capital reserves		161.440	-	-	-	161.440
Other reserves		(149)	20.449	-	-	20.300
Result carried forward		(91.464)	(20.449)	(1.126)	-	(113.039)
Total equity		72.596	-	(1.126)	-	71.470
Borrowings (non-current)		28.142	-	-	-	28.142
Other financial liabilities (non-current)		-	-	-	26.748	26.748
Employee benefit obligations (non-current)		-	20.449	-	-	20.449
Provisions (non-current)		76	-	-	-	76
Other liabilities (non-current)		270	-	-	-	270
Non-current liabilities		28.488	20.449	-	26.748	75.685
Borrowings (current)		37.053	-	-	-	37.053
Trade and other payables (current)		9.961	-	-	-	9.961
Other financial liabilities (current)		451	-	-	8.321	8.772
Provisions (current)		103	-	-	-	103
Other liabilities (current)		8.368	-	12.791	-	21.159
Current liabilities		55.936	-	12.791	8.321	77.048
Total liabilities		84.424	20.449	12.791	35.069	152.733
Total equity and liabilities		157.020	20.449	11.665	35.069	224.203

Berlin, 20 November 2019

AUTO1 Group SE

Hakan Koç
Co-CEO

Christian Bertermann
Co-CEO

Markus Boser
CFO

AUTO1 Group SE, Berlin

Group management report for the 2018 financial year

I. Group's business model

AUTO1 is Europe's leading online marketplace with its own certified and diversified inventory of used cars. The cars, mainly purchased from private sellers but also partially by commercial sellers, are sold to commercial used-car dealers ("C2B" and/or "B2B" business). In the course of buying a car, the purchasing dealer has the opportunity of obtaining other automotive services from the AUTO1 Group (e.g. logistics services).

The internet platform "wirkaufendeinauto.de" is used in Germany for the car purchase process. The platform "AUTO1.com" is then used to sell these cars to commercial dealers. The foreign business units have their own country-specific online purchasing platforms in the form of technical spin-offs. However, administration of the individual platforms is completely centralized.

The AUTO1 Group offers its dealers a daily updated range so that each partner can find the right car for their individual needs (at purchasing terms always in line with the market).

Cars are sold in different offer windows in online auctions. There are no minimum purchase volumes/quotas or commission fees for dealers. In addition to the purchase price of the car, handling costs in the form of various fees and services charges are applied. AUTO1 had business ties to more than 55,000 business partners/dealers in 2018.

AUTO1 European Cars B.V., which is based in the Netherlands and set up as a special purpose entity, is responsible since 2017 for buying and selling cars, except for Italy. In terms of VAT, it operates in various countries. The scope of its activities is therefore limited solely to the acquisition and sale of cars. The automotive services described above are performed as independent services by other companies in the AUTO1 Group and are charged separately to the dealer.

An online car dealership, under the Autohero brand, was established in 2017, which conducted only very minor level of business in the 2017 financial year. Business was pushed in Germany, Spain, the Netherlands and Belgium only as of 2018 and it is envisioned over the next few years that Autohero should drive a significant share of the AUTO1 Group's revenue. Autohero has a top selection of TÜV-inspected cars with warranties at fair prices. The cars are delivered after undergoing a roadworthiness test (valid inspection sticker) along with a used-car certificate. Autohero obtains the cars from the fleet of AUTO1 European Cars B.V., Amsterdam.

AUTO1 Group SE was established in 2018 as the holding company of the AUTO1 Group and has been the parent company of AUTO1 Group since the end of November 2018. The shares in AUTO1 Group GmbH were contributed to AUTO1 Group SE as additional contribution in kind (Sachaufgeld) as part of a cash contribution with additional contribution in kind (Barkapitalerhöhung mit Sachaufgeld). Since only a single business was placed under AUTO1 SE, the new parent, the transfer is accounted for as a capital reorganisation rather than a business combination in accordance with IFRS principles whereby the book value accounting is applied to the business transferred. Therefore, the 2018 consolidated financial statements of AUTO1 Group SE are a continuation of the consolidated financial statements of AUTO1 Group GmbH (predecessor) and include also the comparative consolidated financial information of AUTO1 Group GmbH for 2017 and 2016. Therefore the group management report also refers to 2017 and 2016.

