AUTO1 GROUP

Annual Report

2020

Building the Best Way to Buy and Sell Cars Online

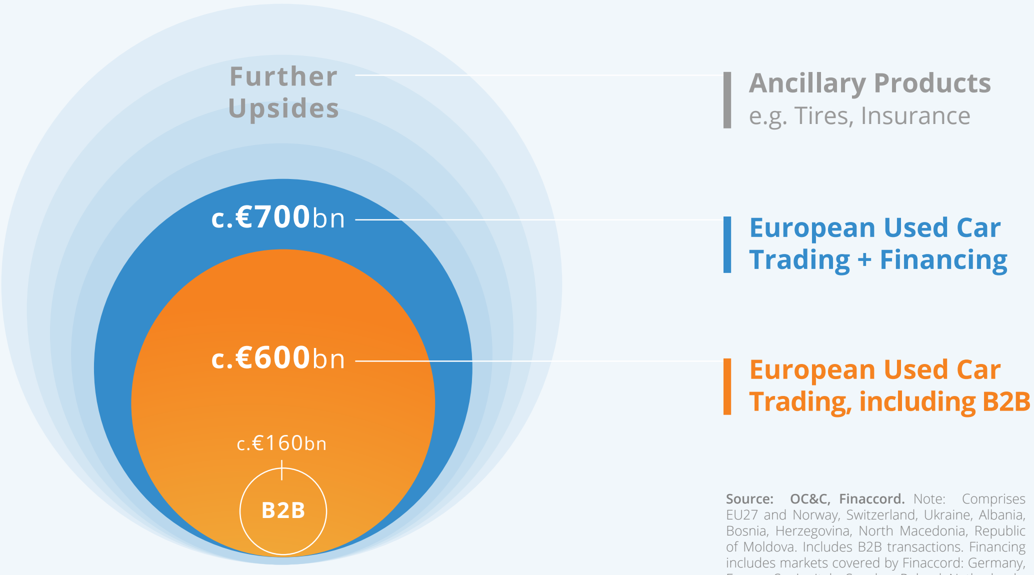
AUTO1 Group is focused on building the leading used car business across Europe. We are a business led by founders with an entrepreneurial spirit, longstanding industry experience, the proven ability to scale, and a lasting commitment to our mission.

With Entrepreneurial Passion, We Build the Best Way to Buy and Sell Cars Online

AUTO1 Group is Europe's leading digital automotive platform for buying and selling used cars online. We offer a quick and easy way for consumers and professional car dealers across Continental Europe to sell and buy used cars at haggle-free prices through our established platforms. We offer the largest selection of used cars in more than 30 countries, across more than 80 brands and all price points. AUTO1 Group sold over 457,000 vehicles via our websites and apps in 2020.

Clear Leadership Position in a Massive, Heavily Fragmented Market

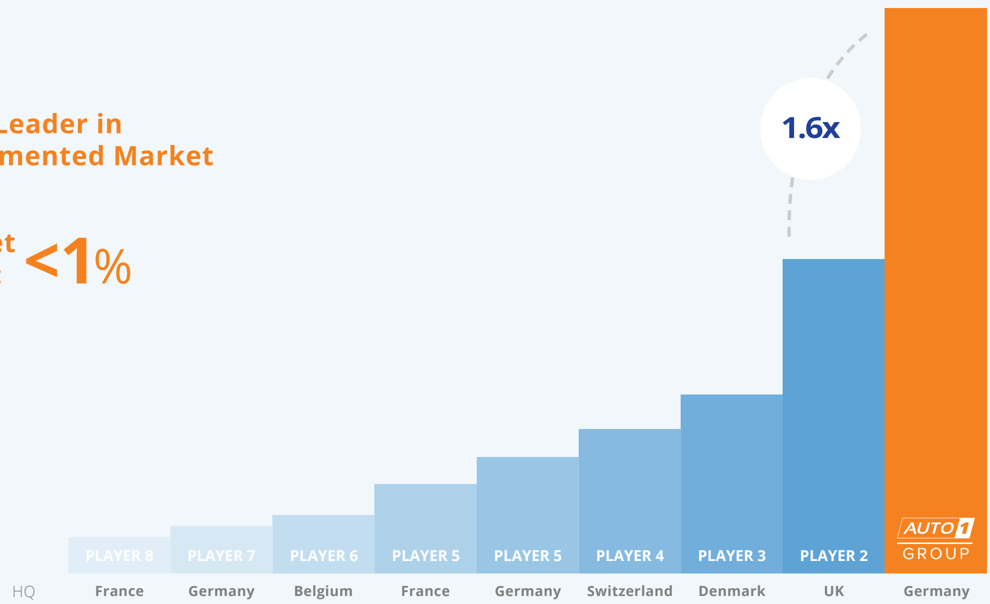
Size of the European Used Car Market



Source: OC&C, Finaccord. Note: Comprises EU27 and Norway, Switzerland, Ukraine, Albania, Bosnia, Herzegovina, North Macedonia, Republic of Moldova. Includes B2B transactions. Financing includes markets covered by Finaccord: Germany, France, Spain, Italy, Sweden, Poland, Netherlands, Belgium, Austria, Czechia, Denmark, Hungary, Ireland, Norway, Portugal, Switzerland.

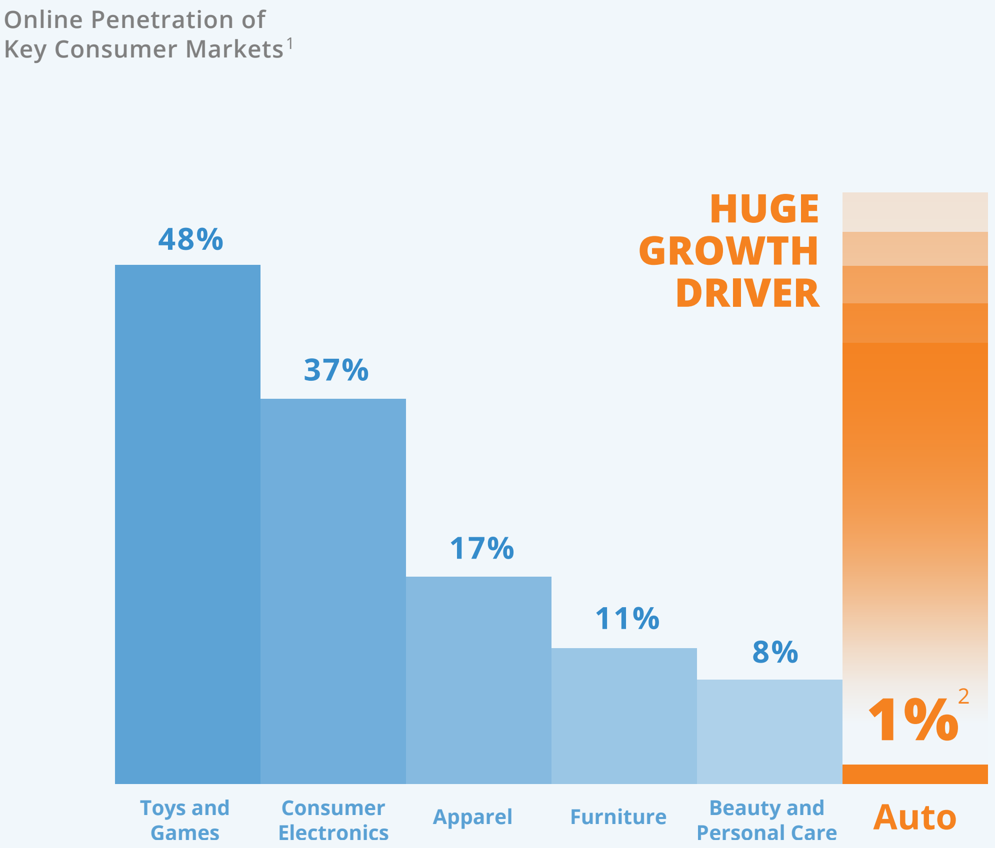
Clear Leader in a Fragmented Market

Market Share: <1%



Source: OC&C, Finaccord. Notes: Based on latest available sales of used cars (for dealerships in 2018, AUTO1 and intermediaries in 2019), including LCVs and Passenger Cars, transacted in Europe from top 14 European dealers and intermediaries; excludes OEM-owned dealer groups (e.g. Porsche Holding Salzburg) and dealers focused on the UK, Russia, Ukraine, Belarus and Turkey. AUTO1 Group number is based on used cars sold by AUTO1 in 2019.

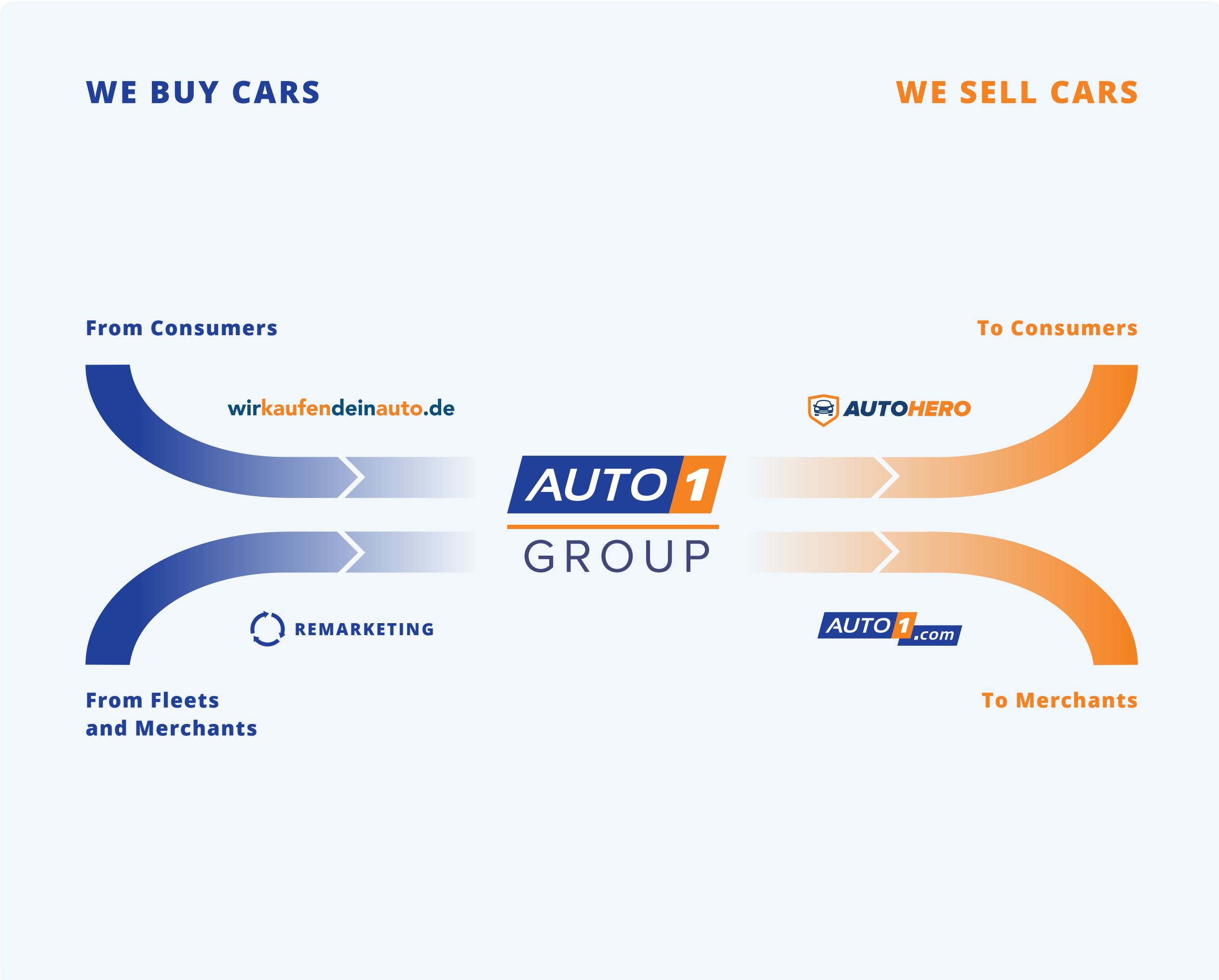
Vast Market Opportunity with an Accelerating Offline to Online Shift



Source: 1. Euromonitor International Limited, Passport industries, data extracted November 2020, fixed exchange rate, "Furniture" as per "Indoor Furniture" definition. 2. Company estimate.

The automotive market is one of the largest commercial markets, with sales of used cars accounting for almost two thirds of all transactions. On the one hand, the addressable market volume is 600bn Euro (see page 5) plus an additional approx. 100bn Euro for financing. On the other hand, sales of used cars were almost exclusively conducted offline. We estimate that online penetration for sales to consumers in the European market for used cars amounts to approximately 1%. Given that many consumers already rely on online searches when considering the purchase of a used vehicle, we believe that a significant share of this market is ready to go online. We define online as a purely online experience across the entire process from searching, ordering, and payment to the physical delivery of the car.

Unique Platform Leveraging Strong Brands, Proprietary Technology, and Data to Create a Superior Customer Experience



Fully-Digitized

The entire process from receiving a binding quote for a car to getting a new car delivered to the doorstep is entirely digitized.

Haggle-Free

Unbiased algorithms fuelled by a vast amount of data create price transparency, eliminate the haggling process, and ensure fair pricing.

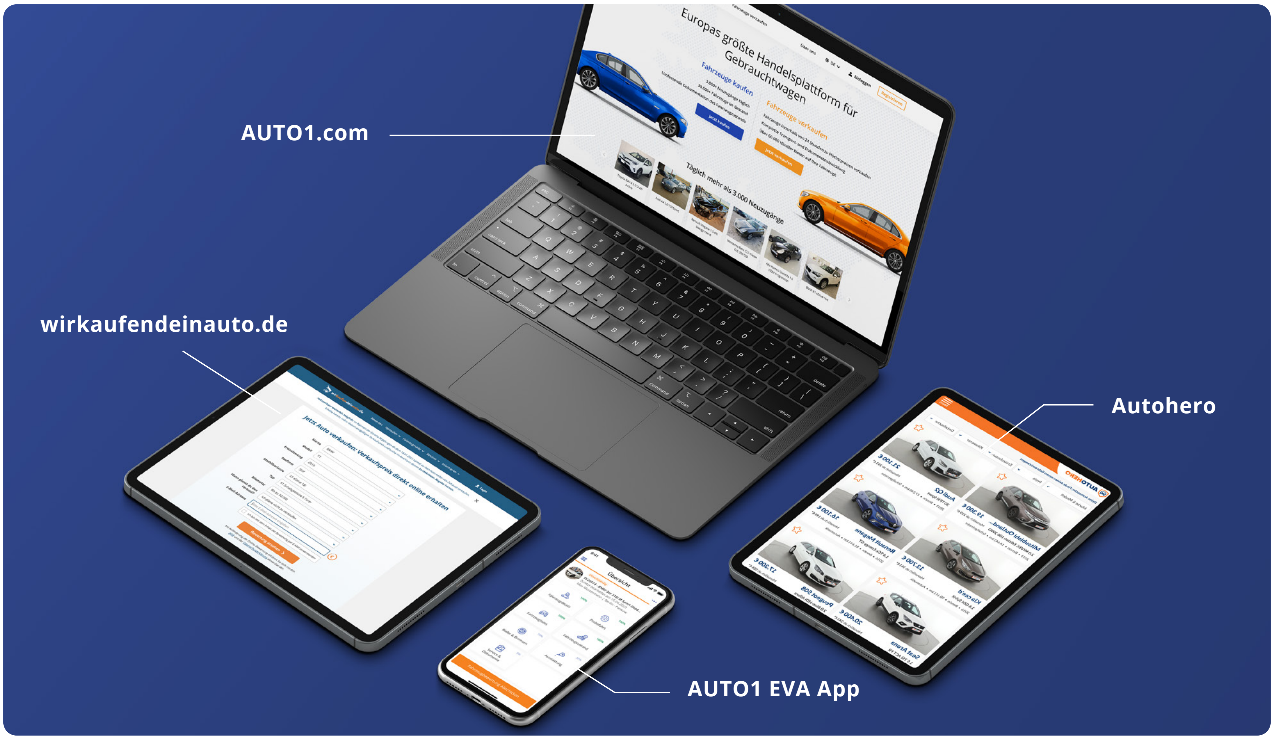
Exceptional Fulfilment Experience

We are active in more than 30 countries, providing a wide range of services including (de-)registration, pick-up, and delivery to a growing customer base and are establishing a real cross-border market in Europe.

Directly Transactional

We offer 24-hour online availability for a broad range of used cars. Customers can buy and sell wherever and whenever they want.

Our Digital Customer-Focused Solutions Create Better Used Car Trading Experiences



Traditional dealers have key issues limiting their ability to scale

- Sourcing the right inventory:
  - Arbitrary quality supply from individual consumers looking to sell their used cars
  - Limited supply from other local dealers
  - Sourcing from auction providers with physical auctions is impractical
- Trade-ins make used car transactions more complex for professional dealers:
  - Quickly free up capital
  - Floor space

AUTO1.com for easy buying

REMARKETING as easy sales channel

Consumers do not enjoy the experience of buying and selling used cars

- Typically only choose from local offerings of limited size and pick up purchased cars in person
- Most professional dealers prefer to negotiate prices, which allows them to exploit their superior market insights
- Most professional dealers typically do not provide any logistics support or other services
- Often difficult to settle disputes with respect to defects

wirkaufendeinauto.de for Sell-from-Home

AUTOHERO for buying online

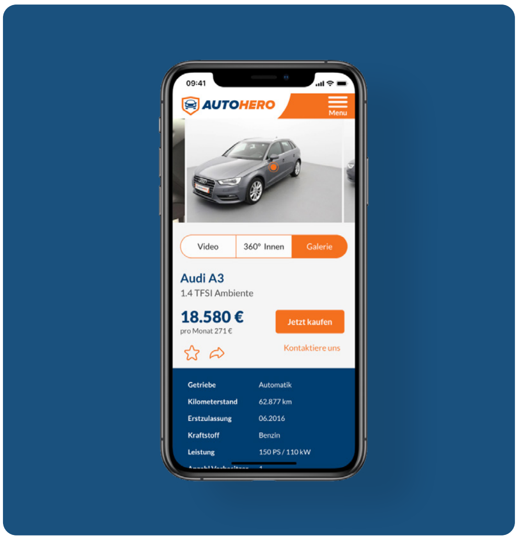
Lack of a pan-European used car market

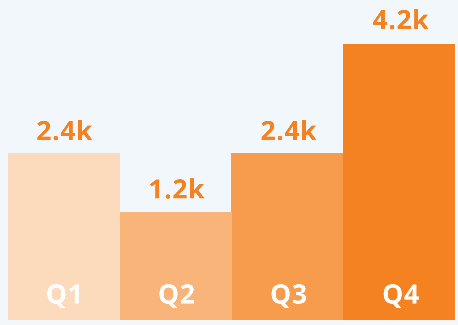
- The European single market has resulted in the abolishment of trade barriers and enabled free movement of goods and services, but the European used car market remains highly fragmented
- The top ten dealers had a market share of less than 2% in Europe in 2019
- On the sell side, mostly small players operating locally or regionally
- Various EU States have enacted diverse laws and regulations with respect to car registration and inspection, financing procedures, local taxation, and other areas affecting used vehicle trades
- Demand varies strongly between individual used car markets

single **PAN-EUROPEAN DATA BASE**

PAN-EUROPEAN LOGISTICS network

Massive Autohero Opportunity Supported by the Existing Platform





10.2k Autohero Sales in **2020**

We Combine All the Ingredients to be Europe's #1 Auto Retailer.

- **Leading Automotive Dataset** — AUTO1 GROUP
- **Broad Sourcing Capacity** — wirkaufendeinauto.de, REMARKETING
- **Connected Refurbishment Facilities** — AUTO1 GROUP
- **Integrated Financing** — AUTOHERO
- **Pan-European Fulfillment Infrastructure** — AUTO1 GROUP

Proven Ability to Scale the Business and Drive Profitability

#1
European Auto Platform

30+
Country Presence

NO DIRECT COMPETITION
Unique Offering

5m+
Data Points per Day

140k
Different Vehicle Variations Sold

47%
of All Transactions Provided Cross-Border

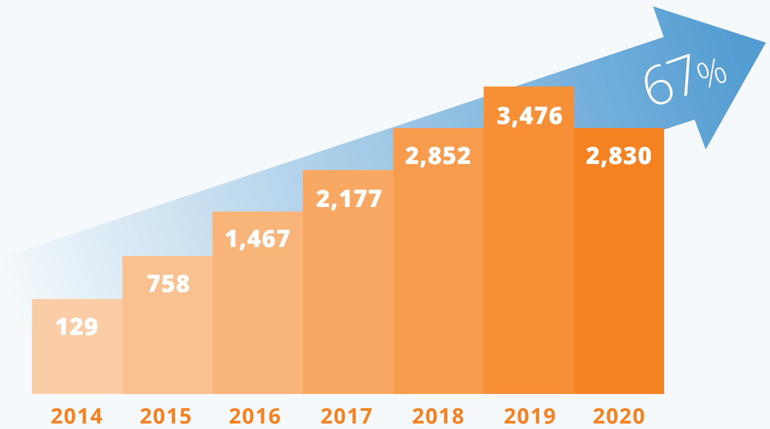
60,000+
Active Dealers

2.5m
Used Cars Sold

400+
Drop-Off and Pick-Up Locations Across Europe

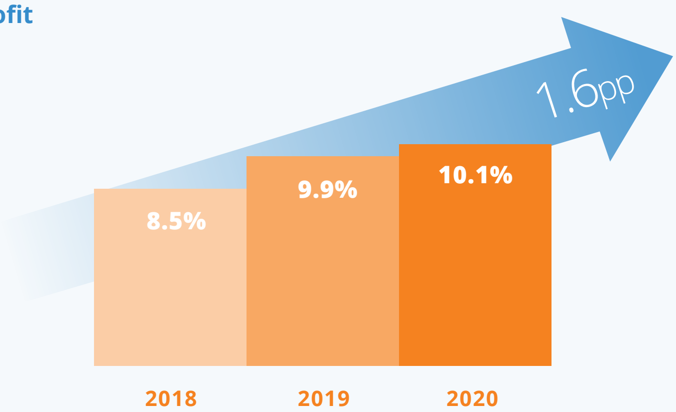
2014-2020 CAGR Revenue Growth

Revenue in (€m)



2018-2020 Gross Profit Improvement in pp

Gross Profit in (%)



02 FOREWORD

Dear fellow shareholders,

2020 has been an exceptional year, marked by the unprecedented effects of the Covid-19 pandemic and a number of transformative steps that led to AUTO1 Group's successful stock market listing in the early days of 2021.

