AUTO1 GROUP

Annual Financial Statement and Combined Management Report

31 December 2021


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Combined Management Report

Group profile

a. Business Model

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

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

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

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

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

b. Objectives and Strategies

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

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

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

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

c. Group Structure

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

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

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

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

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

d. Segments

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

Merchant

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

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

Retail

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

e. Management Systems

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

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

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

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

f. Research and Development

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

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

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

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

Economic Report

General economic conditions

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

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

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

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

a. Industry Environment

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

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

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

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

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

b. Business Performance

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

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

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

[1] See IMF, World Economic Outlook January 2022.
[2] See Indicata Market Watch Covid-19, Edition 23, January 2022.

c. Group's Position

1. Financial Performance

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

	1 Jan. 2021 -31. Dec. 2021	1 Jan. 2020 -31. Dec. 2020
Revenue (in KEUR)	4,774,973	2,829,653
Revenue growth in %	68.7	(18.6)
Gross profit (in KEUR)	430,876	285,910
Adjusted EBITDA (in KEUR)[1]	(107,100)	(15,166)
Adjusted EBITDA margin in %	(2.2)	(0.5)
EBITDA (in KEUR)	(124,412)	(34,849)
EBITDA margin in %[2]	(2.6)	(1.2)
Sold cars (#)	596,731	457,431
Average number of employees[3]	4,704	4,111

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

[2] Defined as EBITDA divided by revenue.

[3] Full-time equivalents.

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

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

Revenue Performance

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

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

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

Gross Profit Development

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

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

Business Development by Segment

Merchant

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

* Analysis of revenue by purchase channel

Retail

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

Development of EBITDA and Adjusted EBITDA

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

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

Personnel expenses were up 54.3% on account of strong growth at the AUTO1 Group and the reduction in short-time working. The average number of full-time equivalents at the AUTO1 Group increased from 4,111 in 2020 to 4,704 in the 2021 financial year. Unlike in the previous year, when the workforce was reduced in certain departments and short-time working was introduced on account of the Covid-19 pandemic, the AUTO1 Group continued to grow in the past financial year and increased its staff headcount. Expenses for share-based payments increased to KEUR 5,689 in the past financial year. The previous year had generated income of KEUR 5,437 due to the reclassification of remuneration programmes from cash-settled to equity-settled.

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

Development of the Consolidated Loss

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

2. Financial Position and Liquidity

In KEUR

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

The AUTO1 Group reported negative cash flows from operating activities of KEUR -467,249 (2020: KEUR 45,495) in 2021. This primarily reflected the increase in inventory – which rose by KEUR 374,114 year on year due to strong growth, the rise in current and non-current trade receivables and other receivables and cash outflows in connection with higher other operating expenses and personnel expenses. The ABS facility was utilised to provide KEUR 330,000 in funding for the increase in inventories, while the increase in current receivables and other receivables was compensated for by higher trade payables. The increase in non-current trade receivables is related to our instalment purchase product for Autohero. Here we are aiming to achieve refinancing in the financial year 2022.

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

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

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

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

3. Assets and Liabilities

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

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

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

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

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

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

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

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

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

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

4. Overall Assessment

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

Forecast, Opportunities and Risks

Risk Report

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

Risk Management System

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

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

Risk Identification

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

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

Risk Assessment

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

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

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

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

Gross and Net Risk

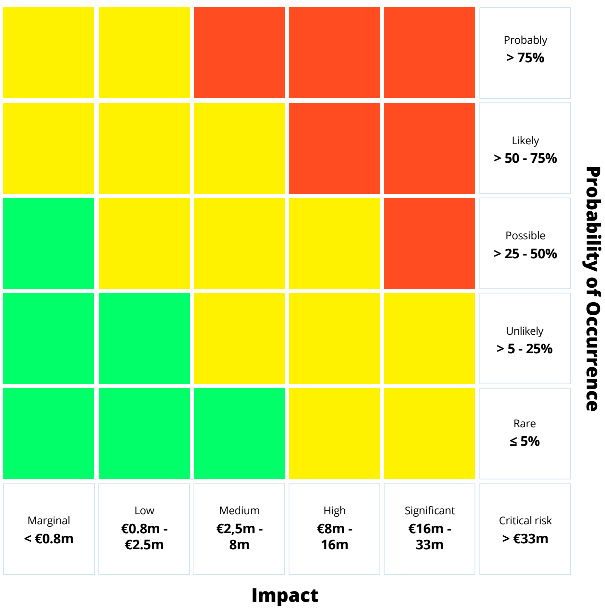
All risks are assessed on a gross- and net risk basis to understand and highlight the effectiveness of the mitigation measures. The following risk report explains the risks that have a material impact on the Group on a gross basis.