II. Objectives and strategies

The close temporal and technical interlinking of the selling and purchasing processes in the system, which has been improved and expanded again in the year, facilitates very efficient and extensive management of all operative processes and a largely automated selling process.

The AUTO1 Group assumes the role as a manufacturer-independent multi-brand wholesaler for the wholesale used car market and has outstanding positions in Germany and Europe. The Group's development as an intermediary, operating 'buy-on-demand' and managing need-based purchasing, similar to an online broker, will be further pushed again in 2019.

2019 will be characterized especially by the expansion of core markets and further services that can be sold through the platform of AUTO1.

In the 2018 financial year, the AUTO1 Group had a total of 23 companies (including the parent company) in Germany and 20 companies in Europe. The AUTO1 Group's involvement in the US was ended at the beginning of 2017.

III. Economic report

A. General economic conditions

The global economy continued to enjoy an upswing in 2018. However, this upturn lost momentum due to a slowdown in the developed economies at the beginning of the year. The picture varies from region to region. The US reported accelerated growth in Q2 2018, whereas the eurozone's economy maintained its moderate pace. Some uncertainty triggered by trade conflicts could possibly play a role here. There was mixed economic development in the emerging economies.

Global economic indicators suggest a slowdown in world economic growth. The economic climate deteriorated in practically all regions and the economic outlook has not been this pessimistic since 2011.

GDP growth equaled 1.9% in 2018 (PY: 2.4%) in the EU according to initial figures. For 2016 the GDP growth in the EU was 1.9%. Growth of 1.3% is forecasted for 2019.

B. Industry environment

Overall, despite ongoing discussions on driving bans and diesel engines, the 2018 automotive year was a stable year.

The volume of the used car market in Europe is higher than the volume of the new car market. In Germany, for example, the ratio of title transfers for used cars to new car registrations was 2.1 in the 2018 financial year.

The used car market in Germany declined slightly in 2018, but remained at a high level. Sales volume declined slightly to approx. 7.2 million units (PY: 7.3 million units) following continual growth between 2010 and 2017. A reason for this is that many new cars were delivered very late in 2018 as testing according to the Worldwide harmonized Light cars Test Procedure (WLTP) led to considerable delays and, thus, there were less used cars available on the market. Average prices for used cars increased by just under 4% to EUR 11,780. Prices differ considerably according to brand or buyer. First-time buyers paid considerably less than buyers who had already purchased a used car in the past. In terms of used-car purchases, the lowest prices on average equaled EUR 7,730 on the private market and EUR 7,890 at dealerships in 2018, while brand dealers reported the highest prices at EUR 15,610.¹

In 2017 the used car market in Germany declined slightly, but remained at a high level compared to 2016. Sales volume declined by 1.4% to approx. 7.3 million units (PY: 7.4 million units) following continual growth between 2010 and 2016.

C. Business performance

In the presentation of the business performance a distinction is made between financial and non-financial performance indicators.

1. Financial performance indicators

In order to illustrate business performance, the financial key performance indicators, revenue and gross profit (here revenue minus cost of sales), are explained. These KPIs clearly reflect the Group's continued growth objectives. For the purposes of internal controlling regarding development of cost-efficiency potentials, the net income/loss for the year will be used as a performance indicator.

AUTO1 Group's consolidated revenue equaled EUR 2,856 million in 2018 (PY: EUR 2,177 million). Besides pure car purchases and sales, revenue/cost of sales also reflect purchase-related services (such as transport income or costs). Strong revenue growth in each of the years 2017 and 2018 was mainly due to the increase in volume in the core business in the area of car sales. Thus, target revenue was largely achieved.