We started the year in a strong position, having just sold more than 615,000 cars and achieved record sales of 3.5 billion euros in 2019. We fired on all cylinders in the first quarter to continue this momentum. However, the pandemic and resulting global downturn caused a decline in revenue compared to our strong 2019 results.

From the middle of March, the effects of the Covid-19 pandemic slowed down our rapid growth, as registration agencies in many countries were closed or only offered limited access. Most of our merchant partners also had to shut down their operations temporarily. The result was a significant delay or even a halt in used car trades.

Thanks to our first-class technology, however, we were able to quickly reduce our sourcing of used cars and associated operating expenses to reflect this decline in demand. And despite the macro-economic challenges, we continued to push ahead with several long-term strategic growth initiatives to set us up for success:

- *At the start of the second quarter, we raised 255 million euros in the form of a convertible bond, mainly from new investors.*
- *We introduced our Sell-from-Home solution.*
- *We launched a significantly improved version of Autohero.com across nine markets and began supporting it with national TV and online advertising.*

Our Sell-from-Home solution is based on our improved proprietary algorithms that can now calculate more accurate initial price quotes. This has helped us significantly reduce the spread between the initial price quotes presented on our websites and apps compared to the final price offered at our drop-off locations. And we have seen the positive effects immediately, doubling our conversion rate in the markets where we rolled out our Sell-from-Home solution from Q2 onwards.

After the initial introduction of our consumer solution Autohero in 2017, we fully launched the brand in the fourth quarter of 2020, immediately increasing sales directly to retail customers by more than 60%. This is further proof of the vast market opportunity for our online offer in the retail space, and we will push ahead with growing Autohero in 2021. So, while the pandemic resulted in an overall reduction in revenue versus 2019 with 457,000 cars traded, we still achieved positive adjusted EBITDA in Q1 and Q3 2020, showing that AUTO1 Group has a clear path to profitability. We are very proud of these results. Our ability to quickly stop and restart AUTO1 Group's operations while introducing new products is clear evidence of the resilience of our business model. Going forward, we want to continue to invest and expand our business.

None of this would have been possible without our team of more than 4,000 employees. We are extremely proud of how we managed 2020 together, moving to socially distanced car handover in our more than 400 drop-off points and work-from-home for our office-based team members without any disruption to the business. We retained our team spirit despite lockdowns across all our markets. We aim to create an environment in which the best talent can thrive, creating the framework for innovation and personal development. 2020 was proof of that.

Our employees' support was also a key component of our successful listing in Frankfurt in February 2021. To the outside world, this may have appeared as a singular event, but internally it marked the end of a very exciting and intense period of preparation over several months. The listing is a major strategic step and will help us continue our growth path. The great response we have seen from you, our new shareholders, is a validation of our team's efforts to make AUTO1 Group the leading platform for buying and selling used cars online.

Now, we are more focused than ever on returning our business to strong revenue growth. A large part of the proceeds we have raised will be invested into Autohero, including marketing, our branded transporter fleet, growing our team, and supporting our customers.

For 2021, the business is extremely well-positioned to build Europe's leading online used car retailer in addition to being Europe's leading wholesale channel, based on:

- *Europe's largest used car sourcing channel*
- *Broadest selection of cars in Europe*
- *Our strong brand families in the used car space, with Autohero joining our wkda purchasing brands and AUTO1.com as B2B brand*
- *Our fully integrated digital platform with Europe's largest used car dataset*
- *Our pan-European logistics and fulfillment platform, now with the addition of our Autohero glass delivery trucks*

We are very proud of what we have accomplished in 2020 and are laser-focused on continuing to build the best way to buy and sell cars online. We believe the most exciting part of the AUTO1 Group journey is still ahead of us, in 2021 and beyond.

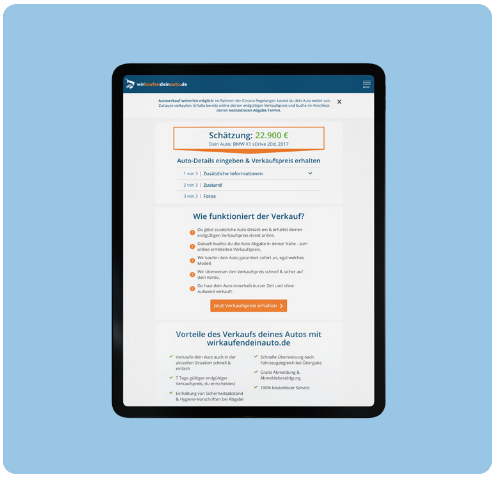
Sincerely,

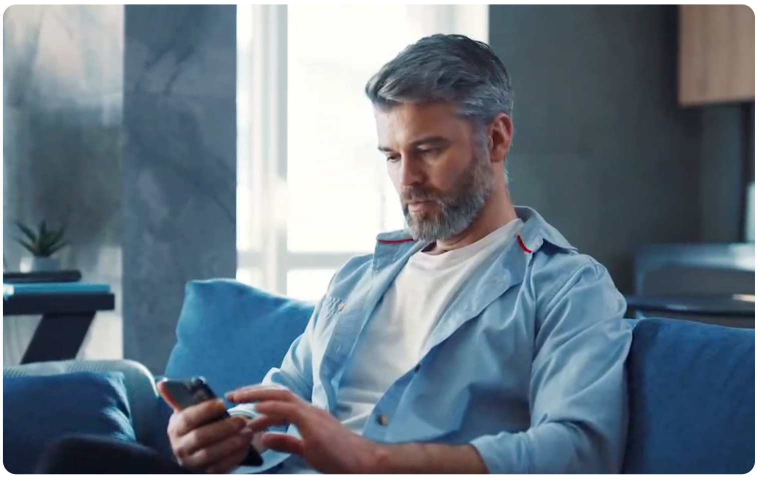
Christian Bertermann
CEO & CO-FOUNDER

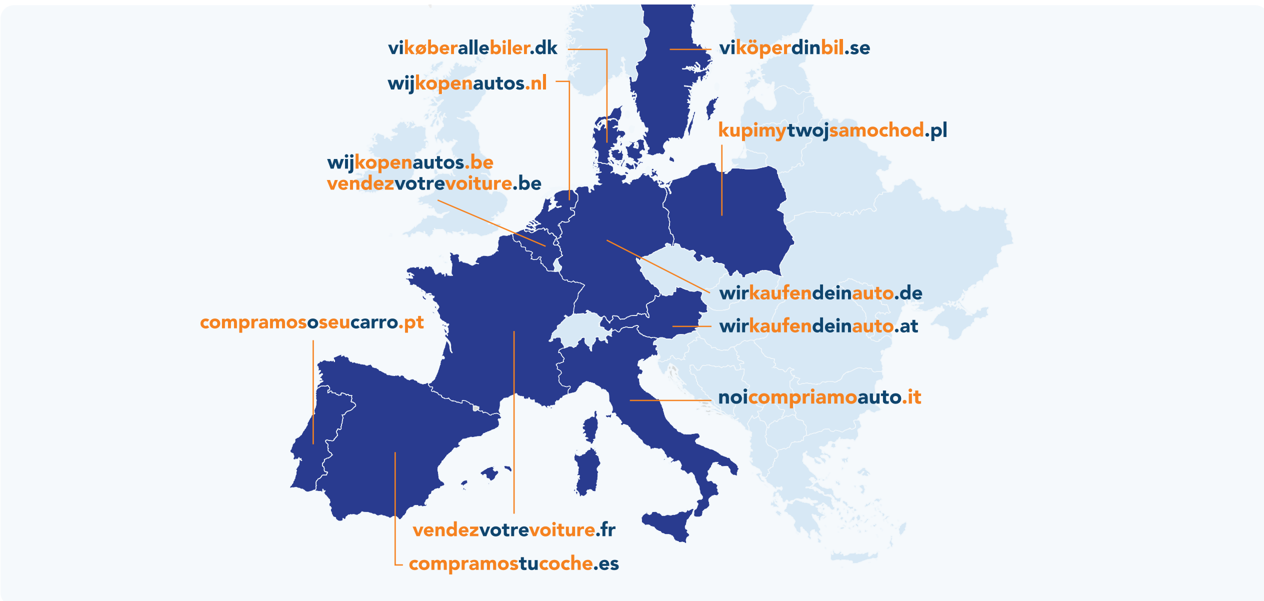
Markus Boser
CFO

03 2020 HIGHLIGHTS

C2B Sourcing Channel:
Sell-from-Home Solution Rolled Out Successfully across Europe







Drop-off Conversion

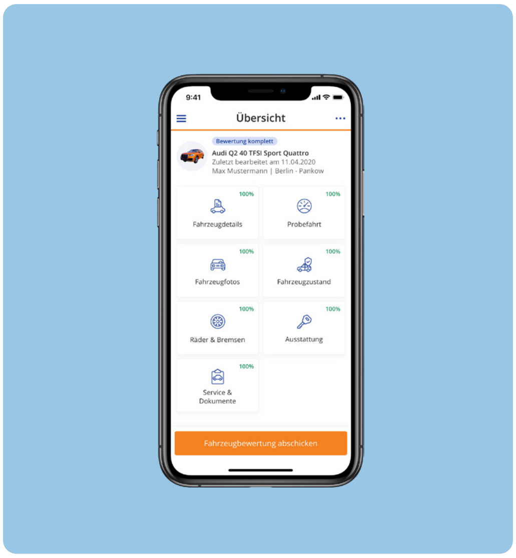
>2x

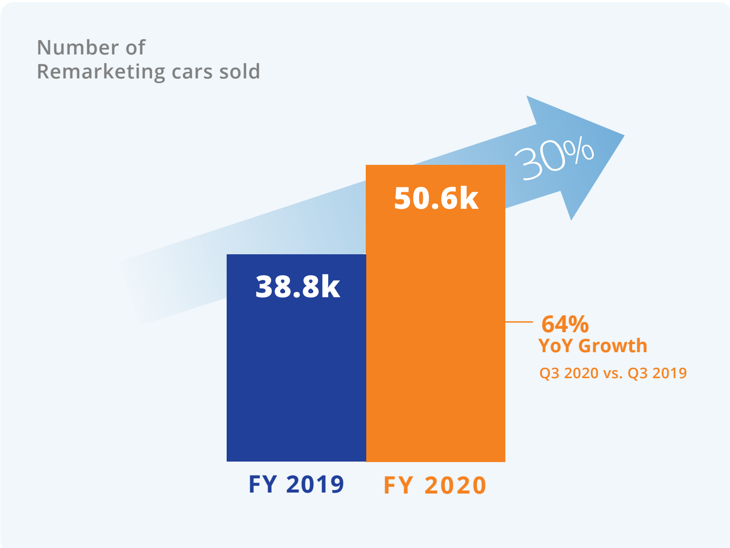
AUTO1 used the first COVID lockdowns in Q2 2020 to commence the roll-out of our Sell-from-Home solution in the consumer purchase funnel. Consumers can enter all relevant pricing data and even upload photos online from the comfort of their home. We then provide consumers with a binding offer, subject only to a visual confirmation of the information provided during a drop-off center visit. We quickly migrated our consumer offering across all purchase markets to the new Sell-from-Home funnel during 2020 and the first quarter of 2021.

As a result of the Sell-from-Home solution, AUTO1 managed to double the conversion rate of drop-off center visits.

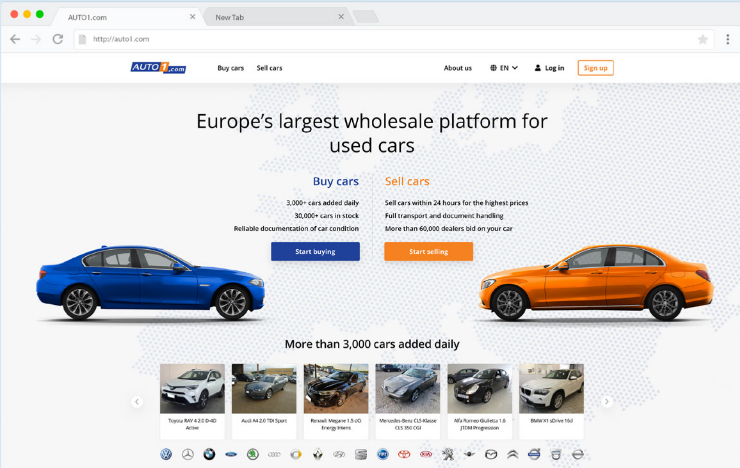
Remarketing Sourcing Channel: Continued Ongoing Growth

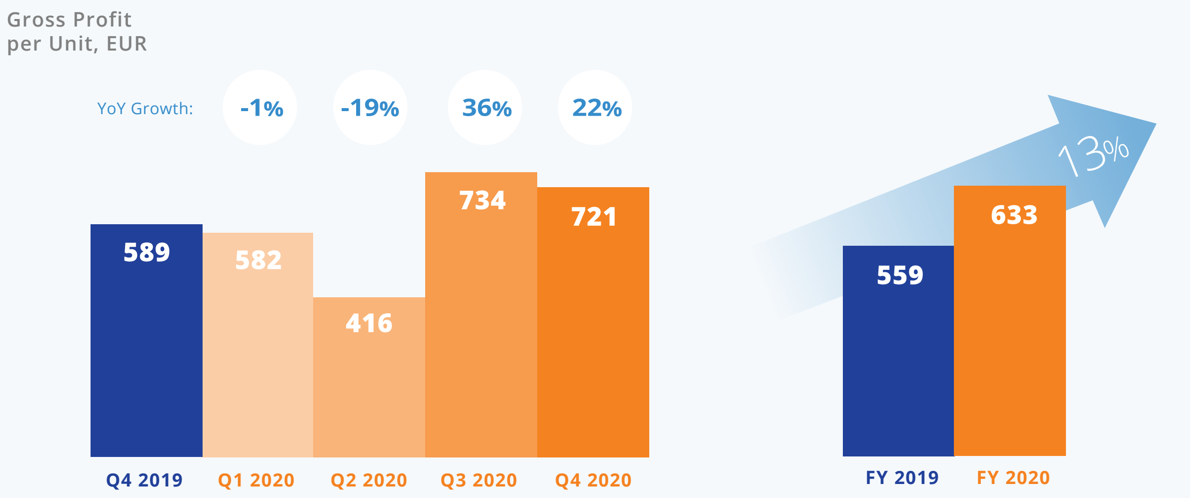
AUTO1's solution for dealers to sell their cars continues its outstanding growth path. With the introduction of our new native AUTO1 EVA app, more and more dealers are using our remarketing option as a channel to offload cars, strengthening our overall dealer relationships. The exceptional value of our solution can be seen in a continued strong growth of 30%, even in COVID times.





Merchant Selling Channel: Proven Ability to be Profitable





Gross Profit per Unit YoY growth

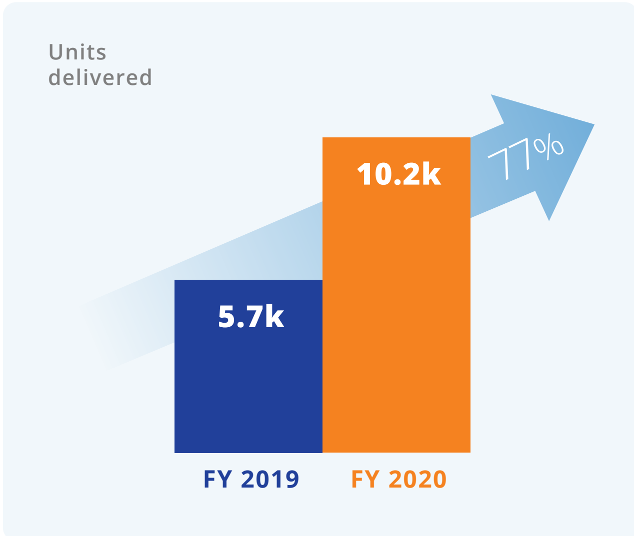
+13%

Our largest business segment is our Merchant Selling Channel, AUTO1.com. We proved the robustness of our business model by recording positive gross profit per unit sold in 2020, thanks to our flexible inventory management and agile reactions to COVID-related impacts. This allowed AUTO1 Group to record positive Adjusted EBITDA in Q1 and Q3 2020.

Autohero Selling Channel: Hypergrowth Modus

Units Sold in 2020

>10k



Autohero, the retail channel of AUTO1 and future growth engine, managed to continue its successful start with further hypergrowth. In November, we launched our first brand marketing campaigns to introduce Autohero, representing the next milestone in our development.

With more than 10,000 units sold in 2020, Autohero has commenced its journey to become the European leader in online retail of used cars. Even better, this number was achieved with limited marketing effort as the respective campaign just began at the end of 2020.

Strong
50+ NPS
while Scaling

27%
Higher Customer Satisfaction with Home Delivery

AUTO1 Group in a Glance: 2020 Financial Overview

(€m)	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020
Cars Sold, #k	**162**	**616**	**154**	**66**	**120**	**117**	**457**
Merchant: C2B	*148*	*571*	*141*	*57*	*100*	*98*	*397*
Merchant: Remarketing	*12*	*39*	*11*	*8*	*17*	*15*	*51*
Autohero	2	**6**	2	1	2	4	**10**
Revenue	**945**	**3,476**	**877**	**404**	**769**	**779**	**2,830**
Merchant: C2B	*826*	*3,106*	*767*	*343*	*630*	*610*	*2,349*
Merchant: Remarketing	*88*	*289*	*77*	*46*	*109*	*117*	*348*
Autohero	*32*	*81*	*34*	*15*	*31*	*53*	*133*
Gross Profit	**95**	**343**	**89**	**27**	**87**	**83**	**286**
Merchant	*94*	*341*	*88*	*27*	*86*	*82*	*283*
Autohero	*1*	*1*	*1*	*0*	*1*	*1*	*3*
GP margin	**10.0%**	**9.9%**	**10.2%**	**6.8%**	**11.3%**	**10.6%**	**10.1%**
Opex[1]	(116)	(403)	(88)	(38)	(71)	(105)	(301)
Adjusted EBITDA	**(21)**	**(60)**	**1**	**(10)**	**16**	**(22)**	**(15)**
Margin	*(2.2%)*	*(1.7%)*	*0.1%*	*(2.5%)*	*2.1%*	*(2.8%)*	*(0.5%)*

[1]**Opex** includes, among other items, employee expenses, other operating income and separately disclosed items. Please refer to the next slide for more details. Q4 2019 and FY 2019 Opex figures include expenses for the correction of liabilities amounting to €12.4m.

04

SUPERVISORY BOARD REPORT

Dear shareholders,

In the financial year 2020, the Supervisory Board of the Company conscientiously fullfilled the duties assigned to it by law, the articles of association, and the rules of procedure. This report informs about the work of the Supervisory Board in the financial year 2020.

In March 2020, the Covid-19 pandemic also hit AUTO1 Group SE and presented the Company with new challenges. The digital business model of the group allowed large parts of the Company to continue work despite Europe-wide lockdowns. This made a significant contribution to maintaining day-to-day business and thus the Company's economic success, so that at the end of 2020, the course could be set for the Company's successful IPO in February 2021.

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

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

The Supervisory Board held a total of 7 meetings in the financial year 2020. The statutory cycle of two meetings per calendar half-year was adhered to. Six meetings were held by telephone or video conference in order to take Covid-19-related restrictions into account. One session took place as a physical face-to-face session. In addition, the Supervisory Board passed resolutions several times by way of circular resolution. The members of the Supervisory Board took part in the meetings of the Supervisory Board in the reporting period as follows:

Name	Attendance via video or telephone	Attendance in person	Total	Comments
Dr. Gerhard Cromme	6/6	1/1	7/7	-
Andrin Bachmann	6/6	1/1	7/7	-
Gerd Häusler	6/6	1/1	7/7	-
Akshay Naheta	0/0	0/1	0/1	until 11 March 2020
Spencer Collins	4/4	0/0	4/4	from 11 March 2020 until 24 September 2020
Anthony Doeh	2/2	0/0	2/2	from 24 September 2020
Jonathan Browning	5/5	1/1	6/6	until 30 November 2020
Hakan Koç	1/1	0/0	1/1	from 01 December 2020

In the financial year 2020, the Company's Management Board reported to the Supervisory Board regularly, promptly and comprehensively, both in the regular meetings and, if necessary, outside of meetings, on the asset, financial, and earnings position of the Company and the Group as well as on questions of risk management and internal control systems. As part of this process, the Management Board informed the Supervisory Board about all relevant issues relating to strategy, operational planning and the associated risks and opportunities, the Company's economic development, and all relevant business-policy processes. The content of the reports was discussed intensively at the meetings of the Supervisory Board. The Management Board and the Supervisory Board discussed in detail all significant business transactions and key decisions for the financial year 2020.