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

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

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

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



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

Risk Treatment

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

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

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

Risk Monitoring

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

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

Risk Reporting

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

System of Internal Controls over Financial Reporting

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

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

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

Internal Audit System

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

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

Material Risks

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

Risk Areas

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

Overview of Risk Clusters

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

a. Strategic Risks

Competitive Environment

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

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

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

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

Barriers to Online Purchase of Used Cars

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

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

Regulatory Changes in the Used Car Market

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

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

b. Operational Risks

Logistics and Inventory

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

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

IT Security

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

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

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

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

Personnel Risk

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

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

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

Legal and Compliance Risks
General legal and compliance risks

As an internationally active company which buys and sells used cars online, we are subject to a wide range of laws, regulations, and compliance requirements. Cars are a technically complex product, which may have hidden defects which only become apparent after purchase or sale. These defects can give rise to claims from customers and business partners and can lead to litigation associated with such claims. Particularly when selling to consumers we are subject to consumer protection laws which offer consumers enhanced protection in contrast to the partners in our business to business segment.

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

Risk of non-compliance with AML regulations

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

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

Risk of Non-Compliance with Data Protection Regulations

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

To mitigate these risks, we monitor our products and processes to ensure that they are in line with all GDPR requirements. We have also implemented a data protection management system based on which we train our employees on the topic and adhere to and implement the necessary measures to comply with the GDPR. We have a dedicated data protection officer who oversees our data protection measures, have nominated regional data protection contacts to raise awareness in all regions in which we are active, and have a data protection coordinator to implement our data protection measures across the group. To mitigate the risk associated with the personal data of consumers, we offer comprehensive data protection training to our customer facing employees and have a dedicated process which deals with right of access, deletion, and any other data protection related requests.

c. Financial Risks

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

Liquidity Risk

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

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

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

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

Interest Rate Risk

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

Fair Value Risks

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

While used cars are in our inventory, they may be damaged, destroyed or stolen. Since we also rely on external partners for storage, the possibility of control is limited. Our inventory is procured based on our expectation for future demand. Falling demand would lead to increased inventory, a slower rate of turnover and corresponding pressure on prices and margins. Since used cars, especially the newer models, depreciate quite quickly, longer periods in inventory could also lead to higher depreciation. We are conscious of the fact that used vehicle prices have increased significantly during the course of 2021 which may partially reverse itself going forward, exposing us potentially to further inventory value risks. AUTO1 operates a proprietary risk system, which we believe represents a competitive advantage with respect to inventory management. Before we purchase a used car offered to us, our algorithms analyse the expected GPU, anticipated sales speed, existing stock in inventory and market trends. If these algorithms consider the relevant used car particularly difficult to sell, we typically do not purchase them straight away and put them up for auction online. AUTO1 manages the risks relating to the management of its inventory of used cars in such a manner that negative developments on the performance indicators are estimated as being low or sufficiently calculable.

Opportunities

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

a. The Increasing Digitalization in the Used Car Market

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

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

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

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

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

b. Customer Experience

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

c. Integrated Technology Platform

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

d. Pan-European Logistics Network

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

e. Overall Assessment

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

Outlook

Macroeconomy

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

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

Industry

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

AUTO1 Group's Expectations

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

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

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

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

[3] IWF, World Economic Outlook January 2022.
[4] https://www.oecd.org/economic-outlook; downloaded on 20 March 2022.
[5] Indicata Market Watch, Edition 23, January 2022.