The cost of sales equaled EUR 2,610 million (PY: EUR 1,979 million) and therefore the cost of sales ratio was 91.4% in the financial year (PY: 90.9%). Gross profit equaled EUR 246.0 million or 8.6% of revenue (PY: EUR 198.1 million or 9.1%). The lower gross profit margin was due to higher write-downs on the entire car fleet compared to the prior year, which was the result of a more precise calculation method, as well as the sales of cars in the last two months of the year, which had already been in the inventory for quite some time and were sold at higher discounts. In 2017 the gross profit margin improved significantly compared to 2016. This was due to further significant expansion of the dealer

¹ See DAT Report 2019.

portfolio and consistently further diversified sales markets, the setting of prices in line with the market and improved inventory management.

The Group generated a net loss of KEUR 117,094 (PY: KEUR 65,666) in the 2018 financial year. The increased loss was largely driven by a reduction in the gross profit margin, higher marketing and personnel costs and capital expenditures for new products such as Autohero, Fintech (financing solutions for dealer car financing) and WKDA Privatverkauf. In 2017 the Group generated a net loss of KEUR 65,666 (PY: KEUR 95,248). The decrease in net loss is mainly due to the expenses for share-based payments, which had a negative impact on the 2016 net result of KEUR 30,133 (2017: KEUR 10.132), and the gross profit improvement.

As in the past, we will focus on our growth target over the next few years. This is to be seen in particular in the expansion of the purchasing network, i.e. of locations and other procurement channels through which potential suppliers can have their cars valued and sold.

2. Non-financial performance indicators

Besides financial performance indicators, AUTO1 Group also uses non-financial performance indicators to manage business. The non-financial indicators are the number of employees and the number of cars purchased and sold.

Average headcount at the AUTO1 Group increased from 2,360 in 2016 to 2,777 in 2017 and finally to 3,546 in the 2018 financial year. Major determinants here were the Group's revenue growth and the further penetration and stabilization of foreign markets in particular in Southeastern Europe, the Baltics and Denmark. As a professional service provider, the Group regularly hosts internal training sessions in the various departments to ensure the timeliness of company and industry-related expertise and promote staff's skills and education. This strategy meant the targeted objectives for staff expansion were mainly achieved.

The number of cars bought and sold in the year and the prior years are presented here in a table.

	2018	2017	2016
Purchased cars	535,153	434,955	298,622
Sold cars	540,480	420,453	289,656

D. Group's position

1. Financial performance

AUTO1 Group reported a consolidated net loss of KEUR 117,094 in 2018 (PY: KEUR 65,666). Thus, AUTO1 Group once again closed out the 2018 financial year with a loss. The increased loss was largely driven by a reduction in the gross profit margin, higher marketing, personnel costs and capital expenditures for new products such as Autohero, Fintech and WKDA Privatverkauf and employee costs for share based payments. In 2017 the consolidated net loss could be reduced compared to 2016 as mentioned above.

Revenue increased by 31.2%, i.e. by KEUR 678,542 to KEUR 2,855,894. This increase was driven by growth in the established core markets as well as renewed strong growth in the Southeastern European markets and in Sweden. The number of cars sold rose by 120,027 (28.6%) to 540,480 in total. The revenue increase from 2016 to 2017 resulted in part as well from the growth of the

established core markets as well as the higher proportional growth of the Southeastern European markets.

The Group generated its revenue through merchant platform KEUR 2,823,897 (PY: KEUR 2,173,781) and retail of KEUR 31,997 (PY: KEUR 3,571). In 2016 all revenues referred to the merchant platform.

In 2016 Germany represented approximately a third of cars sold. This reduced to just over a quarter over the course of 2017, as a result of the strong growth of Other EU as sales markets for our inventory. This growth trend continued during 2018, so that Other EU represented over three quarters of our sales and Germany less than a quarter in 2018.