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

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

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

There were no conflicts of interest on the Supervisory Board in the financial year 2020. Insofar as the Supervisory Board passed resolutions in the reporting period on the shareholders' agreement in effect between the shareholders in relation to AUTO1 Group SE up to the IPO, members of the Supervisory Board who were directly or indirectly shareholders of AUTO1 Group SE abstained from voting as a precaution. This concerned Dr. Gerhard Cromme, Gerd Häusler and Jonathan Browning.

Focal points of the work of the Supervisory Board

At the meeting in January 2020, the Supervisory Board dealt with the past 2019 financial year and the current business figures. The budget for the financial year 2020 was also approved, and the schedule for the following meetings of the Supervisory Board was set.

In January and February 2020, the Supervisory Board also dealt in detail with the convertible loan agreement between the Company and various lenders and approved its signing and subsequent amendment agreements. In the further course of the reporting year, the Supervisory Board also dealt with the handling of the convertible loan agreement in the context of the planned IPO and passed resolutions on this.

In April 2020, in addition to the effects of the Covid-19 pandemic on the AUTO1 Group, the annual and consolidated financial statements for the 2019 financial year were discussed in detail, and the consolidated financial statements were approved. The agenda for the annual general meeting was also discussed.

In May 2020, the Supervisory Board also approved the 2019 annual financial statements and decided on the agenda for the Annual General Meeting. The Supervisory Board also discussed the Company's financial situation and future business developments in detail with the Management Board.

At the meeting in July 2020, the Management Board presented an overview of the first half of the year, and in particular, explained the impact of the effects of the ongoing Covid-19 pandemic on business. The planned IPO of the Company and the current status of the legal disputes in connection with the minority stake in AUTO1 FT GmbH were also discussed.

In August, the Supervisory Board dealt with the upcoming transformation of AUTO1 Group GmbH, in which the group's operational business is bundled, initially into a stock corporation *(Aktiengesellschaft),* and the change in governance associated with this change in legal form.

In October 2020, changes in the composition of the Supervisory Board due to the planned move of Management Board member Hakan Koç to the Supervisory Board were discussed. The Management Board also reported on the status of preparations for the planned IPO.

In December 2020, individual steps of the IPO planned for February 2021 were agreed and the financial figures for the third quarter were discussed. There was also another update on the effects of the Covid-19 pandemic. The Supervisory Board also dealt with the introduction of a long-term compensation program (LTIP 2020) for Management Board member Christian Bertermann.

Audit Committee

The Supervisory Board has formed an Audit Committee. In the run-up to the meetings of the Supervisory Board, it deals with the monitoring of the accounting, the accounting process, the application of accounting policies and the audit, as well as the internal control system and risk management. It also prepares decisions for the Supervisory Board on all these issues.

The Audit Committee consists of the three members Gerd Häusler (Chairman of the Audit Committee), Dr. Gerhard Cromme, and Andrin Bachmann. In the financial year 2020, the committee met eight times and discussed the tasks assigned to it in each case. Four of the meetings were held by telephone or video conference in order to comply with the restrictions imposed by Covid-19. Four of the meetings took place as physical face-to-face sessions. All members of the committee were present at all meetings.

Audit of the annual and consolidated financial statements for the financial year 2020

At the proposal of the Supervisory Board, the Annual General Meeting on 25 June 2020 appointed KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin branch, as the auditor for the Company's stand-alone as well as consolidated financial statements for the financial year 2020.

KPMG AG Wirtschaftsprüfungsgesellschaft audited the annual stand-alone financial statements of AUTO1 Group SE and the consolidated financial statements as well as the combined management report for the financial year 2020 and issued them an unqualified audit certificate. The aforementioned documents were made available to all members of the Supervisory Board in good time and were dealt with in detail at the meeting of the Audit Committee on 12 April 2021 and at the Supervisory Board meeting on 13 April 2021. Due to the Covid-19 restrictions, these meetings were held by video conference. The auditor took part in these meetings, reported on the main results of the audit, and was available for questions and further information during the deliberations. On the basis of its own examination, the Supervisory Board came to the conclusion that the annual stand-alone and consolidated financial statements as of 31 December 2020 and the combined management report for the financial year 2020 did not give rise to any objections and agreed with the results of the auditor's examination.

By resolution of 13 April 2021, the Supervisory Board approved the annual stand-alone and consolidated financial statements of AUTO1 Group SE as of 31 December 2020, as well as the combined management report for the financial year 2020. The annual financial statements of AUTO1 Group SE for the financial year 2020 are thus adopted.

Corporate governance and declaration of compliance

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

In connection with the IPO, the Management Board and the Supervisory Board have issued a declaration of compliance *(Entsprechenserklärung)* for the first time for the period from the date of the associated stock exchange prospectus (25 January 2021) in accordance with Section 161 of the German Stock Corporation Act (AktG) and have made this permanently accessible to shareholders on the Company's website at https: // ir.auto1-group.com in the "Corporate Governance" area. With a few exceptions, which are explained in the declaration, AUTO1 Group SE will follow the recommendations of the Code in its currently applicable version of 16 December 2019 from 25 January 2021.

Composition of the Supervisory Board and the Management Board

The following people were members of the Company's Supervisory Board in the financial year 2020: Dr. Gerhard Cromme, Andrin Bachmann, Gerd Häusler, Akshay Naheta (until 11 March 2020), Spencer Collins (from 11 March 2020 to 24 September 2020), Anthony Doeh (since 24 September 2020), Jonathan Browning (until 30 November 2020), and Hakan Koç (since 1 December 2020). A table showing the members of the Supervisory Board with their respective terms of office and the composition of the Audit Committee for the financial year 2020 is attached to this report.

At the extraordinary general meeting of the Company on 11 March 2020, the office of member of the Supervisory Board Akshay Naheta was terminated with immediate effect, Akshay Naheta had consented to the termination. The Extraordinary General Meeting then elected Spencer Collins to succeed Akshay Naheta on the Supervisory Board.

At the extraordinary general meeting of the Company on 24 September 2020, the office of member of the Supervisory board Spencer Collins was terminated with immediate effect, Spencer Collings had consented to the termination. The Extraordinary General Meeting then elected Anthony Doeh to succeed Spencer Collins on the Supervisory Board.

On 27 October 2020, Jonathan Browning stepped down from office effective 30 November 2020. At the extraordinary general meeting of the Company on 27 November 2020, Hakan Koç was elected as successor to Jonathan Browning on the Supervisory Board with effect from 1 December 2020.

In the financial year 2020, the Management Board of AUTO1 Group SE initially consisted of the three members Christian Bertermann, Markus Boser, and Hakan Koç. Hakan Koç resigned from his position as member of the Management Board with effect as of 30 November 2020 and has been a member of the Company's Supervisory Board since 1 December 2020. Since then, the Management Board has consisted of Christian Bertermann and Markus Boser.

Expression of thanks by the Supervisory Board

The Supervisory Board thanks the members of the Management Board and all employees of the Group for their successful work and personal commitment in the financial year 2020, which will continue the success story of the AUTO1 Group and which is reflected in the successful IPO in February 2021.

Berlin, April 2021
For the Supervisory board

Dr. Gerhard Cromme
CHAIRMAN OF THE SUPERVISORY BOARD

Members of the Supervisory Board and the Audit Committee in the financial year 2020

Name, Function	Profession	Member since	Elected until
Dr. Gerhard Cromme, Chair	Board Director	2018	2024
Andrin Bachmann, Deputy chair	Venture Capitalist	2018	2024
Gerd Häusler, Member	Businessman	2018	2024
Akshay Naheta, Member	Manager	2018	Until 11 March 2020
Spencer Collins, Member	-	11 March 2020	Until 24 September 2020
Anthony Doeh, Member	-	24 September 2020	Until 02 February 2021
Jonathan Browning, Member	Manager	2018	Until 30 November 2020
Hakan Koç, Member	Entrepreneur	01 December 2020	2024
Sylvie Mutschler, Member	Entrepreneur	2021	2024

Audit Committee

Name, Position
Gerd Häusler, Chairman
Dr. Gerhard Cromme, Member
Andrin Bachmann, Member

05 CORPORATE RESPONSIBILITY

For AUTO1, how we impact the environment, how we approach social matters, and how we manage and govern the business are crucial strategic considerations. It follows that we consider environmental, social, and governance performance (ESG) as core components to ensure our long-term business success, to maintain our vibrant corporate culture, and to enable us to continue attracting the best talent.

Sustainable business conduct has always formed an integral part of our day-to-day work and strategic decision-making at AUTO1. On this basis, we are committed to advancing the United Nations' 17 Sustainable Development Goals (SDGs). As a consequence of AUTO1's business model, our focus is on the following three SDGs in particular:

- Regarding environmental themes: Climate Action (Goal 13)
- Regarding social matters: Gender Equality (Goal 5)
- Regarding our governance responsibilities: Decent Work and Economic Growth (Goal 8)

As we continue to focus on scale and strengthen our position as Europe's leading platform to buy and sell cars online, our focus on the non-financial aspects of performance is also increasing. Indeed, AUTO1 is committed to contributing to a world that is driven by responsible business conduct and by long-term sustainable success. We want to be part of the solution to this global sustainability challenge and are committed to ensuring that AUTO1's future is ecologically responsible, diverse, and inclusive.

Climate change and planetary boundaries

AUTO1 accepts and embraces the Paris Climate Agreement, recognizing that global warming is a pressing issue that can only be resolved via a substantial reduction of CO2 emissions. We equally recognize that AUTO1 as a company must contribute to this global effort, and we are committed to conducting our business in a way that does. To do so, we have launched the process of evaluating our environmental impact as a basis for our upcoming environmental initiatives.

In addition to this, we have already taken measures to reduce AUTO1's carbon footprint. As a starting point, all of our Autohero delivery vehicles comply with the EU-wide Euro 6 emissions standard, which is the highest standard possible outside of electric vehicles or hybrids. Further measures are planned for 2021.

Values, diversity, and community engagement

At AUTO1, all of our actions are based on our values, which define our culture, professional relationships, every-day business, and strategy decisions. Adhering to our corporate values has been vital for our success to date and will continue to shape the way we operate. Nevertheless, we don't see this as a static process. We are committed to continuously developing our culture and its underlying values as we grow.

Beyond that, maintaining our diverse workforce and being an inclusive employer is a top priority for AUTO1. As of now, around 30% of our employees are female. This is just a starting point as we are committed to significantly increasing the representation of female talent in our organization across all levels. As a first step towards this goal, AUTO1 has committed to establishing a 1/4 female representation at the supervisory board level. As a result, Sylvie Mutschler-von Specht joined our supervisory board in January 2021.

However, diversity is not limited to gender. It is also about nurturing diverse cultural, regional, religious, national, and ethnic backgrounds at AUTO1. In this regard, we are proud to unite over 83 nationalities under one roof of AUTO1, with colleagues from Germany, Netherlands, Sweden, Italy, Poland, France, Austria, Romania, Spain, and Britain all represented in our senior management team.

Beyond this, we also want to play a responsible role locally. Both in Germany, as well as internationally, where we are focusing on the impact we can have on a community level. In Berlin, for example, we have entered into a partnership with the Berliner Tafel, a charitable organization that supports people in need with donated food. This project started as a pilot in 2019 and has now developed into an ongoing partnership. Our aim is to build on this project and increase our local initiatives across the group.

Management commitment and governance

Finally, AUTO1's management is fully committed to take on the sustainability challenge. Therefore, three newly appointed sustainability ambassadors will have a dedicated focus across all management levels on AUTO1's environmental, social, and governance performance.

- **Markus Boser,** Chief Financial Officer, responsible for AUTO1's ESG strategy at management board level.
- **Moritz Lück,** SVP Sales & Operations, responsible for ESG at SVP level, with a primary focus on the people aspect of AUTO1's ESG strategy.
- **Matthew Perry,** Group Compliance Manager, the primary point of contact at AUTO1 for ESG

06

COMBINED MANAGEMENT REPORT

Group Profile

a. Business Model

We operate Europe's leading platform for buying and selling used cars. Our range of products and services is fully online and is based on a vertically integrated platform. With more than 457,000 used cars sold in 2020 alone, we are a well-known European partner for buying and selling used cars.

Revenues for used cars, including business-to-business (B2B) revenue, amounted to approx. EUR 600 billion in Europe in 2019. We estimate that the online penetration in this market is still at a very early stage of development and that the market share of online sales of used cars to consumers in Europe is low. We are convinced this constitutes a very strong market opportunity for us.

Our leading market position is due to our broad purchasing channels, which allowed us to purchase an average of approx. 1,600 used cars per day in 2019. Via our consumer brands such as "wirkaufendeinauto.de", we offer consumers in ten European countries an online platform to sell their used cars to AUTO1. In addition, commercial dealers can market their surplus vehicles using our remarketing solutions.

We sell the cars that we buy through two additional sales channels: Our B2B brand "AUTO1" is Europe's largest wholesale platform for the sale of used cars. We sell these cars to more than 60,000 commercial dealers in Europe via online auctions. Under our trademark "Autohero", we have created a way for consumers to sell used cars online. We offer consumers in nine European countries used cars at fixed prices.

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

b. Objectives and Strategies

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

- Our position on the market: high volume in procurement and size of the product portfolio;
- Our brands and the customer experience offered;
- Our in-house technology platform based on a large dataset for used car trading in Europe;
- Operational excellence thanks to our Europe-wide, scalable fulfilment infrastructure; and
- An entrepreneurial leadership team led by the founders.

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

- We seize the market opportunities on the highly fragmented used car market, which is shifting from offline to online;
- We hope to become Europe's leading retailer for used cars under our "Autohero" brand;
- We use our long-term relationships with professional dealers to expand our remarketing solutions; and
- We are continuing to scale our business to stimulate growth and profitability.

c. Group Structure

The parent company AUTO1 Group SE became the parent of the AUTO1 Group on 22 November 2018 when the shareholders of the former AUTO1 Group GmbH (now AUTO1 Group AG) contributed their interests in AUTO1 Group GmbH to AUTO1 Group SE.

The AUTO1 Group comprises 61 companies as at the balance sheet date. Please refer to Note 14 "Disclosure on investments" in the consolidated financial statements for more information. The AUTO1 Group has either direct or indirect control of all its subsidiaries.

AUTO1 European Cars B.V., which is based in the Netherlands and set up as a special purpose vehicle, has been responsible for buying and selling vehicles for the entire AUTO1 Group (except for Italy) since 2017. AUTO1 Remarketing GmbH is an intermediary for the purchase of remarketing vehicles in Germany. The purchase and sale of vehicles in Italy is currently conducted by the special purpose vehicle AUTO1 Italia Commercio S.r.l. with registered office in Italy. Vehicles for the Autohero segment are purchased by the special purpose entities and sold to end customers via the national Autohero companies.

On 4 February 2021, AUTO1 Group SE celebrated its debut on the Frankfurt Stock Exchange. From this date onwards, the shares of the AUTO1 Group SE have been traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange.

d. Segments

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

Merchant

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

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

Retail

The Retail segment is focused on the sale of used cars to private customers under the Autohero.com brand. This also includes revenue from brokerage of financing and other products such as services for used vehicle purchasing.

e. Management System

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

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

- Number of cars sold
- GPU (Gross Profit Unit)

The following non-operating effects are not reflected in adjusted EBITDA: effects from share-based payment, effects from the change in the measurement basis for VAT, effects from the adjustment of liabilities, and effects from other non-operating expenses. Other non-operating expenses include expenses for strategic projects, consulting costs for capital restructuring, expenses for defined legal disputes, and other non-operating expenses.

f. Research and Development

We see AUTO1 first and foremost as a technology company with the goal of continuously improving our tech platform to make it as pleasant for dealers and private individuals to use as possible. To overcome the associated challenges such as the design of the websites and apps as well as the automation of process workflows, forecasting supply and demand, and customer service challenges, AUTO1 primarily invests in qualified staff. More than 300 tech employees from 50 countries (of whom approx. 70% are software engineers) at four tech locations work especially on innovating across platforms as well as ensuring smooth processes.

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

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

In 2020 technology expenses amounted to KEUR 18,251 (2019: KEUR 20,373), which includes salaries for several hundred IT developers and software engineers. The investments in our technology platform are not capitalized.

Economic Report

General economic conditions

There was a global economic downturn in financial year 2020. Following growth of 2.8% in calendar year 2019, the global economy contracted by 3.5% in 2020. This economic slump is the deepest recession in decades and is largely attributable to the global crisis and economic shutdown triggered by the Covid-19 pandemic.

While the German economy contracted less than the EU average, Italy, Spain, and Portugal suffered the most significant decline in economic output in Europe.

In 2020 the European economy contracted by 7.2%. Growth is expected to recover to 4.2% in 2021. The strength of the recovery will however depend significantly on the course of the Covid-19 pandemic, the impact of virus mutations, people's behavior, and the degree to which economic support from governments continues. While the lifting of restrictions led to a significant economic upswing in Europe in summer 2020, it also triggered a renewed rise in infections and ultimately to a virulent second wave. This, combined with further developing virus mutations, burden on the economic recovery[1].

The forecasts are subject to a relatively high level of uncertainty. Weaker consumer demand, the collapse of tourism, and the unpredictable further development of the pandemic in individual countries make it difficult to predict how the global and European economy will develop.

a. Industry Environment

2020 was a challenging year for the European car market. However, the used car market was not as strongly affected as the automotive market as a whole. For many people, the car is still the number 1 mode of transportation, as it guarantees a high degree of flexibility and particularly in the Covid-19 pandemic offers a contactless and safe way of travelling.

Following the worst recession since the Second World War, the European new car market contracted by 20.6%. The EU experienced in particular was hit hard with a decline in new registrations from approx. 13 million vehicles in 2019 to approx. 9.9 million vehicles in 2020, which is equivalent to a decrease of 23.7%. Of the "Big Four" markets[2], Spain and Italy suffered the most significant declines, with car registrations falling by 32.3% and 27.9%, respectively. The reduction in France (25.5%) with a total of only 1.7 million car registrations in 2020 was also noteworthy. Germany – the biggest market in terms of volume – achieved 2.9 million units. However, this represents a decline of 19.1% compared to the prior year. Other non-EU markets relevant for us, such as the EFTA members or Ukraine performed comparatively better on the new car market[3].

The European used car market was relatively stable. Of the five biggest markets relevant for us, Poland and France recorded a decline in used car sales of 11.8% and 4.9% respectively, while Germany experienced growth of 3.6%, Italy of 4.5%, and Spain of 25.7%. However, all markets are subject to significant market fluctuations with very low sales figures from the end of March to May, followed by very strong sales in the periods of June and July. The second wave of Covid-19 was followed by another significant decline in used car transactions in Europe in November 2020, which was partially offset by a sharp rise in used car sales in December 2020[4].

In order to stimulate the economies suffering under the effects of the Covid-19 pandemic, many European governments have introduced incentive programmes for car purchasing, which is likely to also have an impact on the used car market (e.g. in France, Spain, and Italy). While Germany has not introduced a new programme to stimulate vehicle sales as a response to the Covid-19 pandemic, the government has stepped up an existing programme that offers consumers subsidies for the purchase of new electric or hybrid cars as well as tax benefits for companies with the same effect. This programme increases demand for certain types of new cars, resulting in other types of cars becoming available on the used car market. If European or German economic stimulus programmes, particularly ones which support the automotive market, are resolved or continued, this is likely to support demand for used cars in the short to medium term.

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

[1] See IMF, World Economic Outlook January 2021
[2] Germany, France, Italy, Spain
[3] See ACEA (European Automobile Manufacturers Association) Economic and Market Annual Report EU Automotive Industry full year 2020
[4] See Indicata Market Watch, COVID-19, Edition 12, January 2021

b. Business Performance

In financial year 2020 the AUTO1 Group generated revenue of KEUR 2,829,653 (2019: KEUR 3,475,962) with the sale of 457,431 used cars (2019: 615,633). The decline in revenue is largely attributable to the Merchant segment. The decrease in revenue in the C2B division of the Merchant segment is largely due to the negative impact of the Covid-19 pandemic on supply and demand for used cars, especially in the second quarter, whereas our remarketing activities reported positive revenue performance. Revenue in this division also rose due to the expansion of the remarketing procurement channel. Our Retail segment recorded a significant volume-driven rise in revenue compared to the prior year.

Over the course of the year, we transitioned our purchasing from private customers to our "Sell-from-Home" model, which significantly improved the ratio of vehicles we inspect at our purchasing centers to vehicles we buy. Sell-from-Home has had three key effects on our business:

- In 2020 we were able to maintain relatively high purchasing levels despite social distancing regulations, as we did not have to inspect as many vehicles on site and were thus successful in avoiding decline in revenue in the C2B division;
- We were able to increase our gross profit margin through better pricing;
- The cost structure in vehicle purchasing was improved in a lasting way through Sell-from-Home.

The cost of materials equalled KEUR 2,543,744 in 2020 (2019: KEUR 3,133,428) and therefore the cost of materials ratio to revenue was 89.9% in the financial year (2019: 90.1%). Gross profit thus equalled KEUR 285,910, which is equivalent to 10.1% of revenue (2019: KEUR 342,534 and 9.9%). The rise in the gross profit margin was among other facts due to the improved overall margin in financial year 2020, attributed to better pricing in procurement and sales and increased sales of logistics services. As a result of the aforementioned effects, the gross profit margin per car increased by EUR 68.6 to EUR 625.

The AUTO1 Group was able to improve adjusted EBITDA by KEUR 45,216 from KEUR -60,382 to KEUR -15,166, particularly due to cost reductions in marketing expenses, logistic expenses and personnel expenses, as many departments were working on reduced hours (Kurzarbeit) in financial year 2020.