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

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

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

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

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

Company Profile

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

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

The shareholder meeting on 6 January 2021 resolved to increase the Company's share capital by EUR 169,655,787.00, from EUR 3,462,363.00 to EUR 173,118,150.00, by way of a capital increase out of company funds without issuing new shares. The capital increase was entered into the commercial register of the Munich District Court on 11 January 2021. On 2 February 2021, it was resolved at the shareholder meeting to increase share capital by up to EUR 31,250,000 as part of the capital increase in connection with the IPO. The capital increase was carried out in the amount of EUR 26,315,790 and entered into the commercial register of the Munich District Court on 3 February 2021. On 4 February 2021, AUTO1 Group SE successfully completed its IPO on the Frankfurt Stock Exchange. AUTO1 Group SE generated proceeds of EUR 971 million. The transaction costs of EUR 24 million and the partial reimbursement of these costs amounting to EUR 3 million by the old shareholders were fully recognised in profit and loss in the HGB financial statements. Since then, the shares (ISIN: DE000A2LQ884, WKN: A2LQ88) have been traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange. For further details, please refer to our comments in the notes of AUTO1 Group SE under section C.7.

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

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

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

1. Financial Performance

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

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

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

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

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

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

2. Assets and Liabilities of the Company

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

In KEUR

Assets	31. Dec. 2021	31. Dec. 2020
Financial assets	934,508	934,508
Receivables from affiliated companies	169,230	-
Other assets, prepayments and accrued income	19,711	35,506
Money market instruments	534,432	-
Cash at banks	83,010	45,204
Total assets	**1,740,891**	**1,015,218**
Equity & liabilities	31. Dec. 2021	31. Dec. 2020
Provisions	69,198	1,608
Convertible loans	-	271,156
Trade payables	222	1,006
Liabilities to affiliated companies	50,137	31,924
Other liabilities	40	31,789
Total liabilities	**119,597**	**337,483**
Net assets	**1,621,294**	**677,735**
Equity	31. Dec. 2021	31. Dec. 2020
Subscribed capital	212335	3,462
Capital reserve	1,655,484	703,557
Accumulated deficit	(246,525)	(29,284)
Total equity	**1,621,294**	**677,735**

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

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

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

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

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

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

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

3. Financial Position of the Company

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

I. Opportunities and Risks

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

II. Outlook

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

Takeover-Related Disclosures

Composition of subscribed capital

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

Restrictions relating to voting rights or the acquisition of shares

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

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

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

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

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

When making amendments to the Articles of Association, Sections 179 ff. AktG are to be noted. The shareholder meeting decides on amendments to the Articles of Association (Sections 119 Paragraph 1 No. 6, 179 Paragraph 1 AktG). The Supervisory Board is authorised to resolve amendments to the Articles of Association which relate only to wording (Section 11 of the Articles of Association).

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

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

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

Corporate Governance Statement

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

Non-Financial Statement

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

Berlin, 22. March 2022
AUTO1 Group SE

Christian Bertermann
CEO & FOUNDER

Markus Boser
CFO

02

Balance Sheet

as at

31 DECEMBER 2021

In EUR

Assets	31 DEC. 2021		31 DEC. 2020	
A. Fixed assets				
Financial assets				
Shares in affiliated companies		**934,508,594.00**		**934,508,594.00**
B. Current assets				
I. Receivables and other assets				
1. Receivables from affiliated companies	169,229,862.18		14.43	
2. Other assets	19,283,155.63	188,513,017.81	6,558,643.09	6,558,657.52
II. Money market instruments		534,432,233.97		0.00
III. Bank balances		83,009,495.95		45,204,003.01
		805,954,747.73		**51,762,660.53**
C. Prepaid expenses		**427,969.91**		**28,946,905.27**
		1,740,891,311.64		**1,015,218,159.80**

as at

31 DECEMBER 2021

In EUR

Equity and Liabilities	31 DEC. 2021		31 DEC. 2020	
A. Equity				
I. Subscribed capital				
Subscribed capital	213,138,000.00		3,462,363.00	
Nominal amount treasury shares	-802,854.00	212,335,146.00	0.00	3,462,363.00
II. Capital reserve		1,655,483,797.76		703,556,595.18
III. Accumulated deficit		-246,524,535.36		-29,284,224.89
		1,621,294,408.40		**677,734,733.29**
B. Provisions				
Other provisions		**69,198,449.96**		**1,608,190.97**
C. Liabilities				
1. Convertible loans		0.00		271,155,555.56
2. Trade payables		221,541.68		1,005,834.86
3. Liabilities to affiliated companies		50,137,249.79		31,924,395.48
4. Other liabilities		39,661.81		31,789,449.64
– thereof for taxes:				
EUR 39,661.81 (PY: EUR 1,1218,999.05) –		**50,398,453.28**		**335,875,235.54**
		1,740,891,311.64		**1,015,218,159.80**