The cost of sales rose by 31.9% or KEUR 630,629 to KEUR 2,609,926 continuing the strong growth from 2017. As in the prior years, external transport costs (costs for transportation to the customer) are shown as expenses for purchased services. The same applies to registrations/deregistrations and other services in connection with operational handling of car purchases and sales.

Gross profit increased 2018 significantly by KEUR 47,913. The measurement of the inventories led to an increase in write-downs by KEUR 5,942 to KEUR 13,714, which is also reflected in the cost of sales. The increase in gross profit in 2017 amounted to KEUR 84,521 as a result of the significantly increased profit margin compared to 2016.

Employee costs rose by 34.8%, from KEUR 120,229 to KEUR 162,123, due to hiring new employees both at the head office in Berlin and in other countries. An average of 3,546 (PY: 2,777) people were employed by the Group during the year. In 2017 the increase in the headcount was 417. However, employee costs declined 2017 as 2016 includes significantly more expenses regarding the share-based payment programs.

Other operating expenses increased by 48.2% or KEUR 61,368 in total to KEUR 188,615 over the prior year. This rise was mainly due to the KEUR 41,365 increase in marketing and internal logistic costs expenses to KEUR 130,791 and the overall increase in costs for all items in other operating expenses as a result of the growth in business activities. This is in line with the development in 2017.

2. Financial position and liquidity

AUTO1 Group reported KEUR -69,607 (PY: KEUR -138,043) in cash flows from operating activities in 2018. The main driver here was the net loss for the year of KEUR -117,094, although the KEUR 33,374 decrease in inventories had an offsetting effect on cash flow. Therefore, compared to the prior year, cash flows from operating activities were not negatively affected by a major increase in inventory, thus leading to their improvement.

The cash flows from investing activities totaled KEUR -7,870 in 2018 (PY: KEUR -1,496), which was mainly due to investments made in property, plant and equipment of KEUR 3,694 and loan of KEUR 5,025 given to an associate company (AUTO1 FT GmbH). Contrasting we received income of KEUR 854 for disposals of property plant equipment.

The positive cash flows from financing activities amounted to KEUR 141,503 (PY: KEUR 136,507) in the financial year. This was mainly the result of capital increases, in the course of which KEUR 213,404 was paid into the capital reserves and KEUR 299 to subscribed capital. Compared to the prior year, this was contrasted by a KEUR 58,000 lower drawdown on the credit facility as well as payments for leases of KEUR 13,885.

The Group was able to meet its payment obligations to third parties at all times, taking into account the payments into equity and the borrowed capital.

Cash and cash equivalents equaled KEUR 116,513 (PY: KEUR 52,487) at year-end, an increase of KEUR 64,026 over the prior year.

In 2016 and 2017 cash and cash equivalents decreased nearly by the same amount. In both years a significant level of funds tied up in current assets, caused primarily by the expansion of inventories, contributed to the negative cash flow from operating activities. Due to the increase in liabilities in 2016, the 2016 operating cash flow was above the 2017 amount. The positive cash flow from financing activities amounted to KEUR 136,507 in 2017 (PY: KEUR 115,132). By capital increases in 2017 KEUR 100,014 (PY: KEUR 75,219) were paid into the capital reserves and KEUR 141 (PY: KEUR 212) to subscribed capital. In addition, loans in the nominal amount of KEUR 48,000 (PY: KEUR 49,800) were provided.

3. Assets and liabilities

Fixed assets rose in 2018 by KEUR 7,372 to KEUR 46,671 due to further investments in setting up and renting new space for branches. The other financial assets (non-current) increased from KEUR 53,719 in 2016 to KEUR 79,999 as of 31 December 2018 due to the increased claims against shareholders referring to the share-based payments. The claims correspond to the relating share-based payment liabilities.

Inventories decreased by KEUR 33,374 to KEUR 208,304. This was due to a greater reduction of the car fleet in the last two months of the financial year, especially in the case of cars that had already been on the lot for quite some time. Furthermore, it was possible to shorten the downtimes of the cars through quicker sales, which led to higher inventory turnover. To support the growth of the group inventories needed to be increased in 2016 and 2017.