As in the past, we will focus on our growth target over the next few years, despite the current Covid-19 crisis. This is already evident today in the massive expansion of the Autohero business.

c. Group's Position

1. Financial Performance

Group earnings in financial year 2020 compared to the prior year 2019 were as follows:

	1. JAN. 2020 - 31. DEC. 2020	1. JAN. 2019 - 31. DEC. 2019
Revenue (in KEUR)	2,829,653	3,475,962
Revenue growth in %	*(18.6)*	*21.9*
Gross profit (in KEUR)	285,910	342,534
Gross margin in %[1]	*10.1*	*9.9*
Adjusted EBITDA (in KEUR)[2]	(15,166)	(60,382)
Adjusted EBITDA margin in %	*(0.5)*	*(1,7)*
EBITDA (in KEUR)	(34,849)	(92,809)
EBITDA margin in %[3]	*(1.2)*	*(2.7)*
Sold cars (in thousands)	457	616
Average headcount[4]	4,111	4,418

[1] Defined as gross profit divided by revenue.
[2] See the following table for the reconciliation to adjusted EBITDA.
[3] Defined as EBITDA divided by revenue.
[4] Full-time equivalents.

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

In KEUR	1. JAN. 2020 - 31. DEC. 2020	1. JAN. 2019 - 31. DEC. 2019
EBITDA	(34,849)	(92,809)
Share-based payment	(5,437)	36,945
Change in the measurement basis for VAT	-	6,641
Adjustment of liabilities	12,351	(12,351)
Other non-operating expenses	12,769	1,192
Adjusted EBITDA	(15,166)	(60,382)

Revenue Performance

Revenue decreased by 18.6% (KEUR 646,309) to KEUR 2,829,653. The Merchant business was negatively affected by the spread of the Covid-19 pandemic in our European markets, which resulted in a year-on-year decline in revenue of 20.5%. By contrast, the Retail business recorded sustained significant revenue growth (total revenue growth of 62.9% over the prior year), as there was strong consumer demand in our European markets. Many commercial dealers had temporarily suspended their operations, which had a particular impact on the number of vehicles sold. This figure fell by 158,202 (-25.7%) overall to 457,431. The Group generated revenue totalling KEUR 2,697,050 (2019: KEUR 3,394,550) in the Merchant segment and KEUR 132,603 (2019: KEUR 81,412) in the Retail segment.

Gross Profit Development

The cost of materials declined by 18.8% or KEUR 589,684 to KEUR 2,543,744, of which KEUR 2,414,036 was attributable to the Merchant business and KEUR 129,708 to the Retail business. The cost of materials includes the cost for the sold vehicles, external transport costs (costs for transport to the customer) as the cost of purchased services and other services in connection with the operational processing of vehicle purchases and sales. The decline in the cost of materials and the corresponding reduction in revenue is due to the large-scale temporary suspension of business activities due to the Covid-19. This not only led to a decline in the costs for the cars sold, but also impacted on the other cost of materials such as transport costs.

Consequently, gross profit decreased by KEUR 56,624 in financial year 2020. Gross profit of KEUR 283,015 was generated in the Merchant business and KEUR 2,895 in the Retail business. Because of our efforts to further optimize the pricing structure and anticipate the decline in demand due to the Covid-19 pandemic, we were able to slightly improve our gross profit margin by approx. 20 basis points year-on-year. This had an impact on both segments' GPU too.

Business Development by Segment

Merchant	1. JAN. 2020 - 31. DEC. 2020	1. JAN. 2019 - 31. DEC. 2019
Revenue (in KEUR)	**2,697,050**	**3,394,550**
*thereof C2B**	*2,348,588*	*3.105.789*
*thereof Remarketing**	*348,463*	*288,761*
Revenue growth in %	*(20.5)*	*20.4*
Gross profit (in KEUR)	**283,015**	**341,080**
Gross margin in %	*10.5*	*10.0*
Sold cars (K)	**447**	**610**
thereof C2B	*397*	*571*
thereof Remarketing	*50*	*39*
GPU (in EUR)	**633**	**559**

* Analysis of revenue by procurement channel

Retail	1. JAN. 2020 - 31. DEC. 2020	1. JAN. 2019 - 31. DEC. 2019
Revenue (in KEUR)	**132,603**	**81,412**
Revenue growth in %	*62.9*	*154.4*
Gross profit (in KEUR)	**2,895**	**1,454**
Gross margin in %	*2.2*	*1.8*
Sold cars (K)	**10**	**6**
GPU (in EUR)	**285**	**254**

Development of EBITDA and Adjusted EBITDA

Personnel expenses decreased by 34.6% (from KEUR 228,846 to KEUR 149,736) due to the introduction of our Sell-from-Home solution, where used cars are valued online and fewer valuations have to be carried out at the branches, the temporary use of reduced working hours (Kurzarbeit) in Germany as well as similar measures to cut personnel costs in other European countries and reduced share-based payment. On average, the Group employed 4,111 staff in the reporting year (2019: 4,418). The significant decline in share-based payment over the prior year is due to a reclassification from cash-settled to equity-settled, meaning that share-based payment is now measured on the basis of the fair value of the company at the grant date. The reclassification was based on the decision to carry out an IPO.

Average headcount at the AUTO1 Group decreased from 4,418 in 2019 to 4,111 in the 2020 financial year. As a result of the Covid-19 pandemic, the workforce was reduced in certain departments, new hires were dialled back compared to prior years and any positions that became free were not replaced.

Other operating expenses decreased by 16.4% or KEUR 35,824 in total over the prior year to KEUR 182,248. This resulted mainly from a KEUR 44,570 decline in marketing expenses to KEUR 78,103. In light of the reduced demand triggered by the Covid-19 pandemic, we decided to temporarily suspend marketing expenses in the financial year. In addition, internal logistics expenses fell by KEUR 11,735 to KEUR 33,270 due to fewer car transports.

Development of the Consolidated Loss

The Group generated a net loss (consolidated loss) of KEUR 143,642 (2019: KEUR 121,265) in the 2020 financial year. This increase was mainly due to the interest and measurement effects from the recognition of a convertible loan of KEUR 71,859 as at 31 December 2020. The convertible loan contains several embedded derivatives in the form of a conversion right, a cash settlement option and other acceleration options, which led to higher expenses. This was partially offset by the decline in expenses from share-based payment (KEUR -5,437; PY: KEUR 36,946) resulting from reclassification from cash-settled to equity-settled.

2. Financial position and liquidity

In KEUR

	1. JAN. 2020 - 31. DEC. 2020	1. JAN. 2019 - 31. DEC. 2019
Consolidated loss	(143,642)	(121,265)
Cash flows from operating activities	45,495	(138,370)
Cash flows from investing activities	(3,569)	(3,254)
Cash flows from financing activities	57,726	82,709
Cash and cash equivalents at the beginning of the period	57,599	116,513
Cash and cash equivalents at the end of the period	157,251	57,599

The AUTO1 Group reported KEUR 45,495 (2019: KEUR -138,370) in cash flows from operating activities in 2020. The most significant influencing factors for the negative cash flows in the prior year were the consolidated loss for 2019 and the increase in inventory. Inventory was reduced in the current financial year. Similarly, the decline in trade receivables and increase in trade payables due to reporting date effects made a significant contribution to positive cash flows. The consolidated loss for 2020 also includes non-cash interest and measurement effects due to the recognition of the convertible loan of KEUR 71,859 as at 31 December 2020.

In light of the investments made in property, plant and equipment, mainly in additional equipment for the drop-off and pick-up sites, cash flows from investing activities in 2020 total KEUR -3,569 (2019: KEUR -3,254). These investments contrast with proceeds totalling KEUR 602 from the sale of property, plant and equipment.

The positive cash flows from financing activities amounted to KEUR 57,726 (2019: KEUR 82,709) in the financial year under review. This was due to the convertible loan of KEUR 255,000 being taken out, which was offset by the repayment in full of the credit line of KEUR 186,000 and the repayment of lease liabilities totalling KEUR 23,308.

The Group was able to meet its payment obligations to third parties at all times.

Cash and cash equivalents equalled KEUR 157,251 (2019: KEUR 57,599) at year-end, an increase of KEUR 99,652 over the prior year.

3. Assets and Liabilities

Property, plant and equipment declined by KEUR 2,737 to KEUR 52,332, particularly due to the decline in other property, plant and equipment and the premature termination of leases which resulted in a disposal of right-of-use assets.

Other non-current financial assets decreased by KEUR 114,202 as at 31 December 2020, largely due to the derecognition of receivables from shareholders associated with share-based payments resulting from the reclassification from cash-settled to equity-settled, which had no impact on cash flows.

Inventories decreased by KEUR 38,680 to KEUR 209,435. The decrease in inventories is largely due to the impact of the Covid-19 crisis, as inventories were gradually reduced in the second quarter of the year to limit the Covid-19 risks.

Other assets mainly concern VAT receivables and declined slightly due, among other reasons, to the lower business volume around the closing date.

The equity ratio equalled 0.9% (2019: 25.3%) at the end of the reporting period. The decline over the prior year is mainly due to the consolidated loss for 2020.

A facility agreement with six banks for a credit line of KEUR 235,000 was reported under liabilities to banks in the prior year. KEUR 171,000 was drawn down at year-end 2019. The credit line was repaid in full in the current financial year. The Group issued a subordinated convertible loan for KEUR 255,000 on 13 February 2020. The loan is convertible into common shares of the Group at the discretion of the creditor if specific events occur or is repayable on 13 February 2025. The convertible loan contains several embedded derivatives in the form of a conversion right, a cash settlement option and other acceleration options. The convertible loan is reported under liabilities to banks in the amount of KEUR 323,470 as at 31 December 2020. After the balance sheet date, KEUR 110,000 of the convertible loan was repaid from the proceeds from the IPO on 4 February 2021. In total, this was associated with a cash outflow of KEUR 232,349. The remaining portion of the loan was converted into 8,059,961 shares by the creditors.

In the financial year, a new investment grade rated credit facility with a scope of KEUR 485,000 was also concluded, which is fully collateralized. The credit facility was not utilized until Q1 2021. For further details, please refer to our comments in the notes to the consolidated financial statements under liquidity risks.

Liabilities from share-based payment were fully derecognized in the financial year due to reclassification. After reclassification, they were recognized in equity under other reserves.

Current liabilities to affiliated companies mainly relate to trade payables, which rose significantly due to reporting date effects. The contract liabilities reported under other receivables declined as a result of the reduced business volume as at the balance sheet date.

4. Overall Assessment

The Management Board considers the Group's assets, liabilities, financial position and financial performance to be positive. Due to the pandemic, we were unable to continue on our planned growth trajectory at group level, but we still managed to expand the Autohero business considerably. The impact of the pandemic on our business is most clearly reflected in the reduced number of used cars we sold. Among other achievements, we managed to successfully place a convertible bond, introduce a product to sustainably improve our cost efficiency in the form of Sell-from-Home, and respond flexibly to the decline in supply and demand during the lockdown in Q2 through active stock management. The outbreak of the Covid-19 pandemic meant that the growth targets originally planned could not be met; however, we still managed to improve EBITDA and adjusted EBITDA over the prior year, which shows the robustness of our business model and leads us to look positively to the future.

Forecast, Opportunities and Risks

Risk Report

Individual risks, provided they could have an impact of the Group's assets, liabilities, financial position and financial performance or the performance indicators described above, are generally assessed for a period of twelve months from the reporting date. The significant risks in the individual risk areas are presented below. These risks apply to all our segments and are based on a gross risk analysis. Unless otherwise stated, the measures described are considered adequate to mitigate the risk described in each case.

As at October 2020, the Group began to implement a group-wide risk management system. This shall be ready to use in the course of 2021.

The risks presented below are set out in order of their impact on the Group.

a. Market Risks

The basis for assessing market risks in car trade continues to be the development of domestic demand in the respective countries. This is currently still directly linked to Europe's economic development. Car purchases are determined by the end customer's willingness to consume. The following section presents the political, economic and social trends relevant for the Group. Uncertainty regarding future consumption is also attributable to the fact that the future impact of the ongoing Covid-19 crisis is currently hard to predict (see our comments below on coronavirus (SARS-CoV-2)).

Non-Economic Changes in Demand for Used Cars

Demand for our used cars may be adversely affected by trends that lead to a general decline in demand for cars. A growing share of younger people no longer buy or lease their own car and instead opt for ride-hailing through services such as Uber and Lyft, car-sharing agencies, car hire and public transport. This trend could continue or even intensify, particularly as urbanization continues to advance and a growing share of the population moves to larger cities. This could result in a decline in overall demand for vehicles, including our used cars, and thus have a negative impact on our business outlook.

Initiatives by manufacturers and dealers can have a significant impact on demand in the used car market. Greater incentives for new car sales (e.g., rebates or attractive financing) or generally lower prices for new cars could be offered, making the purchase of a new car more attractive. This may lower the prices for used cars.

In addition, new regulations or measures implemented by governmental authorities may result in a sudden decline for certain types of used vehicles, including vehicles in our inventory. For example, many German cities have court ordered driving bans on vehicles with older diesel engines in certain districts to reduce fine particle pollution. As a result, demand for the affected vehicles in Germany fell significantly and prices for these cars, including those in our inventory, suddenly dropped. Such sudden developments may prevent us from successfully selling the affected vehicles, adversely affect our margins and lead to higher impairment losses on our inventory. In addition, demand for certain types of used cars may suddenly decline due to the introduction of innovative technologies for new vehicles (e.g. autonomous driving systems). The vast majority of vehicles we buy and sell do not have such innovative features. There is no guarantee that we will be able to quickly procure more innovative vehicles as it may take several years before they are available on the used car market. As a result, we may not be able to adjust our offering accordingly. In addition, the procurement and sale of such vehicles could be more complex.

The risks described above could significantly impact the performance indicators. The probability of occurrence is classified as low for the forecast period. Overall, the Management Board therefore considers the risks to be medium.

Coronavirus (SARS-CoV-2)

The novel coronavirus (SARS-CoV-2) that emerged in late 2019 spread globally in financial year 2020, leading to a recession in the global economy due to the associated infection prevention measures.

The outbreak of the Covid-19 pandemic had a significant impact on the used car market in Europe in 2020, and the long-term impact of this pandemic is still unclear. Therefore, in the future there could also be a clearly negative impact on the performance indicators. In addition to the macroeconomic impact, fear of infection could halt the advance of shared mobility. In addition, we believe that the habits formed during the Covid-19 pandemic are likely to persist and permanently change consumer behavior as customers realize the benefits of buying and selling online. Hence, the acceleration of the shift to online offerings is expected to be sustained and pronounced. Given that the average age of online customers is rising and they are likely to view cars as an important commodity, this shift in consumer behavior is likely to be particularly beneficial to the online used car market, as it connects the natural target audience for used cars with the online customer experience.

The pandemic and the measures taken to combat it have had a significant impact on the European economy, with gross domestic product in the eurozone falling by 6.8% in 2020. As a result, the unemployment rate in the European Union is expected to rise further from 8.1% in 2020 to 9.2% in 2021[5]. We believe that consumers will increasingly turn to buying used cars as a lower-cost alternative to meet their mobility needs. The car as an individual means of transport will presumably remain in high demand.

The effect on the ongoing Covid-19 crisis on the development of performance indicators for financial year 2021 cannot be reliably determined from today's perspective, as the further course of the pandemic as well as the speed of the rate of vaccinations and its impact on consumer demand cannot be assessed at present. In addition, counter effects or even positive effects for AUTO1 could take effect, as outlined above. For this reason, the risk from the Covid-19 crisis is classified as a medium risk.

Competition

The used car market is particularly competitive and is characterized by changes in market share, increased price competition, and the development and introduction of new services and technologies by new and returning competitors. Our key competitors include independent used car dealers, brand dealers, other online used car dealers, small ads websites and apps, and rental car companies that sell used vehicles from their fleets directly to consumers and professional dealers. If we fail to provide an attractive, reliable offering at competitive prices, potential buyers or sellers of used vehicles may choose to trade their vehicles through one of our competitors.

Because professional dealers, who currently represent our primary customer group, are also competitors who maintain their own supply of used cars, these dealers may decide to stop buying from us if they believe that we threaten their competitive position.

Similarly, classified small ads platform providers could prevent us from advertising on their websites and apps to prevent us from expanding our market position in the used car market.

In addition, new competitors, including major automobile manufacturers, may enter the online used car market or intensify their online efforts. Our current and potential competitors may have greater financial, technical, marketing and other resources. They may also draw upon a better network in the automotive industry due to a longer operating history and greater name recognition. If such competitors merge or enter into partnerships, this may further improve their competitive position. As a result, our competitors may be able to respond more quickly to the needs of potential used car buyers or sellers and carry out more extensive marketing campaigns.

If we are unable to compete successfully, the number of used cars offered as well as the demand for vehicles in our inventory could decline.

The risk of market displacement by competitors is assessed as low because the probability of occurrence is assumed to be low and the impact on the performance indicators moderate. For the timely identification of the strategic risks addressed, measures are initiated individually as required, taking into account the facts and circumstances identified.

b. Operational Risks

Management of the Used Car Inventory

The management of the inventory of used cars is a key risk factor for AUTO1 and is evident in several places.

The strong growth of the last few years, with more than 400 branches in various European countries, the corresponding transport and logistics network and the rollout of additional services has made the business more complex within a very short period of time. This complexity places a correspondingly higher burden on employees and systems, meaning that a reduction in efficiency in the event of further business expansion cannot be completely ruled out. The continuous adjustment of the personnel and system requirements is necessary in order to counteract this.

There are two key factors related to inventory that are subject to ongoing risks: procurement and sales.

We depend on consumers and dealers who offer us suitable cars in order to be able to make a large and attractive offering to our customers. In contrast to manufacturers, we cannot produce our range ourselves. However, we have the flexibility to counteract this by setting prices and expanding the characteristics. Used cars are procured via valuation using our pricing algorithm; a correct calculation for each individual valuation cannot be guaranteed at all times with high volumes of transactions. Since we purchase and value

[5] Vgl. DIW Wochenbericht 11 2021

used cars, there is always the possibility that traces of use, such as paint damage, are not detected and the purchase price is accordingly too high.

While used cars are in our inventory, they may be damaged, destroyed or stolen. Since we also rely on external partners for storage, the possibility of control is limited.

Our inventory is procured based on our expectation for future demand. Falling demand would lead to increased inventory, a slower rate of turnover and corresponding pressure on prices and margins. Since used cars, especially the newer models, depreciate quite quickly, longer periods in inventory could also lead to higher depreciation.

AUTO1 operates a proprietary risk system, which we believe represents a competitive advantage with respect to inventory management. Before we purchase a used car offered to us, our algorithms analyse the expected GPU, anticipated sales speed, existing stock in inventory and market trends. If these algorithms consider the relevant used car particularly difficult to sell, we typically do not purchase them straight away.

The AUTO1 Group manages the risks relating to the management of its inventory of used cars in such a manner that negative developments on the performance indicators are estimated as being low or sufficiently calculable. The probability of occurrence and the impact on the performance indicators are also assessed as low.

Logistics Risks

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

The risk is considered to be low due to the market volume and the diversification among the service providers of the AUTO1 Group. The probability of occurrence and the impact on the performance indicators are also assessed as low.

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 monitored in order to take appropriate action if there are any disturbances. AUTO1 has set up multi-level system security and personalized, role-based access to protect against unauthorized access and attacks. A process of user administration regarding documenting new hires and exits is defined.

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

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

The probability of occurrence of IT risks is generally assessed as low and the significance of IT risks for the performance indicators is assessed as moderate. Overall, the Management Board assumes that the risk is low as the measures are deemed suitable for mitigating the risks.

c. Financial Risks

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

The Group has detailed liquidity planning that is regularly subject to target/actual comparisons. In addition to the convertible loan and its own income, the Parent Company is also financed from the possibility of drawing on the Group's loan facility. The Company has received liquid funds of more than EUR 971 million as a result of the successful IPO on 4 February 2021. Among other things, the financial resources will be used for the planned expansion of Autohero's business and the Group's ongoing business activities.

The non-recourse loan concluded in December 2020 is subject to variable interest rates, meaning there is an interest rate risk. Increased interest expenses would negatively affect forecasted net earnings, but would be likely to take place in a stronger economic environment. The probability of occurrence and significance of the risk for the performance indicators are considered to be low. Consequently, there is only a low risk.

The financing of the subsidiaries is heavily influenced by their integration into the Parent Company's group of companies.

The 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 157,251 in funds as at the balance sheet date. In addition, there is headroom due to the conclusion of a new rated ABS loan facility (non-recourse financing) equalling KEUR 485,000.

d. Financial Instrument Risks

In the financial year, the issue of a convertible loan resulted in a derivative financial liability that is measured at fair value. The risk arising from the derivative mainly relates to the derivation of the fair value, i.e. primarily to possible changes in unobservable inputs such as the Group's refinancing rate or the enterprise value, which may result in significantly lower profit for the period. The convertible loan was repaid or partially converted into equity in February 2021.

e. Overall Risk Assessment

The aforementioned risks can affect the economic development of the AUTO1 Group. The number of measures established in the AUTO1 Group to monitor business risks means it is possible to take counteraction and thus avoid or mitigate potential risks. With regard to the continued impact of the Covid-19 pandemic, please refer to our comments above. 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.

Opportunities

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

a. The Used Car Market is Moving Online

The used car market is one of the largest sales markets in the world. In 2019, the market volume in Europe is estimated at around EUR 600 billion with an average annual growth expectation of 5%[6]. In addition, the volume in terms of financing for used cars in the nine target markets of our "Autohero" offering amounts to around EUR 95 billion[7] in 2018.