03

Income Statement

for the period
1 JANUARY - 31 DECEMBER 2021

In EUR

	2021		2020	
1. Revenue		1,554,372.60		1,049,281.00
2. Other operating income		33,400,102.64		154,728.58
3. Personnel expenses				
a. Wages and salaries	-1,247,343.54		-930,559.04	
b. Social security	-11,909.04	-1,259,252.58	-59,897.38	-990,456.42
4. Other operating expenses		-221,234,334.54		-4,416,478.10
5. Other interest and similar income		88,728.35		0.00
6. Write-downs of money market instruments		-621,369.03		0.00
7. Interest and similar expenses		-29,150,577.50		-24,094,456.98
8. Income taxes		-17,980.41		-12,133.50
9. Earnings after taxes		**-217,240,310.47**		**-28,309,515.42**
10. Net loss for the year		**-217,240,310.47**		**-28,309,515.42**
11. Accumulated deficit brought forward		-29,284,224.89		-974,709.47
12. Accumulated deficit		**-246,524,535.36**		**-29,284,224.89**

04

Notes to the Financial Statements

for the financial year

1 JANUARY - 31 DECEMBER 2021

a. General Information

AUTO1 Group SE (hereinafter: „the Company" has its registered office in Munich and is entered in the Munich commercial register (Munich District Court) under HRB no. 241031.

These annual financial statements were prepared in euro on the basis of the accounting requirements of the HGB [Handelsgesetzbuch: German Commercial Code]. In addition to these provisions, the requirements of the AktG [Aktiengesetz: German Stock Corporation Act] in conjunction with Article 61 of Regulation (EC) No. 2157/2001 were also observed. As at the reporting date, the Company is a large corporation as defined by Section 267 (3) sentence 2 HGB.

The balance sheet is structured in accordance with Section 266 HGB; the income statement was prepared using the nature of expense method of Section 275 (2) HGB.

The AUTO1 Group SE, as ultimate parent company, prepares the consolidated financial statements of AUTO1 Group as at 31 December 2021 according to the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The annual financial statements and the combined management report in application of Section 315 (5) HGB are published together with the independent auditor's report in the German Federal Gazette [Bundesanzeiger] for financial year 2021.

To aid transparency, the figures in the annual financial statements are stated in KEUR.

b. Accounting Policies

The accounting policies applied are consistent with the provisions of the German Commercial Code (Sections 238 to 263 and Section 264 et seqq. HGB) and the relevant provisions of the German Stock Corporation Act [AktG].

Under financial assets, shares in affiliated companies are measured at cost or at the lower of fair value in the event of permanent impairment.

Receivables and other assets are recognised at the lower of nominal value and fair value.

Money market instruments are measured at the lower of cost plus incidental acquisition costs and fair value.

Bank balances is stated at nominal value.

Prepaid expenses are recognised for payments made before the reporting date that represent expenses for a certain period after that date. In the prior year, prepaid expenses also included the difference between the settlement amount and the issue amount of the issued convertible loan.

The subscribed capital is reported at nominal value. Of this, KEUR 803 is attributable to shares that were transferred, without compensation, from a shareholder to the Company in the financial year.

The capital reserves include premiums as defined by Section 272 (2) no. 1 HGB in the amount of KEUR 1,653,618 (PY: KEUR 700,000) as well as premiums as defined by Section 272 (2) no. 2 HGB in the amount of KEUR 1,865 (PY: KEUR 3,556).

Other provisions are recognised for all onerous contracts and contingent liabilities. They are recognised at the settlement amount (i.e. including future cost and price increases) deemed necessary based on prudent commercial judgement.