Trade and other receivables increased by KEUR 13,697 due to the intensified selling of cars. Furthermore, the amount of receivables depends on the balance sheet date and therefore varies throughout the years.

The increase in other assets was mainly driven by higher VAT receivables due to the increased business activities over the years.

The equity ratio equaled 47.6% (PY: 35.5%) at year-end. In 2017 the equity ratio increased from 33.4% to 35.5%.

The other provisions increased throughout the years; this was related to the Group's strong growth.

Under liabilities to banks, a facility agreement with six banks for a credit line of EUR 160 million was reported. In December 2017, the term was extended until December 23, 2020. The credit facility is subject to a LIBOR-based interest rate. KEUR 70,000 was drawn down at year-end. The credit facility is fully secured and serves to ensure the Company's liquidity.

Trade payables mainly include liabilities from purchasing cars. The rise in this balance sheet item results from the managed purchase volume mentioned above. This applies also to the 2017 development.

Other liabilities mainly relate to taxes and to liabilities for social security and increased due to the Group's growth. The other liabilities also include contract liabilities which significantly declined from 2016 to 2017. During 2016 the convertible loan from shareholders (KEUR 37,058) was converted to equity.

4. Overall assessment

AUTO1 Group's economic situation is heavily driven by the Group's strong growth in both Germany and other countries in Europe. The Company was largely able to meet its expectations in terms of revenue and gross profit so that overall development during the 2018 and 2017 financial year can be described as positive. The Group has solid financing through own funds and debt capital measures.

IV. Forecast, opportunities and risks

A. Risk report and risk management system

1. Materials risks that in total could significantly impact the net assets, financial position and results of operations and performance indicators described

Market risks

The basis for assessing risks in car trade continues to be the development of domestic demand in the respective countries. In the Group, this is currently still directly linked to Europe's economic development. Car purchases are determined by the end customer's willingness to consume. However, according to relevant studies, insecurities regarding further consumption behavior are relatively limited and noticeable negative market development is currently not evident. Therefore, we estimate the risk of a declining market and a related slump in revenue as being low.

Industry-specific risks

A key risk factor in car trade involves the sustainable management of used car inventories in terms of composition (make/price) and age.

In this regard, for example, we leverage the benefits of a centrally managed purchasing platform that enables the dealer (customer) to access all cars in stock in real time, making Europe-wide purchasing possible. This allows us to present each dealer with a broad range of used cars, without national or international barriers. An established logistics concept rolled out across Europe and tailored for service structure and quality further complements the function as a European online hub.

At an operational level, the inventory risk is mitigated by daily monitoring and ongoing and rigorous inventory streamlining measures ("slow movers"); the limit for the categorization as "old stock" is considerably more aggressive than the industry standard. Considered in terms of accounting aspects, AUTO1 recognizes appropriate impairment losses on merchandise. The inventory risk is an inherent risk of our business model and the used car market and it cannot ever be fully eliminated. The default risk of receivables from customers, which can negatively impact the net income, is countered by way of a strict dealer selection process and by appropriate unambiguous precautions in the general terms and conditions for remarketing.

Overall, the AUTO1 Group manages the risks in such a manner that any negative developments affecting gross profit are estimated as being low or sufficiently calculable.

2. Risks of minor significance

Logistics risks

The logistics processes depend heavily on coordinating IT systems, the logistics team and communication with the logistics partners. Strong growth in business volume therefore requires the constant expansion and continuous optimization of the logistics processes. Inefficient logistics processes, inaccurate planning or failing IT systems harbor the risk of increased logistics and personnel costs and delayed deliveries, which can impact gross profit and net result. Due to AUTO1 Group's market volume, the probability of occurrence is rated as low.