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

Both consumers and professional dealers face unique challenges when buying and selling used cars. For consumers, there is limited choice in local offerings, no convenience due to a lack of fulfillment services, and little transparency in pricing. Professional dealers try to take advantage of this, damaging the trust in or the image of used car dealers. At the same time, professional dealers themselves are unable to achieve economies of scale and are also limited to local markets, leading to a high degree of fragmentation in the used car market.[8] In 2019, the ten largest dealers accounted for only 4% of the market volume in the German used car market. Given the challenges faced by both consumers and professional dealers, we believe that the European used car market needs a comprehensive online platform that enables seamless cross-border transactions.

We believe we have the solutions to all challenges as we are building and aligning our platform based on the needs of consumers and merchants. This creates opportunities for significant improvement of the performance indicators.

b. Customer Experience

Our focus is to offer our customers a customer experience that they already know from other markets that have already transitioned online. This includes making buying and selling used cars as convenient as possible. Our websites and apps offer a range of functions for this purpose. We already offer services ranging from used cars to accompanying services such as logistics, (de)-registration and financing brokerage.

With Sell-from-Home and the Autohero delivery trucks, we introduced additional components in 2020 to further increase customer satisfaction. Based on this as well as our position as the market leader in buying and selling used cars in Europe, we see considerable opportunities for sustainable customer loyalty. We believe we can improve and even reset the image of the used car dealer through our transparent and non-discriminatory online platform.

c. Integrated Technology Platform

We consider ourselves a technology company, which is why the establishment and further development of a comprehensive technology platform has been a key issue to all our considerations from the very beginning. All stakeholders — whether consumers, retailers or partners — are connected to the same platform.

AUTO1 regularly uses its in-house developed software to optimize purchasing and selling and for the introduction of new products. The platform can be scaled 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 consumer financing, insurance and retail business, will involve manageable IT infrastructure expenses due to centralized technical support. This means the Company can generally generate more sales without incurring corresponding expenses to the same extent and therefore enable significant improvements in earnings performance indicators. This scalability will enable us to continue to tap existing and new markets in the future.

d. Pan-European Logistics Network

AUTO1 was active in over 30 countries with its staff in 2020. Almost every second transaction takes place across borders. This is only possible thanks to a close-knit logistics network that ensures fast and reliable transport.

AUTO1 operates over 400 branches in Europe and also works with logistics partners who provide transportation as well as storage of our inventory in up to 150 compounds. We believe that because of this we are the largest customer in European automotive logistics, excluding car manufacturers.

The existing network holds significant opportunities in the coming shift from offline to online. By de-localizing supply and demand towards a European platform, the need for a correspondingly large logistics network is a market entry barrier for potential competitors and strengthens AUTO1's position. It also forms the foundation for the expansion of the Autohero business.

[6] See OC & C, European Used Car & B2B Sourcing Market
[7] See Finaccord
[8] See OC & C, European Used Car & B2B Sourcing Market

Outlook

Macroeconomy

In its economic outlook of January 2021, the International Monetary Fund (IMF) assumes that the global economy will grow by 5.5% again in 2021 following the historic slump in 2020. The level of economic activity prior to the Covid-19 crisis is not expected to be reached until the turn of 2021/2022. Inflation rate of the eurozone for 2021 is forecasted to 0.9%, meaning that no significant price increases can be expected. Looking at the eurozone as a whole, researchers assume an increase in price-adjusted GDP of 4.2%[9].

Industry

The used car market was subject to high fluctuations in 2020, but nevertheless remained virtually unchanged at a high level. Due to the ongoing economic uncertainty related to the Covid-19 crisis, we assume that the majority of consumers are hesitant to commit to large-scale investments, which means that demand for used cars could continue to rise compared to demand for new cars.

AUTO1 Group's Expectations

For financial year 2021, the AUTO1 Group's Management Board expects the total number of vehicles sold to increase compared to 2020. We expect a total of 592,000 to 638,000 vehicles of which 560,000 to 600,000 should be achieved through the Merchant segment and 32,000 to 38,000 through the Retail segment.

We therefore expect overall revenue for both segments to be between EUR 3.8 billion and EUR 4.2 billion. We expect a significant increase in revenues compared to 2019 whereas revenues for the Retail segment should increase higher than for the Merchant segment.

Gross profit is expected to rise overall. The Group's gross profit for 2021 could amount to between EUR 360 million to EUR 410 million. Gross profit for the segments is expected to increase significantly as a result of volume growth. The GPU of the two segments should improve slightly.

The Group's adjusted EBITDA margin for 2021 will decrease significantly, in particular due to expenses in relation to the expansion of Autohero's business. The Group's adjusted EBITDA margin should accordingly be between -2.0% and -2.5%.

Particularly in light of the continued uncertainty over the duration and intensity of the Covid-19 crisis as well as the associated enormous economic restrictions in practically every country in Europe, which only allows us to reliably estimate all effects on the expected business development of AUTO1 to a limited extent, the development of the performance indicators for financial year 2021 may deviate from the planned development. The forecast is based on the composition of the Group in the forecast period as known at the time of planning. Furthermore, the forecast assumes the effects from the Covid-19 crisis will normalize in the second quarter and that catch-up effects will occur in the second half of 2021.

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

[9]IWF, World Economic Outlook January 2021

Supplementary Business Situation Reporting on the Annual Financial Statements of AUTO1 Group SE, Munich for Financial Year 2020

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

I. Company Profile

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

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

In the first quarter of 2020, the Company entered into a convertible loan subordinated to certain liabilities of KEUR 255,000. The loan is repayable early upon the occurrence of certain events prior to the final maturity date (13 February 2025). For further details, please refer to our comments in the notes the financial statements of under section C.1.

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

II. Company‘s Assets, Liabilities, Financial Position and Financial Performance

1. Financial Performance

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

In KEUR	**2020**	**2019**
Revenue	**1,049**	**908**
Other operating income	*155*	*27*
Personnel expenses	**(-990)**	**(-960)**
Other operating expenses	*(-4,417)*	*(-946)*
Interest and similar expenses	**(-24,094)**	**(-4)**
Income taxes	*(-12)*	*0*
Net loss for the year	**(-28,309)**	**(-975)**

Revenue in the current financial year increased by KEUR 141 to KEUR 1,049 (2019: KEUR 908) and related primarily to management services for AUTO1 Group AG.

Other operating expenses rose by KEUR -3,471 to KEUR -4,417 (2019: KEUR -946). The increase is mainly attributable to legal and consulting services in connection with the IPO in February 2021.

Interest and similar expenses increased by KEUR -24,090 to KEUR -24,094 (2019: KEUR -4) and mainly relate to interest and similar expenses of KEUR 21,748 incurred in the current financial year for the convertible loan and transaction costs of KEUR 2,068 incurred in connection with the issue of the convertible loan.

The net loss for the year increased to KEUR -28,309 (2019: KEUR -975) due to interests of the convertible loan and related transaction costs as well as consulting fees in connection with the IPO.

2. Assets and Liabilities of the Company

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

In KEUR

Assets	**2020**	**2019**
Financial assets	934,508	700,000
Receivables from affiliated companies	0	4.770
Other assets, prepayments and accrued income	35,506	1,331
Cash at banks	45,204	12
Total assets	**1,015,218**	**706,113**
Equity & liabilities	**2020**	**2019**
Provisions	1,608	651
Convertible Loans	271,156	0
Trade payables	1,006	161
Liabilities to affiliated companies	31,924	2,809
Other liabilities	31,789	46
Total liabilities	**337,483**	**3,667**
Net assets	**677,735**	**702,446**
Equity	**2020**	**2019**
Share capital	3,462	3,421
Capital reserves	703,557	700,000
Accumulated deficit	(-29,284)	(-975)
Total equity	**677,735**	**702,446**

The Company's net assets primarily comprise assets as well as cash and cash equivalents. The assets mainly comprise shares in affiliated companies amounting to KEUR 934,508 (2019: KEUR 700,000). The year-on-year increase is attributable to payments into the free capital reserve in accordance with Section 272 (2) No. 4 HGB of AUTO1 Group AG.

Other assets, prepayments and accrued income (KEUR 35,506, 2019: KEUR 1,331) mainly relate to a discount on the convertible loan in the amount of KEUR 28,534 and receivables from the tax office for VAT for the years 2018 to 2020 in the amount of KEUR 6,544.

Other provisions increased by KEUR 957 to KEUR 1,608 (2019: KEUR 651) and mainly relate to outstanding invoices of KEUR 1,208 and Supervisory Board compensation of KEUR 400.

The item Convertible Loans (KEUR 271,156, 2019: KEUR 0) includes the convertible loan taken out in February 2020, which is recognized as a liability at the settlement amount in accordance with Section 253 (1) sentence 2 HGB. For further details, please refer to our comments in the notes under section C.1.

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

3. Financial Position of the Company

At the end of the year, AUTO1 Group SE had cash and cash equivalents of KEUR 45,204 (2019: KEUR 12). The Company was thus able to meet its payment obligations to third parties during the financial year.

III. Opportunities and Risks

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

IV. Outlook

Due to the nature of the Company's business, its future development is closely linked to the development of the Group. For this reason, we refer to the Group's forecast report, which also presents management's expectations with regard to the Parent Company. We expect the Company's net loss for financial year 2021 to be significantly higher compared to financial year 2020, in particular due to the costs from the IPO.

Berlin, 13. April 2021
AUTO1 Group SE

Christian Bertermann
CEO & FOUNDER

Markus Boser
CFO

07

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

as at
31 DECEMBER 2020

Assets

KEUR	Note	31 Dec. 2020	31 Dec. 2019
Intangible assets	6.1	125	43
Property, plant & equipment	6.2	52,332	55,069
Investments accounted for using the equity method		5	5
Other financial assets (non-current)	6.7	4,516	118,718
Other assets (non-current)	6.8	314	2,155
Deferred tax assets		1,628	590
Non-current assets		**58,920**	**176,580**
Inventories	6.5	209,435	248,115
Trade and other receivables	6.6	24,802	46,818
Income tax receivables		1,716	1,084
Other financial assets (current)	6.7	1,266	816
Other assets (current)	6.8	67,151	74,348
Cash and cash equivalents	6.9	157,251	57,599
Current assets		**461,621**	**428,780**
Total assets		**520,541**	**605,360**

Consolidated statement of financial position *continued*

zum
31. DECEMBER 2020

Equity & liabilities

KEUR	Note	31 Dec. 2020	31 Dec. 2019
Subscribed capital	6.10	3,462	3,421
Capital reserve	8	587,135	587,135
Other reserves	8	102,206	107,436
Retained earnings		(688,338)	(544,696)
Total equity		**4,465**	**153,296**
Financial liabilities (non-current)	6.13	323,470	151,022
Other financial liabilities (non-current)	6.15	31,612	36,323
Share-based payment obligation (non-current)	6.11	-	108,500
Provisions (non-current)	6.12	95	95
Other liabilities (non-current)	6.16	1,462	2,083
Income tax liabilities (non-current)		16	17
Deferred tax liabilities	6.4	5	-
Non-current liabilities		**356,660**	**298,040**
Financial liabilities (current)	6.13	101	20,374
Trade payables	6.14	86,128	52,059
Other financial liabilities (current)	6.15	15,865	17,537
Provisions (current)	6.12	7,123	3,032
Other liabilities (current)	6.16	48,682	60,133
Income tax liabilities (current)		1,517	889
Current liabilities		**159,416**	**154,024**
Total liabilities		**516,076**	**452,064**
Total equity and liabilities		**520,541**	**605,360**

Consolidated statement of profit or loss and other comprehensive income

for the period
1 JANUARY
to
31 DECEMBER 2020

KEUR	Note	1 Jan. 2020 - 31 Dec. 2020	1 Jan. 2019 - 31 Dec. 2019
Revenue	5.1	**2,829,653**	**3,475,962**
Cost of materials	5.2	(2,543,744)	(3,133,428)
Gross profit		**285,910**	**342,534**
Other operating income	5.3	11,225	11,575
Personnel expenses	5.4	(149,736)	(228,846)
Other operating expenses	5.5	(182,248)	(218,072)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**(34,849)**	**(92,809)**
Depreciation and amortisation expense	6.1 6.2	(29,760)	(20,621)
Earnings before interest and taxes (EBIT)		**(64,609)**	**(113,430)**
Interest income and other finance income	5.6	24	650
Interest expense and other finance costs	5.6	(55,016)	(6,360)
Other financial result	5.6	(22,248)	-
Earnings before tax		**(141,849)**	**(119,140)**
Income tax expense	5.7	(1,793)	(2,125)
Loss for the year		**(143,642)**	**(121,265)**
Thereof attributable to the owners of the Parent Company		(143,642)	(121,265)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		207	(801)
Other comprehensive income, net of tax		**207**	**(801)**
Total comprehensive income		**(143,435)**	**(122,066)**
Thereof attributable to the owners of the Parent Company		(143,435)	(122,066)
Earnings per share (basic and diluted)	11	(0.84)	(0.71)

Consolidated statement of cash flows

for the year ended
31 DECEMBER 2020

KEUR	Note	1 Jan. 2020 - 31 Dec. 2020	1 Jan. 2019 - 31 Dec. 2019
Net loss for the year		**(143,642)**	**(121,265)**
Adjustments for		**107,650**	**64,700**
Amortisation and depreciation	6.1 6.2	29,760	20,621
Financial result	5.6	77,240	5,710
Income taxes	5.7	1,793	2,125
Change in provisions		4,091	325
Income (PY: expense) from share-based payments	6.11	(5,437)	36,945
(Gain) / loss on the disposal of property, plant and equipment		(4)	(225)
Other non-cash effects		207	(801)
Changes in operating assets and liabilities		**84,617**	**(75,469)**
Change in operating assets		67,687	(81,675)
Change in operating liabilities		16,930	6,206
Other cash flows from operating activities		**(3,130)**	**(6,336)**
Interest received		24	153
Interest paid		(2,707)	(4,921)
Taxes paid		(447)	(1,568)
Net cash flow from operating activities		**45,495**	**(138,370)**
Acquisition of property, plant and equipment		(4,171)	(3,561)
Proceeds from sale of property, plant and equipment		602	308
Net cash from investing activities		**(3,569)**	**(3,254)**
Contributions to share capital		41	-
Proceeds from issue of convertible bonds		255,000	-
Transaction costs for the issue of convertible bonds		(3,007)	-
Proceeds from incurring liabilities to banks		15,000	146,000*
Repayment of liabilities to banks		(186,000)	(45,000)*
Repayment of lease liabilities	6.3	(23,308)	(18,291)
Cash flows from financing activities		**57,726**	**82,709**
Net change in cash and cash equivalents		**99,652**	**(58,914)**
Cash and cash equivalents at the beginning of the period		**57,599**	**116,513**
Cash and cash equivalents at the end of the period	6.9	**157,251**	**57,599**

* restated

Consolidated statement of changes in equity

KEUR	Subscribed capital	Capital reserve	Other reserves: Other equity reserves	Other reserves: Currency translation reserve	Retained earnings	Total	Total equity
Notes to the consolidated financial statements	8	8	8	8			
As at 1 Jan. 2020	**3,421**	**587,135**	**108,500**	**(1,064)**	**(544,696)**	**153,296**	**153,296**
Loss for the year					(143,642)	**(143,642)**	**(143,642)**
Other comprehensive income				207		**207**	**207**
Total comprehensive income for the year	**-**	**-**	**-**	**207**	**(143,642)**	**(143,435)**	**(143,435)**
Issue of shares	41					**41**	**41**
Share-based payment			(5,437)			**(5,437)**	**(5,437)**
As at 31 Dec. 2020	**3,462**	**587,135**	**103,063**	**(857)**	**(688,338)**	**4,465**	**4,465**

KEUR	Subscribed capital	Capital reserve	Other reserves: Other equity reserves	Other reserves: Currency translation reserve	Retained earnings	Total	Total equity
As at 1 Jan. 2019	**3,421**	**587,135**	**71,555**	**(263)**	**(423,431)**	**238,417**	**238,417**
Loss for the year					(121,265)	**(121,265)**	**(121,265)**
Other comprehensive income				(801)		**(801)**	**(801)**
Total comprehensive income	**-**	**-**	**-**	**(801)**	**(121,265)**	**(122,066)**	**(122,066)**
Share-based payment			36,945			**36,945**	**36,945**
As at 31 Dec. 2019	**3,421**	**587,135**	**108,500**	**(1,064)**	**(544,696)**	**153,296**	**153,296**

Notes

to the consolidated financial statements as at 31 December 2020

1. Reporting entity

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

The AUTO1 Group is Europe's leading online marketplace for used vehicle sales to dealers as well as individual customers and has business operations in over 30 countries. AUTO1 works with more than 89,000 active partner dealers. In 2020 AUTO1 traded more than 457,000 vehicles in more than 30 European countries.

2. Basis of preparation

2.1 Basis of accounting

The Management Board of AUTO1 has prepared the consolidated financial statements of the AUTO1 Group as at and for the financial year ending 31 December 2020 in accordance with the International Financial Reporting Standards ('IFRS') and the interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by and to be applied in the European Union.

The consolidated financial statements of AUTO1 SE for the financial year as at 31 December 2020 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 the consolidated statement of profit or loss and other comprehensive income – consisting of the consolidated statement of profit or loss and other comprehensive income, the 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 2020, as well as comparative figures for the financial year ending on 31 December 2019.

The consolidated financial statements were approved on 13 April 2021 by the Management Board of AUTO1 Group SE.

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, with the exception of share-based payments and derivative financial liabilities.

2.3 Use of estimates and judgements

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

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

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

- The determination of the term of leases (Note 4.6)
- The classification of share-based payments (Note 4.11)
- The determination of the point of revenue recognition as well as the principal vs. agent assessment for the Remarketing business (Note 4.14)
- Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax loss carryforwards can be used (Note 4.15).

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

- Fair value measurement of equity-settled share-based payment transactions
- The issuance of the convertible loan in 2020 required judgements and estimates with regard to the determination of the embedded derivatives and the measurement of these (Note 6.13).

3. Application of new and amended standards

Generally AUTO1 applies new and revised IFRS requirements only from the date at which application is mandatory. In the reporting period from January 1, 2020, the Group applied the following standards and amendments for the first time:

- Definition of Material – Amendments to IAS 1 and IAS 8
- Definition of a Business – Amendments to IFRS 3
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7
- IFRS Revised Conceptual Framework
- Covid-19-Related Rent Concessions – Amendments to IFRS 16.

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

IFRS 16 contains provisions regarding the presentation of changes in lease payments (including rent concessions) for the lessee. The lessee is required to assess each lease to determine whether the rent concessions granted constitute lease modifications and to remeasure the lease liability.

The amendment to IFRS 16 grants a practical expedient for use. This is subject to certain conditions and is limited in time. As a result of the expedient, the lessee is not required to recognise changes in leases resulting from rent concessions granted in connection with the Covid-19 pandemic under the rules for lease modifications, but rather the same way they would as if there had been no lease modifications.

The amendments are effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permissible. The lease incentives recognised in the consolidated statement of profit or loss and other comprehensive income for the reporting period amounted to KEUR 966 and mainly relate to lease agreements for office space.

Various new financial reporting standards and interpretations were issued but are not mandatory for reporting periods as at 31 December 2020 and have not been adopted early by the Group. The Group does not consider the effects of these new regulations on current or future reporting periods to be material.

4. Summary of significant accounting policies

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

4.1 Presentation

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

4.2 Basis of consolidation

The Group currently includes 60 subsidiaries in the consolidated group. 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 has power over the subsidiary, is exposed to opportunity or risk in respect of variable returns, and can influence the amount of variable returns, based on voting or other rights.

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

4.3 Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

Group companies

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

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

For consolidation, exchange rate differences arising from the translation of net investments in foreign currency are recognised in other comprehensive income.

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

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

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

	Closing rate as at		Average rate for the financial year	
Foreign currency per EUR	**31 Dec. 2020**	**31 Dec. 2019**	**2020**	**2019**
SEK	10.03	10.45	10.49	10.58
USD	1.23	1.12	1.14	1.12

4.4 Intangible assets

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

4.5 Property, plant & equipment

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

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

Property, plant & equipment	Average useful life
Buildings	5-15 years
Other operating and office equipment	3-13 years

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

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

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

4.6 Leases

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

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

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

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

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

4.7 Inventories

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

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

4.8 Financial instruments

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

Financial assets

Initial measurement of financial assets

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

Classification of financial assets

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

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

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

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

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

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

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

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. No financial assets were classified at FVTPL at AUTO1 in the financial year. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

Financial assets – Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice; this includes whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets
- how the profit/loss of the portfolio is assessed and reported to group management
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed
- how the managers are remunerated – for instance, whether the remuneration is based on the fair value of the managed assets or on the collected contractual cash flows, and
- the frequency, volume and timing of sales of financial assets in prior periods and expectations about future sales activity.

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

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

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

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

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

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

Additionally, for a financial asset acquired at a discount or premium to its contractual nominal amount, a feature that permits or requires early repayment at an amount that substantially represents the contractual nominal amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination), is treated as consistent with this criterion provided the fair value of the early repayment feature is insignificant at inception.

Cash and cash equivalents

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

Impairment of financial assets

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

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

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

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

Trade receivables

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

The Group does not consider trade receivables to be at significant risk of default as the actual invoicing does not occur until the trade receivables are paid. Until the receipt of payment for the receivables, the Group has a payment receivable from the dealers, which is offset by the Group's contractual obligation to fulfil its obligation to deliver the vehicle upon receipt of payment.