The AUTO1 Group has launched several incentive programmes involving virtual shares for employees. The programmes were established to offer incentives for the Company's key employees. These programmes allow relevant employees to participate in the event of a defined exit event if certain conditions are satisfied. With reference to ruling I R 11/15 of the German Federal Tax Court of 15 March 2017, these were not recognised in the previous annual financial statements. This ruling states that it is not permitted to recognise provisions for incentive programmes (in the form of cash settlement) before the exercise event occurs.

The initial public offering (IPO) was included as an exit event under supplementary agreements. Accordingly, there is also the option to pay the incentive programmes in shares. Due to IPO, the acquired entitlements are recognised in the current financial year based on the fair value of the virtual shares measured as at the original grant date in accordance with IFRS 2 of the International Financial Reporting Standards (IFRS). These entitlements were presented under other provisions until the exercise date.

Liabilities are recognised at their settlement amounts.

Assets and liabilities denominated in foreign currency have been translated at the average spot exchange rate at the reporting date.

c. Explanatory Notes to the Balance Sheet

1. Movements in fixed assets are presented in the statement of movements in fixed assets (appendix to the notes).

Disclosures on shareholdings

	Ownership interest (%)	Equity (KEUR)	Result for the year (KEUR)
AUTO1 Group Operations SE[1]	100.00	323,423	-74,387

[1] The information on equity and result for the period has been taken from the most recently prepared annual financial statements as at 31 December 2020.

2. Receivables from affiliated companies mainly include intercompany receivables from subsidiaries and relate (solely as in the PY) to other receivables and have an expected remaining term of more than one year, as in the prior year.

3. Other assets mainly relate to receivables from the tax authorities arising from VAT in the amount of KEUR 18,984 (PY: KEUR 6,544). As in the prior year, the remaining term is up to one year.

4. Money market instruments relate to short-term investments of liquidity in money market funds.

5. Bank balances include fixed term deposits of KEUR 80,019 (PY: KEUR 0) including pro rata interest, which have a remaining term of less than 3 months.

6. Prepaid expenses mainly include expenses of KEUR 415 (PY: KEUR 150) for D&O insurance, which relate to the following year. In the prior year, prepaid expenses also included the difference between the settlement amount and the issue amount (KEUR 28,534) associated with the issued convertible loan, which was partly converted into share capital as at the date of the IPO on 4 February 2021, with the unconverted portion being fully repaid. In this regard, prepaid expenses in the amount of KEUR 1,691 were released to the capital reserve without affecting profit or loss and KEUR 26,843 were fully released through profit or loss (interest and similar expenses).

7. The Company's equity and its individual components developed as follows in the past financial year:

In KEUR	**Subscribed Capital**	**Capital Reserves**	**Accumulated Deficit**	**Equity**
As at 1 Jan. 2021	3,462	703,556	-29,284	677,734
Net loss for the period	-	-	-217,240	-217,240
Capital increase	209,676	951,125	-	1,160,800
Acquisition of own shares	-803	803	-	-
As at 31 Dec. 2021	212,335	1,655,484	-246,525	1,621,294

The paid-in share capital of the Company amounts to KEUR 213,138 as at 31 December 2021 (PY: KEUR 3,462) and is divided into 213,138,000 no-par shares with a notional par value of EUR 1.00 per share. Of this, the Company holds shares in the nominal amount of KEUR 803 as treasury shares (PY: KEUR 0). The Management Board is authorised, subject to the consent of the Supervisory Board, to increase the share capital up to 7 February 2026 by issuing new no-par value bearer shares up to a total amount of KEUR 103,746 (Authorised Capital 2021/I). The Company's share capital is conditionally increased up to the amount of KEUR 6,625 by issuing up to 6,624,900 new no-par value bearer shares (Conditional Capital 2020/I) in order to service the subscription rights granted up to 31 January 2021. Furthermore, the Company's share capital is conditionally increased by up to KEUR 79,934 by issuing up to 79,934,175 new no-par value bearer shares (Conditional Capital 2021/I). The Conditional Capital 2021/I serves to grant shares to holders or creditors of convertible bonds as well as to the holders of option rights attached to option bonds that are issued by the Company until 13 January 2026.

All issued and outstanding shares are fully paid as at 31 December 2021. The shares have no nominal value.