Risk of diesel ban

For the automotive manufacturing industry, and also in particular for the owners of diesel cars, the decision of the Federal Administrative Court from February 2018 led to uncertainty. The AUTO1 Group views this development over the short and medium term more as an opportunity than a risk because, as already in 2018, less and less diesel autos were sold at the locations where they were purchased, which represents a competitive edge over the local dealers. The wide-ranging and international dealer network in Europe offers the opportunity to closely and effectively monitor the inherent inventory risk as well as, due to the existing sales structures, offering the sellers adequate solutions as a reliable partner that is transparent in relation to the market conditions rather than dramatically lowering the price on the procurement side to the burden of potential sellers. As mentioned above, the "diesel risk" is considered low due to the Europe-wide sales market. Furthermore, although initial driving bans were issued in individual cities, the German federal government is checking whether it should relax the limits for diesel engine emissions so that fewer driving bans will be imposed at state level.

IT risks

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. Both purchasing as well as selling are based largely on the online platform. Technical malfunctions or failures would directly affect the entire value chain.

To ensure the security and stability of the systems, AUTO1 is connected to geographically separated and redundant server centers. Platform operation is continuously monitored in order to quickly take appropriate action if there are any disturbances. Furthermore, extensive, multi-level backup of the systems as well as personalized, role-based access help protect against unauthorized access and attacks. Especially the user administration process, in terms of documenting new hires and exits, is being continuously improved. The AUTO1 Group does not consider itself exposed to the "cyber risks" that receive much discussion in the press.

The Group's significant growth requires the constant expansion of its IT systems in order to cope with rising complexity and size. To this end, additional cloud services from established providers are being used in order to be able to use the necessary scalability at all times.

The requirements of the General Data Protection Regulation (GDPR) also necessitate appropriate adjustments to the IT systems, which were implemented during the course of 2018. Non-compliance with the GDPR can lead to high penalties.

The critical impact of IT risks means IT development and maintenance are subject to constant quality controls. There is a process in urgent cases where IT modifications can be implemented on short

notice. The probability of occurrence and impact of IT risks is rated as low, taking into account the measures described above.

Financial risk

The Group has detailed liquidity planning that is regularly subject to target/actual comparisons. Besides own earnings, the Parent Company is financed by way of further utilization of loans, which are rated as sufficient based on current liquidity planning.

Loans are subject to variable interest rates meaning there is an interest rate risk. Increased interest expenses would negatively affect the forecasted net result, but would be likely to take place in a stronger economic environment. The probability of occurrence and therefore the significance is considered low.

The financing of the subsidiaries is heavily influenced by their integration into the Parent Company's group of companies. Group management's detailed analysis and approval of the budgets prepared by subsidiaries each month ensure that operations can be financed and planned investments made. The Group has capital measures and borrowings affording it access to a total of KEUR 113,108 in funds. In addition, there is leeway on the credit facility of KEUR 90,000 described above, which was not fully drawn down as of the reporting date. The addition of an additional shareholder at the beginning of 2018 significantly increased financial leeway.

Financial instrument risks

No derivative financial instruments were used in 2018. All other financial instruments are expected to be of high credit quality and material impairment losses are not expected.

3. Overall risk assessment

The aforementioned risks can affect the economic development of AUTO1 Group. The number of measures established in AUTO1 Group to monitor business risks means it is possible to take counteraction in good time and thus avoid or mitigate potential risks. Our estimate of the overall risk situation is based on a consolidated look at all material individual risks. There are no risks which would endanger the Group's ability to continue as a going concern.

B. Opportunities

The following opportunities described could have positive impacts on the performance indicators presented.

Overall trend of business

The European economy reported steady growth in the past few years. The growth in Europe significantly contributes to the increase of the global economic performance. AUTO1 largely uses the growing market of Eastern Europe for sales activities. The extent to which the US government's planned protective trade tariffs will have a negative impact on AUTO1's European business cannot be adequately quantified. The probability of occurrence and the risk is considered low.