Other financial assets

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

- For financial assets for which there has not been a significant increase in credit risk since initial recognition, the Group recognises credit losses that represent the lifetime shortfalls that would result were a default to occur in the 12 months after the reporting date or a shorter period where the expected life of a financial instrument is less than 12 months.
- For those financial assets for which there has been a significant increase in credit risk since initial recognition, a loss allowance reflects credit losses expected over the remaining life of the financial asset.

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

Derecognition

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

Financial liabilities

Initial measurement of financial liabilities

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

Classification of financial liabilities

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

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

Trade and other payables

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

Financial liabilities

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

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

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

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

- The instrument includes no contractual obligation:

  i. to deliver cash or another financial asset to another company; or

  ii. to exchange financial assets or financial liabilities with another company under conditions that are potentially unfavourable for the issuer.

- Where the instrument is or can be settled in the issuer's own equity instruments, it is:

  i. a non-derivative that does not contain a contractual obligation on the part of the issuer to deliver a variable number of equity instruments, or

  ii. a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments (fixed for fixed criterion).

4.9 Provisions

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

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

4.10 Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave that are expected to be settled in full within 12 months after the end of the period in which the employees render the related performance, are recognised in respect of employees' performance up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current obligations for employee benefits under other liabilities in the statement of financial position.

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

4.11 Share-based payment

In the prior year, the Group's share-based payments consisted of cash-settled share-based payments, which were reclassified in the current financial year to equity-settled share-based payments. Settlement is contingent upon a liquidity event and vesting of the benefits is subject to service vesting conditions.

The fair value of the cash-settled share-based payments to be paid to the employees was recognised as expense with a corresponding increase in provisions over the period that the employees become unconditionally entitled to payment. The provision was remeasured at each reporting date and at settlement date. All changes in the fair value of the provision were recognised as personnel expense in the consolidated statement of profit or loss and other comprehensive income.

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

As part of their shareholder agreement, the shareholders of the Company agreed by way of resolution dated 28 October 2016 to fully release the Company from the costs of the share-based payment incurred in case of a liquidity event. The Group concluded that such an agreement meets the definition of a financial asset and thus recognises a receivable in prior years. The receivable is measured applying the same principles as the corresponding provision. The changes are reported in equity in other reserves on the basis that this is a transaction with shareholders in their capacity as shareholders. Due to the reclassification in the financial year, the receivable from the shareholders was derecognised in full (for details see Note 6.11).

4.12 Contingent liabilities

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

4.13 Contributed equity

Ordinary and preferred shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity, net of tax, under this item. Where any group company purchases the Company's equity instruments, for example in the course of a share buyback or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners as treasury shares until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable additional transaction costs and the related income tax effects, is included in equity attributable to the owners. For details see Note 6.10 Equity.

4.14 Revenue recognition

Revenue is recognised when a customer obtains control of the promised goods or services and is recognised at the amount expected by the entity in exchange for these goods or services.

Used vehicle sales to dealers (Merchant)

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

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

Dealers can choose to pick up vehicles themselves or have them delivered. Thus, transport can be ordered separately after the vehicle has been purchased at auction and represents a separate performance obligation of the Group to the dealer. Revenue is generally recognised over time, but for reasons of materiality the Group recognises revenue at a point in time.

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

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

Remarketing

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

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

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

Used vehicle sales to individual customers (Retail)

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

4.15 Income taxes

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

Current income taxes

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

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

Deferred income taxes

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

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

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

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

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

4.16 Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

4.17 Segment reporting

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

The Management Board assesses the Group's assets, liabilities, financial position and financial performance and makes strategic decisions. The Management Board, which has been identified as chief operating decision maker, consists of Hakan Koç (Founder/Co-Chief Executive Officer) (until 30 November 2020), Christian Bertermann (Founder/Chief Executive Officer) and Markus Boser (Chief Financial Officer).

4.18 Earnings per Share

Basic earnings per share

Basic earnings per share are calculated by division:

- of the profit attributable to the owners of the Company, excluding the cost of servicing equity other than ordinary shares,
- by the weighted average number of ordinary shares outstanding in the financial year, adjusted for bonus shares issued in the financial year and excluding treasury shares.

Diluted earnings per share

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

- the after-tax effect of interest and other financing expenses related to the dilution of potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming conversion of all diluted potential ordinary shares in circulation.

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

5.1 Revenue

KEUR	1 Jan. 2020 31 Dec. 2020	1 Jan. 2019 - 31 Dec. 2019
Dealer platform (Merchant)	2,697,050	3,394,550
Retail business (Retail)	132,603	81,412
Total revenue	**2,829,653**	**3,475,962**

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

Due to the Covid-19 crisis, revenue in the reporting period decreased by 18% year on year.

5.2 Cost of materials

KEUR	1 Jan. 2020 31 Dec. 2020	1 Jan. 2019 - 31 Dec. 2019
Cost of purchased vehicles	(2,450,235)	(3,038,197)
Other cost of materials	(93,509)	(95,231)
Total	**(2,543,744)**	**(3,133,428)**

Cost of materials decreased in proportion to the revenue of the Group.

5.3 Other operating income

Other operating income mainly consists of income from the refund of NOVA tax for the prior year, as well as current vehicle taxes and currency translation gains.

5.4 Personnel expenses

KEUR	1 Jan. 2020 31 Dec. 2020	1 Jan. 2019 - 31 Dec. 2019
Wages and salaries	(121,987)	(151,642)
Social security contributions	(28,661)	(35,443)
Cash-settled share-based payments	108,500	(36,946)
Equity-settled share-based payments	(103,063)	-
Other	(4,525)	(4,815)
Total	**(149,736)**	**(228,846)**

The decrease in personnel expenses is primarily attributable to the Covid-19 pandemic and the associated short-time working. In addition, the change in the measurement of cash-settled share-based payments to equity-settled share-based payments had a positive effect on personnel expenses (see Note 6.11).

Contributions to defined contribution plans amounted to KEUR 10,863 in financial year 2020 (PY: KEUR 11,887).

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

	2020	2019
Employees	4,066	4,375
Executive staff	45	43
Total	**4,111**	**4,418**

5.5 Other operating expenses

KEUR	1 Jan. 2020 31 Dec. 2020	1 Jan. 2019 - 31 Dec. 2019
Marketing costs	(78,103)	(122,673)
Internal logistics costs	(33,270)	(45,005)
Expenses relating to other periods	(19,691)	(7,804)
Legal and consulting	(17,925)	(6,521)
Impairment on receivables	(760)	(495)
Other expenses	(32,499)	(35,574)
Total	**(182,248)**	**(218,072)**

The reduction in other operating expenses is mainly attributable to the Covid-19 crisis, whereby marketing and internal logistics costs as well as IT costs decreased. On the other hand, legal and consulting costs increased compared to the prior year due to the planned IPO. A non-recurring effect from the correction resulting from the derecognition of liabilities from the prior year was recognised in prior-period expenses. Other expenses include, among other things, costs for IT, costs for insurance, duties and contributions, and costs for freelancers.

5.6 Finance income and finance costs

KEUR	1 Jan. 2020 31 Dec. 2020	1 Jan. 2019 - 31 Dec. 2019
Interest income and other finance income		
Interest income	24	417
Other finance income	-	233
Total	**24**	**650**
Interest expense and other finance costs		
Interest expenses	(55,016)	(6,360)
Other interest and similar expenses	-	-
Total	**(55,016)**	**(6,360)**
Other financial result	**(22,248)**	**-**
Financial result	**(77,240)**	**(5,710)**

The interest expenses mainly consist of accrued interest on the convertible loan as well as for the credit facility and lease liabilities.

In financial year 2020, the effective interest expense of the convertible loan in the amount of KEUR 33,275 is recognised under interest expenses. Other financial result includes the fair value measurement of the derivative amounting to KEUR 22,428.

5.7 Income taxes

Income tax expense in consolidated statement of profit or loss

KEUR	1 Jan. 2020 31 Dec. 2020	1 Jan. 2019 - 31 Dec. 2019
Deferred tax expense	83	(81)
Current tax expense (current year)	(1,534)	(2,044)
Current tax expense (changes in estimates related to prior years)	(342)	-
Total	**(1,793)**	**(2,125)**

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

The effective income tax expense is reconciled as follows:

KEUR	1 Jan. 2020 31 Dec. 2020	1 Jan. 2019 - 31 Dec. 2019
Earnings before tax	(141,849)	(119,140)
Income tax rate (of Parent Company)	30.175%	30.175%
Income tax at the income tax rate	42,803	35,951
Increase/(decrease) in income tax expense due to:		
Effect of deviations between domestic and foreign tax rates	(34)	(10)
Effect of non-deductible expenses for tax purposes / tax-exempt income	(6,501)	(3,827)
Effect of non-recognition of deferred tax assets on tax loss carry forward	(21,775)	(21,934)
Effect of non-recognition of deferred tax assets on temporary differences	(14,836)	(12,007)
Taxes for previous years	(1,527)	-
Other differences	77	(297)
Total tax income (+) / expenses (-)	**(1,793)**	**(2,125)**
Effective tax rate	(1.264%)	(1.784%)

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 at 1 Jan. 2020	**121**	**121**
Additions	113	113
Gross carrying amount as at 31 Dec. 2020	**234**	**234**
Accumulated amortisation as at 1 Jan. 2020	**78**	**78**
Additions	31	31
Accumulated amortisation as at 31 Dec. 2020	**109**	**109**
Net carrying amounts as at 31 Dec. 2020	**125**	**125**

KEUR	Acquired intangible assets	Total
Gross carrying amount as at 1 Jan. 2019	**114**	**114**
Additions	17	17
Reclassifications	(8)	(8)
Disposals	2	2
Gross carrying amount as at 31 Dec. 2019	**121**	**121**
Accumulated amortisation as at 1 Jan. 2019	**78**	**78**
Additions	10	10
Reclassifications	(8)	(8)
Disposals	2	2
Accumulated amortisation as at 31 Dec. 2019	**78**	**78**
Net carrying amounts as at 31 Dec. 2019	**43**	**43**

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

6.2 Property, plant and equipment

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

KEUR	Land and buildings	Other equipment	Right-of-use assets	Total
Gross carrying amount as at 1 Jan. 2019	**555**	**6,950**	**79,326**	**86,831**
Additions	185	3,359	25,769	**29,313**
Reclassifications	(78)	78	-	**-**
Disposals	-	683	14,115	**14,798**
Foreign currency translation differences	15	(25)	(30)	(39)
Gross carrying amount as at 31 Dec. 2019	**677**	**9,679**	**90,950**	**101,306**
Accumulated depreciation as at 1 Jan. 2019	**181**	**2,964**	**37,015**	**40,160**
Additions	49	2,113	18,449	**20,611**
Reclassifications	(12)	12	-	**-**
Disposals	**-**	212	14,278	**14,490**
Foreign currency translation differences	(42)	-	(1)	**(43)**
Accumulated depreciation as at 31 Dec. 2019	**176**	**4,877**	**41,185**	**46,238**
Net carrying amounts as at 31 Dec. 2019	**502**	**4,802**	**49,765**	**55,069**

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

6.3 Leases

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

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

KEUR	1 Jan. 2020 31 Dec. 2020	1 Jan. 2019 - 31 Dec. 2019
Depreciation expense for right-of-use assets	(21,789)	18,449
Interest expense for lease liabilities	(1,650)	1,690
Total	**(23,439)**	**20,139**

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

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

KEUR	31 Dec. 2020	31 Dec. 2019
Maturity analysis – Contractual undiscounted cash flows		
< 1 year	16,007	16,196
1 - 5 years	30,028	32,599
> 5 years	2,907	6,228
Total undiscounted lease liabilities as at 31 Dec.	**48,942**	**55,023**
Lease liabilities in the statement of financial position as at 31 Dec.	**47,454**	**51,260**

The payments for the leases during the reporting and comparative periods are disclosed in the statement of cash flows under financing activities.

6.4 Deferred taxes

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

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

Deferred tax assets and liabilities are as follows:

KEUR	31 Dec. 2020	31 Dec. 2019
Deferred tax assets	6,380	10,639
Deferred tax liabilities	(4,757)	(10,049)
Net deferred taxes recognised	**1,623**	**590**

Deferred taxes by assets and liabilities in respect of temporary differences as at 31 December 2020 are as follows:

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

Deferred taxes according to assets and liabilities related to temporary differences as at 31 December 2019 are as follows:

KEUR	31 Dec. 2019 Deferred tax assets	31 Dec. 2019 Deferred tax liabilities
Property, plant and equipment*	-	-
Inventories	-	(10,049)
Financial liabilities (non-current)*	-	-
Other liabilities (non-current)	10,049	-
Other provisions (current)	589	-
Other liabilities (current)	1	-
Total temporary differences	**10,639**	**(10,049)**
Total	**10,639**	**(10,049)**
Offsetting	**(10,049)**	**10,049**
Total after offsetting	**590**	**-**

* reporting on a net basis of IFRS 16 positions

Deferred tax assets have not been recognised in respect to the following temporary differences (gross amount) as it is not probable that future taxable profit will be available for use by the Group.

KEUR	31 Dec. 2020	31 Dec. 2019
Other assets	28,246	-
Other provisions	202	-
Financial liabilities	690	1,487
Other liabilities	22,612	112,294
Total	**51,751**	**113,781**

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

KEUR	31 Dec. 2020	31 Dec. 2019
Tax loss carry forward	401,809	380,940
Interest carry forward	36,280	12,186

As at 31 December 2020, no deferred tax liability related to investments in subsidiaries has been recognised as the Group controls the timing of the reversal of the related taxable temporary differences. A reversal of the taxable temporary differences is not planned by management in the foreseeable future. As at 31 December 2020, taxable temporary differences relating to investments in subsidiaries amounted to KEUR 591 (PY: KEUR 0).

6.5 Inventories

The vehicle inventory is pledged as collateral for liabilities to financial institutions (see Note 6.13). However, the previous credit line was fully repaid by 31 December 2020, and the new credit line was not drawn until 2021. The potential utilization of the previous credit line („borrowing base") is determined, among other things, on the basis of inventories and amounted to KEUR 139,863 as at 31 December 2020 (31.12.2019: KEUR 179,849). For information on liabilities to financial institutions, please refer to Note 6.13.

Inventories include vehicle stock of KEUR 209,435 as at 31 December 2020 (2019: KEUR 248,115). For a breakdown of inventories by Merchant and Retail segments, please refer to Note 10. Inventories were successively reduced in the second quarter of the financial year to reduce the risks arising from the Covid-19 crisis.

Inventories recognised in cost of materials amounted to KEUR 2,450,965 in 2020 (2019: KEUR 3,133,428).

Inventories were reduced by KEUR 7,471 during 2020 (2019: KEUR 8,202) due to a write-down to net realisable value. This devaluation was recognised as expense in the respective year. A write-down of KEUR 731 was reversed following a change in estimates (2019: KEUR 1,093). The write-down for 2020 includes a Covid-19 factor of 1.75%, meaning that an additional write-down of 1.75% on the net purchase price of the vehicle inventory was recognised due to the pandemic.

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

6.6 Trade and other receivables

KEUR	31 Dec. 2020	31 Dec. 2019
Trade receivables	18,999	43,458
Other receivables	5,803	3,360
Total	**24,802**	**46,818**

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

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

6.7 Other financial assets

KEUR	31 Dec. 2020	31 Dec. 2019
Other non-current financial assets		
Receivables from shareholders in respect of share-based payments	-	108,500
Loan to AUTO1 FT GmbH	-	5,628
Deposits	4,516	4,590
Total	**4,516**	**118,718**
Other current financial assets		
Deposits	1,266	816
Total	**1,266**	**816**

AUTO1 has an agreement with its shareholders to reimburse AUTO1 for its obligations under the share-based payments. AUTO1 recognises an asset with respect to this reimbursement right measured in the same amount as the corresponding liability for share-based payments. The remeasurements are recognised under the share-based payment reserve. Due to the reclassification in the financial year, the receivable from the shareholders was derecognised in full (for details see Note 6.11).

The Group had receivables from associates (AUTO1 FT GmbH) as at 31 December 2019. These receivables represent a long-term loan granted by the Group for trade in vehicles and the provision of vehicle-related services as part of sales in the Merchant segment. In the current reporting period, an impairment loss of KEUR 5,682 was recognised relating to these receivables, i.e. the receivable was fully impaired.

Deposits consist mainly of security deposits for lease agreements.

6.8 Other assets

Other assets mainly comprise VAT receivables and prepaid expenses for rent, insurance, advertising campaigns, as well as accrued IPO costs and fees for the new credit line.

6.9 Cash and cash equivalents

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

6.10 Equity

AUTO1 Group SE was founded in 14 May 2018.

	Ordinary shares	Series A shares	Series A1 shares	Series B shares	Series C shares	Series D shares	Series E shares	Series 1 shares	Series 1a shares
At 14 May 2018	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Issued for cash	120,000	-	-	-	-	-	-	-	-
Issued for cash with premium in kind	1,153,857	65,331	309,825	342,618	440,793	358,467	605,526	24,348	-
As at 31 Dec. 2018	**1,273,857**	**65,331**	**309,825**	**342,618**	**440,793**	**358,467**	**605,526**	**24,348**	**-**
As at 31 Dec. 2019	**1,273,857**	**65,331**	**309,825**	**342,618**	**440,793**	**358,467**	**605,526**	**24,348**	**-**
Issued for cash	-	-	-	-	-	-	-	-	33,004
Issued for payment in kind	8,594	-	-	-	-	-	-	-	-
As at 31 Dec. 2020	**1,282,451**	**65,331**	**309,825**	**342,618**	**440,793**	**358,467**	**605,526**	**24,348**	**33,004**

The ordinary shares (as defined in the shareholders' agreement, i.e. different from the definition of ordinary shares according to IAS 33), and Series A to E shares are no-par-value shares and have been fully paid since 2018. All ordinary shares are of equal ranking with respect to the Company's residual assets. The holders of these shares are entitled to dividends declared from time to time and are entitled to one vote per share at the shareholder meetings of the Company. In general, the sale of shares requires the approval of the Company.

On 15 December 2020, the Company's shareholder meeting resolved to increase the Company's share capital against contributions in kind by 8,594 new registered ordinary shares as no-par-value shares. The contribution in kind consisted of 365 shares in WKDA FRSM UG (limited liability) with registered office in Berlin, an indirect subsidiary of the Company. The capital increase was entered into the commercial register of the Munich District Court on 18 December 2020.

The Series 1 shares are no-par-value shares that have been fully paid up since 2018. The Series 1 shares are part of an equity-settled share-based payment arrangement and are subject to a specified vesting period. The vesting period was closed in 2020. All Series 1 shares are of equal ranking with regard to the Company's residual assets. The holders of these shares are entitled to one vote per share at the Company's shareholder meetings, irrespective of their vesting. Series 1 shares participate in dividends, including from liquidity events, only when the cumulative dividends distributed to other share classes amount to EUR 358.41 per share. The sale of vested shares is possible but generally requires the Company's approval. In the event of an IPO, the shares are subject to conversion into ordinary shares of the Company.

The Series 1a shares are no-par-value shares that have been fully paid up. The Series 1a shares are part of an equity-settled share-based payment arrangement and are subject to a specified vesting period. All Series 1a shares are of equal ranking with regard to the Company's residual assets. The holders of these shares are entitled to one vote per share at the Company's shareholder meetings, irrespective of their vesting. Series 1a shares participate in dividends and payments from liquidity events, only when the cumulative dividends distributed to other share classes amount to EUR 587.00 per share. The sale of vested shares is possible, but generally requires the Company's approval. In the event of an IPO, the shares are subject to conversion into ordinary shares of the Company.

Dividend entitlement of the share classes in the event of a liquidity event

If the proceeds received by the Company in a liquidity event are distributed to shareholders by way of dividend or in the event of a liquidation of the Company, the holders of the Series A to E shares as well as the ordinary shares receive a dividend and liquidation preference compared to the Series 1 and 1a shares, respectively. Each share class also has an individual liquidation preference. Liquidity events in this context are a sale of 50% or more of the shares in AUTO1 Group AG to a single party, the transfer of (substantially) all of the Group's assets and the liquidation of the Company or the AUTO1 Group AG. The distribution of the proceeds from such cases to the shareholders would be determined according to a multi-level distribution mechanism. At each level, the amount to be distributed in each case to a specific share class and its distribution to the holders of the respective shares of these classes is determined by the past contributions by the holders of the respective share class to the share capital and the capital reserve or the purchase price paid by the holders of the respective share class („total capital"). If the (residual) proceeds to be distributed to the respective levels are not sufficient to cover the entire total capital, the remaining proceeds are distributed to the holders of eligible share classes on a pro rata basis. The levels are as follows:

Level	Entitled share class
1	Series E, Series D, Series C
2	Series B, Series A1, Series A, Ordinary shares
3	Series A1
4	Series A
5	Ordinary shares
6	Series D, Series C, Series B, Series A1, Series A, Ordinary shares, Series 1, Series 1a

The distribution of proceeds to shareholders is subject to a share class-specific threshold. If the holders of Series E shares for a pro rata distribution of the proceeds among all shareholders were to individually receive at least an amount corresponding to their respective individual total investment plus declared and unpaid dividends, the preferential rights from the multi-level distribution mechanism set out above do not apply and the proceeds from the liquidity event are distributed pro rata among all shareholders.

If a distribution relating to shares in the Company is not a distribution of proceeds from a liquidity event, the amount of the proceeds distributed to levels 1 to 5 in a subsequent liquidity event is reduced accordingly.