By resolution of the general meeting dated 6 January 2021, the Company's share capital was increased through company funds by KEUR 169,656 through conversion of a partial amount of the capital reserve. By resolution of the general meeting dated 14 January 2021, all shares of the Company were converted into ordinary shares for the purposes of simplifying the share classification and the share capital was rearranged. One no-par value share proportionately representing EUR 50.00 of the share capital is replaced by 50 no-par value shares each proportionately representing EUR 1.00 of the share capital (share split ratio of 1:50).

In the course of the IPO on 4 February 2021, the Company's share capital was increased by KEUR 26,316. In this context, an amount of KEUR 973,684 was allocated to the capital reserve; the transaction costs were expensed in the financial year.

Further, the creditors of the convertible loan issued in 2020 made partial use of their conversion option upon occurrence of the IPO. The Company's share capital increased by KEUR 8,060 due to the conversion. An amount of KEUR 136,940 was allocated to the capital reserve in this regard.

In March 2021, a member of the Management Board and a former member of the Management Board of the Company subscribed to a total of 4,529,732 new shares being issued in return for contributing receivables arising from an incentive programme. In order to satisfy the purchase rights in the commensurate amount, the share capital was increased by KEUR 4,530 by making use of Authorised Capital 2021/I. The difference between the notional value of the shares and the contributed receiv-ables was offset against the capital reserve (KEUR -4,305).

In October 2021, key employees of the AUTO1 Group subscribed to a total of 845,355 new shares to be issued against contribution of receivables from existing incentive programmes. In order to satisfy the purchase rights in the commensurate amount, the share capital was increased by KEUR 845 by making use of Authorised Capital 2021/I. An amount of KEUR 11,924 was allocated to the capital reserve in this regard.

Additional key employees of the AUTO1 Group subscribed to a total of 269,012 new shares to be issued against contribution of receivables from existing incentive programmes in November 2021. In order to satisfy the purchase rights in the commensurate amount, the share capital was increased by KEUR 269 by making use of Authorised Capital 2021/I. An amount of KEUR 4,228 was allocated to the capital reserve in this regard.

As at 31 December 2021, the issued and approved share capital inclusive of conditional capital amounted to KEUR 396,996 (PY: KEUR 3,595).

In KEUR	**Subscribed Capital**	**Capital Reserves**	**Accumulated Deficit**	**Equity**
As at 1 Jan. 2021	3,462	133	-	3,595
Capital increase or raising	209,676	84,426	103,746	399,848
Utilisation	-	-	-5,644	-5,644
Acquisition of own shares	-803	-	-	-803
As at 31 Dec. 2021	212,335	86,559	98,102	396,996

The accumulated deficit in the amount of KEUR 246,525 (PY: KEUR 29,284) results from the net loss for the reported year and the accumulated deficit brought forward from the prior financial year.

8. Other provisions mainly relate to provisions for virtual, share-based payment programmes (KEUR 68,062; PY: KEUR 0), provisions for outstanding invoices and Supervisory Board compensation (KEUR 652, PY: KEUR 1,346), as well as provisions for audit fees (KEUR 484; PY: KEUR 262).

9. The liabilities arising from the subordinated convertible loan agreement totalling KEUR 255,000, presented in the prior year under convertible loans, were partly converted into ordinary shares with the occurrence of the IPO on 4 February 2021, and the portion that was not converted was repaid in full.

   The conversion option included in the convertible loan with a fair value of KEUR 3,556 at the date of issue was recognised upon issue in the capital reserve in accordance with Section 272 (2) no. 2 HGB. The portion (KEUR 1,691) attributable to the discount still existing as at the early conversion date, reduced without affecting profit or loss the addition to the capital reserve in accordance with Section 272 (2) no. 2 HGB which was conducted in the prior year.

   The termination right, embedded in the convertible loan agreement and recognised as a liability under other liabilities in the prior year (KEUR 30,570), was released through profit or loss.

10. As in the prior year, liabilities to affiliated companies relate exclusively to other liabilities and have an expected remaining term of more than one year.

11. As in the prior year, trade payables and other liabilities fall due within one year.

12. As at the reporting date, there are no contingent liabilities within the meaning of Section 251 HGB in conjunction with Section 268 (7) HGB.