Used car market

Steady figures are expected for the transfer of car titles, and thus also for the turnover of used cars, also in 2019. Furthermore, already developed business models were further expanded to make it even easier for car dealers to acquire and sell cars across Europe at market prices directly from AUTO1. The probability of occurrence and the significance is considered low.

Scalability

Auto1 was active in 18 countries with its staff in 2018. An extension of the business to other countries and products is generally possible relatively quickly. The established technology platform is very stable, secure and scalable. AUTO1 regularly uses its in-house developed software to optimize purchasing and selling and for the introduction of new products. The platform can be scaled upwards, if necessary, and is becoming ever more intelligent through the use of comparative data. Setting up new purchasing centers, expanding the dealer network and rolling out new products, such as dealer financing, insurance and retail business will not require high IT infrastructure expenses due to central technical support. This means we can generally generate more sales without incurring corresponding expenses in the same extent. This scalability will enable us to tap existing and new markets in the future. The probability of occurrence and significance is considered to be high.

Personnel

AUTO1's successful growth is based on the skills and motivation of our employees. Strong growth of our core business, the development of new business segments and rapid international expansion mean AUTO1 are regularly required to reinforce its successful team. Recruiting is therefore becoming an increasingly key component of HR's work. Recruiting highly-qualified employees helps to raise efficiency and push innovation and creativity, thereby improving revenue and profitability. The significance is considered medium.

C. Forecast

Pushing the Group's growth remained top priority during the year. The soundness of the investments made in the brands "AUTO1" and "wirkaufendeinauto" was confirmed in the 2018 financial year. We were able and will continue to raise headcount and the number of locations.

Its collaboration with AUTO1 FT GmbH in 2019 meant that the AUTO1 Group was able to grant its dealers extended payment terms; the dealers of the AUTO1 Group pay an additional fee on the purchase price for this purpose. In turn, the AUTO1 Group sells the receivables with extended terms of payment as part of a factoring agreement to AUTO1 FT GmbH, which is being held since December 7, 2018, as a joint participation with, among others, Allianz and Deutsche Bank; it previously was a wholly owned subsidiary of the AUTO1 Group. It is expected in 2019 that offering extended payment terms will raise used-car sales and shorten the car downtimes at the AUTO1 Group.

Currently incalculable macroeconomic and sector-specific influences can affect actual future developments; however, a clear upwards trend is expected for the financial performance indicator revenues as well as for the non-financial performance indicators (headcount and number of cars purchased and sold). Past developments show that transparency and quick processing when purchasing cars help to convince increasing number of potential customers of the benefits of our

business model. We have increased the number of contacts to dealers in recent years as well as raised the number of units sold to dealers.

In this context, management anticipates for 2019 a major increase in revenue thanks to increasing car sales and purchases, a significant rise in gross profit and a significant improvement in annual results, which, however, are still expected to be negative. We plan to increase the number of employees and branches.

The increase in the existing credit facility from EUR 160 million to EUR 235 million in the first half of 2019 and the resulting financial resources available are intended to push financial and non-financial performance indicators.

Berlin, November 20, 2019

AUTO1 Group SE

Hakan Koç

Co-CEO

Christian Bertermann

Co-CEO

Markus Boser

CFO

Independent auditor's report

To AUTO1 Group SE, Munich

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 2018 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 2018 and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of AUTO1 Group SE, Munich, for the financial year from 1 January to 31 December 2018.

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 2018 and of its financial performance for the financial year from 1 January to 31 December 2018 and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

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 the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the German Generally Accepted Standards of Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of

German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. 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 group management report.

Responsibilities of management and the supervisory board for the consolidated financial statements and the group management report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to 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, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

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

well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

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

We exercise professional 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 group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an 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 group 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 group 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 group management report with the consolidated financial statements, its conformity with German law, and the view of the Group’s position it provides.
- perform audit procedures on the prospective information presented by management in the group 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.

Berlin, 20 November 2019

KPMG AG
Wirtschaftsprüfungsgesellschaft

Sternberg
Wirtschaftsprüfer
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Proplesch
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