6.11 Share-based payment

I. Incentive program for virtual shares

Terms

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

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

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

The Group recorded the virtual share programme as a cash-settled share-based payment until 30 September 2020 and recognised a corresponding liability. The liability as at 30 September 2020 was derecognised, while the new value was recognised in equity based on the grant dates for the respective share-based payment agreements (KEUR 97,913). The difference was recognised in profit or loss under personnel expenses. In addition, a portion of the obligation under the incentive program for virtual shares of a beneficiary were modified in exchange for an investment in AUTO1 Group SE in the financial year by granting an additional incentive related to future activity within the Company.

The expense for the remaining vesting period is therefore to be determined based on the fair value of the virtual shares measured at the original grant date. The original grant date for the equity-settled remuneration in the case of the virtual share incentive program relates to the effective date of the amendment to the respective side letter, as this legally introduced the option regarding the settlement of shares.

By shareholder resolution of AUTO1 Group GmbH dated 18 October 2016, the shareholders agreed that the Company is fully released from the costs that the Company incurs under the virtual share incentive program in the event of rights to virtual shares being exercised at the time of a liquidity event pro rata in proportion to their participation in the Company's share capital. In the prior year, AUTO1 recognised a financial asset with regard to this reimbursement right (see Note 6.7). In the event of an IPO, the reimbursement right vis-à-vis shareholders does not apply if the Company receives own proceeds from the IPO, i.e. from the issue of new shares. As a result of the above change, the financial asset resulting from the shareholder reimbursement has been fully derecognised through other comprehensive income.

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

KEUR	
Share-based payment as at 1 Jan. 2020	**108,500**
+ Remeasurement of shareholder receivables	23,027
- Derecognition of shareholder receivables	(131,527)
+ Recognition of share-based payment (equity-settled)	103,063
Share-based payment as at 31 Dec. 2020	**103,063**

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

KEUR	31. Dez. 2020	31. Dez. 2019
Total carrying amount of provisions	-	108,500
Total intrinsic value of vested benefits	-	100,962

The fair value of the liabilities at each reporting date until 31 December 2019 was measured using an option pricing approach by running a Monte Carlo Simulation that takes into account the exercise price, the term of the virtual shares, the impact of liquidity preferences, the share price at each reporting 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 a defined peer group of companies.

The following parameters were used to determine the carrying amount of the liabilities:

	31 Dec. 2020	31 Dec. 2019
Risk-free rate	-	0%
Expected term in years	-	1.50
Unlevered volatility	-	17%
Exercise price	-	33.87
Expected dividend	-	0%
Share price	-	1,011
Fair value of virtual share	-	708

The share-based payment liability is remeasured through profit or loss at each reporting date until 31 December 2019 in the amount in which the beneficiaries have rendered services up to the reporting date. Total expenses that have arisen from share-based payment transactions were recognised in the statement of profit or loss.

Measurement of the fair values

Due to reclassification, the expense for the incentive program is measured based on the fair values as at the grant date. The fair value was measured using a simulation-based option pricing model. The fair value measurement was based on the following significant inputs for grant dates in Q4 2020: a share price of EUR 1,155 (starting point for the simulation-based option value calculation), a volatility of 25%, a weighted average exercise price of EUR 122, a risk-free interest rate of 0% and a dividend yield of 0%. Expected volatility was derived from the historical volatility of peer group companies. 1 February 2021 (expected date of the IPO) was taken as the relevant date for deriving the number of shares to be received by the respective beneficiary. The options can only be actually exercised after the respective vesting period has expired. The weighted average term of the virtual shares granted in the Q4 2020 is 45 months. The measurement resulted in a weighted average fair value of EUR 880 per virtual share.

The virtual shares outstanding as at 31 December 2020 have a weighted average exercise price of EUR 91 and a weighted average outstanding vesting period of 13 months.

Reconciliation of outstanding virtual shares

	2020	
	Number of virtual shares	**Weighted-average exercise price**
Outstanding on 1 January	**73,100**	**70**
Forfeited during the period	0	n/a
Granted during the period	14,608	197
Exercised during the period	-	n/a
Outstanding on 31 December	**87,708**	**91**
Exercisable on 31 December	-	n/a

New incentive program – Individual agreement

One beneficiary received an investment in AUTO1 Group SE through the issue of 8,594 no-par-value ordinary shares with a pro rata amount of the share capital of EUR 1.00 per share in exchange for renouncing their entitlements under the virtual share incentive program. Of the new 8,594 shares, 5,972 shares are already vested at the grant date, resulting in only the remaining 2,622 shares being subject to vesting. Of these shares, 1,669 shares are subject to vesting over time and a further 953 shares are subject to additional performance conditions. One third of the shares is vested after a period of more than 12 months, two thirds are vested after a period of more than 24 months and fully after a period of more than 36 months. In accordance with IFRS 2.28(c), this is a modification as new awards are to be regarded as a replacement for the previous awards under the incentive program. This requires that the old award is recognised as before and any additional benefit granted by the new award (incremental fair value) is additionally recognised as expense from the modification date. The incremental fair value is the difference between the fair value of the original programmes and the fair value of the new programme, both measured at the date of modification. In the course of modification, an additional fair value of KEUR 198 was recognised directly at the date of modification. Furthermore, additional fair value of KEUR 2,271 is distributed over a vesting period of 36 months.

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

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

II. Restricted Stock Units (RSU)

Terms

Selected executives were granted restricted stock units in 2017, which were also classified as cash-settled virtual shares as described above. The vesting of these restricted stock units is solely contingent upon (i) a successful IPO or (ii) the sale of more than 50% of outstanding shares of the Company that generates certain multiples of proceeds and internal rates of return based on a prior funding round. These market performance conditions are incorporated into the fair value calculation at each reporting date. The provision for the restricted stock units amounted to KEUR 1,341 as at 31 December 2019.

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

Measurement of the fair values

Due to the reclassification, the expense for the restricted stock units is measured based on the fair values as at the grant date. The fair value was measured using a simulation-based option pricing model. The fair value measurement was based on the following significant inputs: a share price of EUR 789 (starting point for the simulation-based option value calculation), a volatility of 18% and a risk-free interest rate of 0%. Depending on the enterprise value achieved in the event of a successful IPO or sale of more than 50% of the outstanding shares of the Company, a grant of up to 3.75% of the outstanding shares of the Company was assumed. Expected volatility was derived from the historical volatility of peer group companies. The measurement resulted in a total fair value of KEUR 338 for the restricted stock units.

III. Shares - Member of the Management Board

Terms

In March 2020, one Management Board member was granted a further investment as an additional incentive relating to future activity as Member of the Management Board within the Group. The incentive was implemented by issuing 33,004 new registered no-par-value Series 1a shares with a nominal value of EUR 1.00 each. In the event of a dividend or an exit payment, Series 1a shares are subject only to a dividend/exit payment if the agreed negative liquidity preference is exceeded (for details see Note 6.10). The shares have a vesting period of 48 months with certain conversion rights into ordinary shares in the event of an IPO. The incentives granted relate to settlement in equity instruments. The incentives are therefore classified as equity-settled share-based payments. The expense is recognised on the basis of the respective vesting period and is recorded in equity.

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

Measurement of the fair values

The fair value was measured at the grant date of the shares using a simulation-based option pricing model. The fair value measurement was based on the following significant inputs: a share price of EUR 1,011 (starting point for the simulation-based option value calculation), a volatility of 19%, a negative liquidity preference of EUR 587 per share, a risk-free interest rate of 0% and a dividend yield of 0%. Expected volatility was derived from the historical volatility of peer group companies. The measurement according to IFRS 2 resulted in a fair value of EUR 404 per share.

According to IFRS 2, the shares outstanding as at 31 December 2020 have a weighted average exercise price of EUR 490 and a weighted average remaining contractual term of 22 months.

Reconciliation of the shares - Member of the Management Board

	2020	
	Number of shares	Weighted-average exercise price
Shares on 1 January	**24,348**	**358**
thereof fully vested	*22,826*	*n/a*
Forfeited during the period	0	n/a
Granted during the period	33,004	587
Outstanding on 31 December	**57,352**	**490**
thereof fully vested	*30,536*	*n/a*

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

Terms

In December 2020, another Management Board member was granted subscription rights to shares in the Company under a new long-term remuneration programme (Long-Term Incentive Plan 2020) as incentive related to future service as member of the Management Board within the Group. Contingent capital was created to service the share options. The incentive was implemented by granting 150,000 share options with subscription rights on up to 132,498 ordinary shares. Vesting takes place in 20 equal tranches at the end of each calendar quarter. The share options are converted into shares in the event of a successful IPO. In addition to vesting, the exercise of the share options is subject to a vesting period and defined performance conditions. The incentives granted relate to settlement in equity instruments. The incentives are therefore classified as equity-settled share-based payments. The expense is recognised on the basis of the respective vesting period and is recorded in equity.

Measurement of the fair values

The fair value was measured at the grant date of the subscription rights using a simulation-based option pricing model. The fair value measurement was based on the following significant inputs: a share price of EUR 765 (fully diluted share price as starting point for the simulation-based option value calculation), a volatility of 25%, a fixed exercise price of EUR 788, a remaining vesting period until 31 December 2024 (for 120,000 share options) or 31

December 2025 (for 30,000 share options), a subsequent exercise period window until 31 December 2027 and a risk-free interest rate of 0%. Expected volatility was derived from the historical volatility of peer group companies. The measurement resulted in a weighted average fair value of EUR 33 per subscription right.

The outstanding subscription rights to shares as at 31 December 2020 have an exercise price of EUR 788 and a weighted average remaining contractual term of 50 months.

Reconciliation of outstanding subscriptions rights

	2020	
	Number of Options	**Weighted-average exercise price**
Outstanding on 1 January	**n/a**	**n/a**
Forfeited during the period	-	-
Granted during the period	150,000	788
Exercised during the period	-	-
Outstanding on 31 December	**150,000**	**788**
Exercisable on 31 December	-	-

6.12 Provisions

KEUR	**1 Jan. 2020**	**Utilisation**	**Reversal**	**Additions**	**31 Dec. 2020**
Provisions for litigation	**736**	29	249	1,246	**1,704**
Warranties for vehicles	**2,296**	1,034	1,262	919	**919**
Other provisions	**95**	-	-	4,500	**4,595**
Total	**3,127**	**1,063**	**1,511**	**6,665**	**7,218**

Provisions for vehicles were mainly formed in connection with warranties.

6.13 Financing liabilities

AUTO1 Group SE issued a subordinated convertible loan for KEUR 255,000 on 13 February 2020. Depending on the occurrence of certain events, the loan is convertible into ordinary shares of AUTO1 Group SE at the discretion of the lender or is repayable on 13 February 2025 if certain events occur. The convertible loan contains several embedded derivatives in the form of a conversion right, a cash settlement option and other advance payment options. Due to their interdependence, the various embedded derivatives are presented as a single instrument and separated from the host contract. The final exercise price of the conversion right depends on the outcome of certain events and is linked to the IPO placement price. The conversion price as at the reporting date therefore varies.

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

The convertible loan is recognised in the consolidated statement of financial position as follows:

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

KEUR	31. Dec. 2020	31. Dec. 2019
Financial liabilities (non-current)		
Convertible loans	323,470	-
Liabilities to financial institutions	-	151,022
Total	**323,470**	**151,022**
Financial liabilities (current)		
Liabilities to financial institutions	-	20,000
Interest and fees accrued	101	374
Total	**101**	**20,374**

Liabilities to financial institutions in the prior year relate to a facility agreement which was agreed with six banks, a term of three years and a credit line totalling KEUR 235,000. The collateral for these credit lines is provided by 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 the blanket assignment of receivables in the amount of EUR 226,158. The credit line agreements were repaid in full as at 31 December 2020. Current financial liabilities include commitment interest of 0.5% p.a. for the undrawn portion of the credit line amounting to KEUR 101 as at 31 December 2020.

6.14 Trade and other payables

Trade and other payables are unsecured.

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

6.15 Other financial liabilities

KEUR	31 Dec. 2020	31 Dec. 2019
Other non-current financial liabilities		
Lease liabilities	31,591	36,323
Other	21	-
Total	**31,612**	**36,323**
Other current financial liabilities		
Lease liabilities	15,863	14,938
Other	3	2,599
Total	**15,865**	**17,537**

Further information regarding leases is presented in Note 6.3.

6.16 Other liabilities

KEUR	31 Dec. 2020	31 Dec. 2019
Other non-current liabilities		
Personnel-related liabilities	1,462	2,083
Total	**1,462**	**2,083**
Other current liabilities		
Personnel-related liabilities	18,901	19,331
Contract liabilities	25,550	39,965
Other	4,232	838
Total	**48,683**	**60,134**

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

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

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

7. Notes to the consolidated statement of cash flows

The non-cash changes in financial liabilities mainly relate to the subsequent measurement of the convertible loan embedded derivative and the effective interest expense.

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

KEUR	31 Dec. 2019	Cash outflows	Cash inflows	Accrued interest expense (non-cash)	Interest expense paid (cash outflow)	Additions/ disposals (non-cash)	Changes in foreign exchange rates	1 Jan. 2019
Financing liabilities	171,396	(45,000)	146,000	4,670	(4,921)	427	-	70,220
Lease liabilities	51,260	(18,291)	-	1,690	-	24,187	(9)	43,683
Total	**222,656**	**(63,291)**	**146,000**	**6,360**	**(4,921)**	**24,614**	**(9)**	**113,903**

The non-cash changes in financial liabilities mainly relate to the subsequent measurement of the convertible loan embedded derivative and the effective interest expense.

In order to present more reliable and relevant information in accordance with IAS 8.13(b) in the consolidated statement of cash flows of AUTO1 Group SE, the Company no longer opts for net presentation in accordance with IAS 7.22 et seqq. since financial year 2020 and has selected gross presentation of cash inflows and outflows relating to liabilities to banks. The corresponding prior-year figure in the consolidated statement of cash flows has been adjusted.

8. Notes to the consolidated statement of changes in equity

Subscribed capital and capital reserve

Number of shares	31 Dec. 2020	31 Dec. 2019
Issued on 1 January	**3,420,765**	**3,420,765**
Issued during the year	41,598	-
Issued on 31 December	**3,462,363**	**3,420,765**
Authorised capital – nominal amount in EUR	**3,560,385**	**3,518,787**

The issued shares are ordinary shares, Series A to E shares as well as shares of Series 1 and Series 1a entitling their holders to the Company's residual assets and to one vote per share at shareholder meetings. The shares were issued in exchange for cash.

The capital reserve comprises the equity accruing to the Company in excess of the share capital as premium from shareholders.

In February 2020, one Management Board member was granted a further investment as an additional incentive related to future service as a Member of the Management Board within the Group. The incentive was implemented by issuing 33,004 new registered no-par-value Series 1a shares with a nominal value of EUR 1.00 each. For further details see Note 6.10 and 6.11.

On 15 December 2020, the Company's shareholder meeting resolved to increase the Company's share capital against contributions in kind of EUR 8,594.00 by issuing 8,594 new registered ordinary shares as no-par-value shares. The contribution in kind consisted of 365 shares in WKDA FRSM UG (limited liability) with registered office in Berlin, an indirect subsidiary of the Company. The capital increase was entered into the commercial register of the Munich District Court on 18 December 2020.

Nature and purpose of other reserves

Currency translation reserve

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

Other equity reserves

Until 30 September 2020, these reserves related to the changes in the receivable from the shareholders of the Company (presented as asset) in respect of the reimbursement right for the share-based payments and as at 31 December 2020 on equity-settled share-based payments (see Note 6.11).

9. Financial instruments

Financial instruments of the Group comprise the following financial assets and financial liabilities including their level in the fair value hierarchy. 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 have occurred that would have had a material effect on the fair value of these instruments since their initial recognition. An exception is the convertible loan, which is recognised under financial liabilities. The fair value of the loan component is measured by discounting all future cash flows, taking into account the respective remaining term and an AUTO1 appropriate credit risk premium. By contrast, the description of the valuation method for the determination of the fair value of the embedded conversion right is in section valuation technique. Financial assets are all measured at amortised cost.

31 Dec. 2020

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

31 Dec. 2019

KEUR	Measurement category	Carrying amount	Fair value	Fair value hierarchy
Financial assets				
Other non-current financial assets		118,718		
of which due from shareholders	*No measurement category pursuant to IFRS 9*	*108,500*		*3*
of which other non-current financial assets	*Measured at amortised cost*	*10,218*		*2*
Trade and other receivables	*Measured at amortised cost*	46,818	n/a	n/a
Other current financial assets	*Measured at amortised cost*	816	n/a	n/a
Cash and cash equivalents	*Measured at amortised cost*	57,599	n/a	n/a
Financial liabilities				
Non-current financial liabilities		187,345		
thereof financial liabilities	*Measured at amortised cost*	*151,022*		*2*
of which lease liabilities	*No measurement category pursuant to IFRS 9*	*36,323*	*n/a*	*n/a*
Trade and other payables	*Measured at amortised cost*	52,059	n/a	*n/a*
Other current financial liabilities		37,911		
thereof financial liabilities	*Measured at amortised cost*	*20,374*		*2*
of which lease liabilities	*No measurement category pursuant to IFRS 9*	*14,938*	*n/a*	*n/a*
of which other current financial liabilities	*Measured at amortised cost*	*2,599*		*2*

Non-current receivables from shareholders represent reimbursements in cash and are accordingly classified as financial assets. They are not within the scope of IFRS 9 and are consequently not measured as a financial instrument. Instead, they are measured at the same value as the provision for share-based payment. A change in scenario against the background of the modification in 2019 led to a reclassification of the cash-settled share-based payment and a corresponding derecognition of the receivables in financial year 2020. See Note 6.11 for details:

The net income from financial instruments comprises the following:

31 Dec. 2020

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

31 Dec. 2019

KEUR	Interest	Impairment	Gain (+) / loss (-) from measurement	Total
Financial assets at amortised cost	650	(495)	-	155
Financial liabilities at amortised cost	(4,670)	-	-	(4,670)
Net income	**(4,020)**	**(495)**	**-**	**(4,515)**

The following section presents the valuation technique used to measure Level 3 fair values as at 31 December 2020 (31 December 2019: n/a) for financial instruments measured at fair value in the statement of financial position (derivative financial liability for conversion right, see Note 6.13) and the significant unobservable inputs used:

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

The following table shows a reconciliation of Level 3 fair values for financial year 2020 (PY: n/a):

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

Assuming a refinancing rate of 14.8%, possible changes in the refinancing rate as at 31 December 2020, with all other inputs held constant, would have the following effects on the fair value of the embedded derivative:

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

Management of financial risk

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

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

Credit risk

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

The exposure to credit risk with commercial counterparties of the Group is limited to the extent that cash is received as prepayment. Otherwise, impairment losses, albeit small, are recognised. The impairment loss amounted to KEUR 760 in the reporting period (2019: KEUR 495). If the prospect of recovery is classified as very low, such receivables are written off. The write-off represents a derecognition event.

As the impairment losses are immaterial, AUTO1 Group SE does not disclose this amount in a separate line item in the consolidated statement of profit or loss and other comprehensive income.

Due to the short payment term, there is no significant need to recognise impairment losses on trade receivables.

The Group had cash and cash equivalents of KEUR 157,251 as at 31 December 2020 (PY: KEUR 57,599). The cash and cash equivalents are deposited at banks or financial institutions that have high credit ratings from international rating agencies.

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

As at 31 December 2020, the impairment loss amounts to KEUR 0 (2019: KEUR 0).

The carrying amount of the financial assets represents the Group's maximum exposure to credit risk. Trade receivables amounted to KEUR 24,802 in the financial year (PY: KEUR 46,818). Other financial assets amounted to KEUR 1,266 for current other financial assets (PY: KEUR 816) and KEUR 4,516 for non-current financial assets (PY: KEUR 118,718) in the financial year. In addition, the Group holds investments accounted for using the equity method in the amount of KEUR 5 as at 31 December 2020. (PY: KEUR 5). Financial assets are not offset in the statement of financial position. In addition, there is no off-balance-sheet potential for offsetting due to any global netting agreements.

Market risk

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

The Group is not exposed to any interest rate risk since the credit line had not been used as at 31 December 2020. The interest rate risk only applies to the refinancing rate used to measure the fair value of the embedded derivative (see sensitivity analysis above).

The price risk from remeasurement of the receivable from shareholders is exactly the same as that of the corresponding share-based payment liability described in Note 6.11. The receivables were derecognised in the financial year.

Liquidity risk

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

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

The Group aims to keep cash and cash equivalents at a level that is above the expected cash outflows for financial liabilities. The Group also monitors the level of expected inflows from trade and other receivables together with expected outflows for trade and other payables. As at 31 December 2020, the expected cash flows from trade and other receivables due within two months amounted to KEUR 24,802 (PY: KEUR 45,048). This does not include potential effects from extreme circumstances (for instance natural catastrophes), which cannot be reasonably predicted.

In addition, the Group has a secured credit facility of EUR 235 million. Interest is charged at 3% plus EUROLIBOR, with a floor of 0.00 basis points for the portion of the credit facility drawn. In addition, commitment interest of 0.50% is due on the undrawn portion of the credit facility. When using the credit facility is secured with the current inventory. The credit line was repaid in full as at 31 December 2020, see Note 6.14 for details.

A new secured rated ABS credit line was concluded in December 2020. In the future, this will take the place of the previous credit line. The key data of the new credit line are as follows:

Nature	Junior Notes	Mezzanine Notes	Senior Notes
Credit line amount	EUR 50,000,000	EUR 35,000,000	EUR 400,000,000
Interest rate	5.00%	4.5% + EURIBOR (0% floor)	1.75% + EURIBOR (no floor)
Term	29 January 2023		
Collateral	Assignment of inventories as collateral as well as receivables, bank accounts and equity		

Exposure to liquidity risk

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

31 Dec. 2020

KEUR	**< 1 year**	**1-5 years**	**> 5 years**	**Total**	**Carrying amount**
Financial liabilities	20,784	354,303	-	375,087	323,571
- Convertible loan	*20,683*	*354,303*	-	*374,986*	*266,915*
- Embedded derivative	-	-	-	-	*56,555*
- Other	*101*	-	-	*101*	*101*
Other financial liabilities	*3*	*20*	-	*23*	*23*
Trade and other payables	86,128	-	-	86,128	86,128
Liabilities arising from leases	16,007	30,028	2,907	48,942	47,454
Total	**122,922**	**384,331**	**2,907**	**510,160**	**457,156**

31 Dec. 2019

KEUR	**< 1 year**	**1-5 years**	**> 5 years**	**Total**	**Carrying amount**
Financial liabilities	20,374	151,022	-	171,396	171,396
Other financial liabilities	2,600	-	-	2,600	2,600
Trade and other payables	52,059	-	-	52,059	52,059
Liabilities arising from leases	14,937	30,308	6,015	51,260	51,260
Total	89,970	181,330	6,015	227,315	277,315

The undiscounted payments of principal and interest of the convertible loan in financial year 2020 relate to the term and payment structure specified in the contract and do not take conversion into account. In the event of conversion, there would be no or a lower cash outflow.

Capital management

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

KEUR	31 Dec. 2020	31 Dec. 2019
Fixed assets and other non-current assets	58,920	176,580
Inventory	209,435	248,115
Cash and cash equivalents	157,251	57,599
Other current assets less current liabilities	(64,481)	(30,958)

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

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

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

- Fixed assets and other non-current assets
- Inventory
- Cash and cash equivalents
- Other current assets less current liabilities (currently net liabilities).

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

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

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

KEUR	31 Dec. 2020	31 Dec. 2019
Total equity	4,465	153,296
Total equity and liabilities	520,541	605,360
Equity ratio	**0.9%**	**25.3%**

10. Operating segments

The Group comprises the following two strategic segments: Merchant and Retail, which represent the reportable segments of the Group. The strategic segments offer products for distinct customers and are managed separately as they require different technology (use different sales platforms) and marketing strategies. No business segments are aggregated.

For each strategic segment, the Group's Management Board reviews internal management reporting on a monthly basis.

Merchant

The Merchant business mainly relates to the sale of used cars to commercial car dealers via AUTO1.com. This includes fees for logistics services and all other fees related to the provision of vehicles to dealers.

Revenue from the Merchant business is distinguished by the procurement of vehicles. All cars purchased through the Group's branch network are classified as „C2B". Compared to procurement via the branch network, all cars that are purchased from commercial dealers via the Remarketing channel are categorised as „Remarketing". As there are no business activities that result in independent sales revenues in the two categories, C2B and Remarketing are solely different procurement channels. Sales are made to the same group of customers via the same sales channels.

Retail

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

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

Information regarding reportable segments

KEUR	Merchant 1 Jan. 2020 - 31 Dec. 2020	Merchant 1 Jan. 2019 - 31 Dec. 2019	Retail 1 Jan. 2020 - 31 Dec. 2020	Retail 1 Jan. 2019 - 31 Dec. 2019	AUTO1 Group 1 Jan. 2020 - 31 Dec. 2020	AUTO1 Group 1 Jan. 2019 - 31 Dec. 2019
Revenue	**2,697,050**	**3,394,550**	**132,603**	**81,412**	**2,829,653**	**3,475,962**
thereof:						
C2B	2,348,587	3,105,789				
Remarketing	348,463	288,761				
Cost of materials	**(2,414,036)**	**(3,053,470)**	**(129,708)**	**(79,958)**	**(2,543,744)**	**(3,133,429)**
Gross profit	**283,015**	**341,080**	**2,895**	**1,454**	**285,910**	**342,533**

KEUR	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Inventories	**116,242**	**202,098**	**93,193**	**46,017**	**209,435**	**248,115**

Reconciliation of information on reportable segments

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

Geographical information

AUTO1's country of origin is Germany; in addition, Italy and France are particularly important for the Group's operations.

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

Revenue

KEUR	1 Jan. 2020 - 31 Dec. 2020	1 Jan. 2019 - 31 Dec. 2019
France	586,928	623,090
Germany	503,449	683,923
Italy	206,649	264,172
Other countries	1,532,627	1,904,777
Total	**2,829,653**	**3,475,962**

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

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

Non-current assets

KEUR	31 Dec. 2020	31 Dec. 2019
Germany	25,188	135,286
France	11,283	15,432
Italy	7,839	11,127
Other countries	12,981	14,145
Total	**57,291**	**175,990**

11. Earnings per share

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

	2020	2019
Earnings per share (basic and diluted)	**(0.84)**	**(0.71)**

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

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

KEUR	1 Jan. 2020 - 31 Dec. 2020	1 Jan. 2019 - 31 Dec. 2019
Consolidated loss for the period in KEUR	(143,642)	(121,265)
Loss attributable to holders of ordinary shares (for basic and diluted earnings per share)	**(143,642)**	**(121,265)**

Weighted average of ordinary shares in 2019 (basic and diluted):

In thousands of shares	2019
Ordinary shares as at 1 Jan.	170,486
Effect of ordinary shares vested in February 2019	52
Effect of ordinary shares vested in May 2019	37
Effect of ordinary shares vested in August 2019	22
Effect of ordinary shares vested in November 2019	6
Weighted average of ordinary shares as at 31 Dec.	**170,604**

The following options were excluded in the calculation of the diluted weighted average number of ordinary shares at 31 December 2019 because their effect would have been anti-dilutive:

In thousands of shares	2019
Unvested ordinary shares - member of the Management Board	61
Potential ordinary shares from the incentive program for virtual shares	3,655
Total number of potential ordinary shares	**3,716**

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

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

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

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

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

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

The following transactions were not taken into account for the calculation of the earnings per share because they took place after the reporting date and do not represent transactions to be considered retroactively in accordance with IAS 33.64:

- As part of the IPO capital increase, which was resolved at a shareholder meeting of the Company held on 2 February 2021, up to 31,250,000 new ordinary shares from a capital increase against cash contribution were issued. The completion of the capital increase was entered into the commercial register of the Munich District Court on 3 February 2021.
- In addition, a further capital increase against contribution in kind in the form of part of the outstanding amounts under the convertible loan was resolved at the Company's shareholder meeting on 2 February 2021. The capital increase resulted in 8,059,961 new ordinary shares. The completion of the capital increase was entered into the commercial register of the Munich District Court on 10 February 2021.

12. Related party disclosure

Reimbursement of shareholders for share-based payment

The receivable from shareholders for the incentive program for virtual shares was derecognised as at 30 September 2020 (31 December 2019. KEUR 108,500), see Note 6.11 for details.

Receivables from associates

The Group has receivables from AUTO1 FT GmbH, Berlin (associate) as at 31 December 2019. The receivables from AUTO1 FT GmbH relate to a non-current loan of the Group for trade in vehicles and the provision of vehicle-related services as part of sales to dealers. An impairment of KEUR 5,682 was recognised for these receivables in financial year 2020.

Due to a capital increase by the associate in March 2020, the Group no longer exerts significant influence over the associate. As a result, the following figures relate only to the period until the loss of significant influence.

The following table shows the receivables from AUTO1 FT GmbH as related party:

KEUR	31 Dec. 2020	31 Dec. 2019
Receivables from related parties (non-current)	-	5,628
Receivables from related parties (current)	-	1,644
Total	**-**	**7,272**

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

KEUR	1 Jan. 2020 - 31 Dec. 2020	1 Jan. 2019 - 31 Dec. 2019
Sale of goods and services to related parties	921	3,041
Purchase of goods and services from related parties	(921)	(1,701)
Other income	-	417
Total	**-**	**1,757**

Sale and assignment of shares

In December 2020, 750 shares in AUTO1 Group were sold. This related to a transfer of shares between shareholders of AUTO1. The shares were assigned by P.A.C Alpha GmbH and sold by Jonathan Browning (former member of the Supervisory Board), who is the beneficial owner of the shares, to Target Carbon Ltd. for a price of EUR 950 per share.

Subscription to convertible loan by Board of Management member Christian Bertermann

Board of Management member Christian Bertermann subscribed to the subordinated convertible loan issued on 13 February 2020 in the amount of KEUR 5,000. The terms and conditions correspond to those of the other subscribers to the convertible loan.

Key management personnel

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

The Board of Management consists of Hakan Koç (Founder/Co-Chief Executive Officer) (until 30 November 2020), Christian Bertermann (Founder/Co-Chief Executive Officer) and Markus Boser (Chief Financial Officer).

The members of the Supervisory Board are Gerhard Cromme (Chairman of the Supervisory Board), supervisory board member, Andrin Bachmann (Vice-Chairman of the Supervisory Board), venture capital investor, Jonathan Browning (until 30 November 2020), manager, Gerd Häusler, supervisory board member, Akshay Naheta, manager (until 11 March 2020), Spencer Collins, Lawyer (from 11 March until 24 September 2020), Anthony Doeh, investment advisor (from 24 September until 2 February 2021), Hakan Koç, founder (from 1 December 2020), Sylvie Mutschler von Specht, entrepreneur (from 2 February 2021).

Remuneration of Management in key positions comprises:

KEUR	1 Jan. 2020 - 31 Dec. 2020	1 Jan. 2019 - 31 Dec. 2019
Short-term employee benefits	1,361	1,457
Share-based payments	2,928	7,184
Total	**4,289**	**8,641**

The low amount of share-based payments compared to the prior year is due to the reclassification of the program in 2020. As at 31 December 2020, the Group has not made any pension commitments to members of the Board of Management or the Supervisory Board.

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

13. Auditor's fee and services

The following table shows the fees for services provided by KPMG AG Wirtschaftsprüfungsgesellschaft, Germany, the Group auditor for the consolidated financial statements as at and for the financial year ended 31 December 2020:

KEUR	1 Jan. 2020 - 31 Dec. 2020	1 Jan. 2019 - 31 Dec. 2019
Audit services	654	303
Other assurance services	223	-
Other services	147	272
Total	**1,024**	**575**

14. Disclosures on investments

On 31 December 2020 the AUTO1 Group SE held directly or indirectly investments in 61 entities. Apart from AUTO1 FT GmbH all entities were fully consolidated. The investments are shown in the table below.

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

Name	Registered office	Total of direct and indirect shareholdings as at 31 Dec. 2020 in %	Total of direct and indirect shareholdings as at 31 Dec. 2019 in %
A1 Engineering	Kiev, Ukraine	100.00	100.00
AGENZIA1 S.R.L.	Milan, Italy	100.00	n.a
AUTO1 Albania SPHK	Tirana, Albania	100.00	100.00
AUTO1 European Auctions GmbH & Co. KG	Berlin, Germany	100.00	100.00
AUTO1 European Auctions Verwaltungs GmbH	Berlin, Germany	100.00	100.00
AUTO1 European Cars B.V.	Amsterdam, Netherlands	100.00	100.00
AUTO1 FT GmbH	Berlin, Germany	6.2	20.00
AUTO1 FT Investment GmbH & Co. KG	Berlin, Germany	100.00	100.00
AUTO1 FT Investment Verwaltungs GmbH	Berlin, Germany	100.00	100.00
AUTO1 FT MI GmbH & Co. KG	Berlin, Germany	80.00	80.00**
AUTO1 FT PANAS GmbH & Co. KG	Berlin, Germany	80.00	80.00**
AUTO1 FT Partners Verwaltungs GmbH	Berlin, Germany	100.00	100.00
AUTO1 Global Services GmbH & Co. KG	Berlin, Germany	100.00	100.00
AUTO1 Group AG (formerly: AUTO1 Group GmbH)*	Berlin, Germany	100.00	100.00
AUTO1 IT Services GmbH & Co. KG*	Berlin, Germany	100.00	100.00
AUTO1 IT Services Verwaltungs GmbH	Berlin, Germany	100.00	100.00
AUTO1 Italia Commercio S.R.L.	Milan, Italy	100.00	100.00
AUTO1 Marketing Services GmbH & Co. KG	Berlin, Germany	100.00	100.00
AUTO1 N.V.	Amsterdam, Netherlands	100.00	100.00
AUTO1 Operation Services GmbH & Co. KG	Berlin, Germany	100.00	100.00
AUTO1 Operation Services Verwaltungs GmbH	Berlin, Germany	100.00	100.00
AUTO1 Polska Sp. z o.o.	Warsaw, Poland	100.00	100.00
AUTO1 Remarketing GmbH	Berlin, Germany	100.00	100.00
AUTO1 RS D.O.O.	Belgrade, Serbia	100.00	100.00
AUTO1 Sales Services GmbH & Co. KG	Berlin, Germany	100.00	100.00
AUTO1 Sales Services Verwaltungs GmbH	Berlin, Germany	100.00	100.00
AUTO1 Tschechien s.r.o.	Prague, Czech Republic	100.00	100.00
AUTO1.com GmbH	Berlin, Germany	100.00	100.00
Autohero AB	Stockholm, Sweden	100.00	100.00
Autohero Belgium BVBA	Antwerp, Belgium	100.00	100.00

* Use made of exemption pursuant to Section 264 (3) of Section 264b HGB.
** Recognition of non-controlling interests waived due to their minor significance.

Name	Registered office	Total of direct and indirect shareholdings as at 31 Dec. 2020 in %	Total of direct and indirect shareholdings as at 31 Dec. 2019 in %
Autohero France SAS	Neuilly-sur-Seine, France	100.00	100.00
Autohero GmbH	Berlin, Germany	100.00	100.00
Autohero Italia S.R.L.	Milan, Italy	100.00	100.00
Autohero Inc.	Delaware, USA	100.00	100.00
Autohero NL B.V.	Amsterdam, Netherlands	100.00	100.00
Autohero Österreich GmbH	Vienna, Austria	100.00	100.00
Autohero Plus Spain S.L.	Madrid, Spain	100.00	100.00
Autohero Poland Sp. z o.o.	Warsaw, Poland	100.00	100.00
Autohero Services GmbH & Co. KG.	Berlin, Germany	100.00	100.00
Autohero Services Verwaltungs GmbH	Berlin, Germany	100.00	100.00
Autowholesale Automotive Finland Oy	Tampere, Finland	100.00	100.00
GAB Service UG	Berlin, Germany	100.00	100.00
L&L Auto Info GmbH	Berlin, Germany	100.00	100.00
NOI COMPRIAMO AUTO.IT S.R.L.	Milan, Italy	100.00	100.00
VAMANCIA S.L.	Madrid, Spain	100.00	100.00
VKDB Sverige AB	Stockholm, Sweden	100.00	100.00
WijKopenAutos B.V.	Amsterdam, Netherlands	89.87	100.00
wirkaufendeinauto.de GmbH	Berlin, Germany	100.00	100.00
WKA BENL Holding B.V.	Amsterdam, the Netherlands	80.13	n.a**
WKA BVBA	Antwerp, Belgium	89.87	100.00
WKDA Automobile GmbH & Co. KG*	Berlin, Germany	100.00	100.00
WKDA Automotive SRL	Bucharest, Romania	100.00	100.00
WKDA Booking Services GmbH & Co. KG	Berlin, Germany	100.00	100.00
WKDA Booking Services Verwaltungs GmbH	Berlin, Germany	100.00	100.00
WKDA Deutschland GmbH	Berlin, Germany	100.00	100.00
WKDA France S.A.S	Issy-les-Moulinaux, France	96.87	93.22**
WKDA FRSM UG	Berlin, Germany	84.35	66.10**
WKDA Österreich GmbH	Vienna, Austria	100.00	100.00
WKDA Portugal, Unipessoal Lda.	Carnaxide, Portugal	100.00	100.00
WKDA Schweiz GmbH	Zurich, Switzerland	100.00	100.00
WKDA Services GmbH	Berlin, Germany	100.00	100.00

* Use made of exemption pursuant to Section 264 (3) of Section 264b HGB.
** Recognition of non-controlling interests waived due to their minor significance.

15. Events after the reporting period

- At the shareholder meeting held on 6 January 2021, it was resolved to increase the Company's share capital by EUR 169,655,787.00 from EUR 3,462,363.00 to EUR 173,118,150.00 by way of a capital increase out of company resources without issuing new shares. The capital increase was entered into the commercial register of the Munich District Court on 11 January 2021.
- At the Company's shareholder meeting held on 14 January 2021, among other things, a share split and a change in the legal form of the Company's shares from registered shares to bearer shares was resolved. The share split and the change of the legal form of the Company's shares were entered in the commercial register of the Munich District Court, Germany, on 18 January 2021.
- The shareholder meeting on 2 February 2021, resolved to increase the share capital by up to EUR 31,250,000. The capital increase was carried out in the amount of EUR 26,315,790 and entered into the commercial register of the Munich District Court on 3 February 2021.
- Anthony Doeh has been recalled as a member of the Supervisory Board on 2 February 2021. Sylvie Mutschler Von Specht was elected to the Supervisory Board as his successor with effect from that date.
- AUTO1 Group SE successfully completed its IPO on 4 February 2021. AUTO1 Group SE received proceeds of EUR 971 million. Since then, the shares (ISIN: DE000A2LQ884, WKN: A2LQ88) have been traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange.
- Using the IPO proceeds, EUR 110 million of the convertible loan with an aggregate nominal value of EUR 255 million was repaid. In total, this was associated with a cash outflow of EUR 232 million. The remaining portion of the loan was converted into 8,059,961 shares by the lenders.
- On 23 March 2021, AUTO1 Group SE resolved to issue new shares amounting to approximately 2.2% of the share capital for the partial settlement of the existing participation program for its founders.

Berlin, 13. April 2021
AUTO1 Group SE

Christian Bertermann
CEO

Markus Boser
CFO

Responsibility Statement

We hereby confirm that, to the best of our knowledge and in accordance with the applicable principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the combined management report includes a fair review of the group's business development including its performance and financial position, and also describes significant opportunities and risks relating to the group's anticipated development.

Berlin, 13. April 2021
AUTO1 Group SE

Christian Bertermann
CEO

Markus Boser
CFO

Independent Auditor's Report

To AUTO1 Group SE, Munich

Report on the Audit of the Consolidated Financial Statements and of the combined management report

Opinions

We have audited the consolidated financial statements of AUTO1 Group SE, Munich, and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2020, 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 2020, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of AUTO1 Group SE and the Group (combined management report) for the financial year from 1 January to 31 December 2020.

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 2020, and of its financial performance for the financial year from 1 January to 31 December 2020, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Opinions

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

Other Information

Management and the Supervisory Board are responsible for the other information.

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

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

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

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

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

Management is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud 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 opera-tions, or there is no realistic alternative but to do so.

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

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Other Legal and Regulatory Requirements

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

We have performed assurance work in accordance with Section 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the combined management report (hereinafter the „ESEF documents") contained in the attached file „AUTO1 Group SE_Konzernabschluss 2020.zip" (SHA256-Hash value: c6011e7c743aff2809e1ec0b3835412c94465bc278a79f91083d2019c209a631), that can be downloaded by the issuer from the electronic client portal with access protection, and prepared for publication pur-poses complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format („ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 1 January to 31 December 2020 contained in the „Report on the Audit of the Consolidated Financial Statements and the Combined Management Report" above.

We conducted our assurance work on the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned electronic file in accordance with Section 317 (3b) HGB and the Exposure Draft of the IDW Assurance Standard: Assurance in accordance with Section 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). Accordingly, our responsibilities are fur-ther described below. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

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

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

The Company's management is also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited combined management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

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

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

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance of the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and the audited combined management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Berlin,13 April 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Sternberg	**Proplesch**
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

08 SERVICE

Glossary

Adjusted EBITDA

EBITDA adjusted for non-operating effects, which comprise (i) share-based payments, (ii) change of basis of assessment for value added taxes, (iii) correction of payables and (iv) other non-operating expenses

AUTO1 Group SE

The Company, together with its consolidated subsidiaries

AUTO1EVA

Mobile application for dealers to sell their used cars via the remarketing channel

Autohero

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

Average number of employees

Defined as Full-time equivalent in the respective period

C2B

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

Covid-19

Abbreviation for the Coronavirus SARS-CoV-2

EUR

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

GPU

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

Gross Profit

Defined as Revenue less costs of goods sold and corresponding costs

Gross Profit Margin

Gross Profit as percentage of Revenue

Merchant

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

NPS

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

OC&C Report

The independent market study by OC&C on the European used car market with the title „The European Used Car Market - Evolving Trends"; published in October 2020 and commissioned by the AUTO1 Groups

Remarketing

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

Retail

see Autohero

Sell-From-Home

Name of the newly introduced solution in all purchasing countries for customers to receive a binding price based on additionally entered characteristics of the car to be sold

Units sold

Defined as the number of cars sold by the AUTO1 Group to dealers and private customers

Financial Calendar

2021

May 19	Publication of Quarterly Financial Statements (Q1 2021) and Earnings Call
June 24	Annual General Meeting (virtual), Berlin
August 6	Publication of Trading Update (Q2 2021) and Earnings Call
September 15	Publication of Half-Year Financial Statements (Half-year 2021)
November 17	Publication of Quarterly Financial Statements (Q3 2021) and Earnings Call

2022

March 23	Announcement of Q4 and Full Year 2021 Results and Earnings Call

Contact

Investor relations

Philip Reicherstorfer
+49 30 2016 38 213
ir@auto1-group.com

Publisher

AUTO1 Group SE

Bergmannstraße 72, 10961 Berlin

+49 30 2016 38 1901
info@auto1-group.com

HRB 241031

AUTO1 GROUP

Bergmannstraße 72, 10961 Berlin, Germany
+4930201638360
info@auto1-group.com