13. There were no other financial liabilities as at the reporting date.

d. Explanatory Notes on Individual Income Statement Items

1. Revenue (KEUR 1,554; PY: KEUR 1,049) relates primarily to management services for AUTO1 Group Operations SE.

2. Other operating income (KEUR 33,400; PY: KEUR 155) relates mainly to the release through profit or loss of the termination right associated with the conversion or repayment of the convertible loan (KEUR 30,570) presented under liabilities.

3. Other operating expenses (KEUR 221,234; PY: KEUR 4,416) mainly include expenses for the revaluation of the convertible loan for the non-converted portion as at the date of redemption (KEUR 104,326), expenses for virtual share-based payment programmes (KEUR 85,328) and costs for the IPO on 4 February 2021 (KEUR 28,878).

4. Interest and similar expenses of KEUR 29,151 (PY: KEUR 24,094) mainly relate to interest and similar expenses of KEUR 28,711 incurred for the convertible loan in the current financial year.

e. Other Disclosures

1. The Company, as ultimate parent company, prepares the consolidated financial statements for the largest and smallest group of companies. These consolidated financial statements are published in accordance with Section 325 (3) HGB and accessible in the German Federal Gazette under http://www.bundesanzeiger.de.

2. The average number of employees in the financial year was 0.

3. AUTO1 Group SE has agreed with an affiliated company to be liable for all obligations of that affiliated company existing on 31 December 2021 in the following financial year. AUTO1 Group SE assesses the risk of possible claims as not likely due to the financial resources of the affiliated company.

4. Disclosures pursuant to Section 160 (1) no. 8 AktG

The disclosed shares or voting rights generally correspond to the investments reported by the shareholders pursuant to Sections 33 and 34 of the German Securities Trading Act [WpHG]. It should be noted that the amount of the investment may have since changed within the respective thresholds without this triggering a reporting requirement from the shareholders to AUTO1 Group SE. The percentages given in the table below each relate to the share capital of the Company as at 31 December 2021.

Shareholder	Number of Shares	Share
SVF Midgard (Cayman) Limited	37,706,524	17.69%
HKVV GmbH	27,163,300	12.74%
BM Digital GmbH	27,162,300	12.74%
OUR993 S.à r.l.	17,475,313	8.20%
Morgan Stanley & Co. LLC	12,681,044	5.95%
FMR LLC	10,545,501	4.95%
Piton Capital Investments Coöperatief B.A.	9,135,430	4.29%
Stephen Mandel Jr.	6,393,680	3.00%
Baillie Gifford & Co.	5,950,810	2.79%
DN Capital - GVC III General Partner Limited	4,740,697	2.22%
DN Capital (UK) LLP	3,471,521	1.63%
Other shareholders/free float	50,711,880	23.79%

With two exceptions, the shares within the meaning of Section 34 WpHG are fully assigned to the abovementioned shareholders:

The shares of SVF Midgard (Cayman) Limited amounting to 34,613,900 shares are assigned to this entity in accordance with Section 34 WpHG. The remaining 3,092,624 voting rights involve instruments according to Section 38 (1) no. 2 WpHG.

The shares of Morgan Stanley & Co. LLC amounting to 12,517,657 shares are assigned to this entity in accordance with Section 34 WpHG. The remaining 163,387 voting rights involve instruments according to Section 38 (1) no. 1 WpHG (163,041) and Section 38 (1) no. 2 WpHG (346).

Other shareholders/free floats relate to investments in AUTO1 Group SE of less than 3%.

5. Company bodies

Management Board

Christian Bertermann

- CEO of AUTO1 Group SE
- Chairman of the Management Board

Markus Boser

- CFO of AUTO1 Group SE

Mitgliedschaften Vorstand

Christian Bertermann

- BM Digital GmbH, Managing Director
- Kieler Vorratsgesellschaft 2021 GmbH (formerly: Moin Moin Kiel Immobilien Services GmbH) Managing Director – until 30 November 2021

Markus Boser

- Ammonite (St Neots) Limited, Director
- Ammonite (St Neots) Nominees Limited, Directorr

Aufsichtsrat

Dr Gerhard Cromme

- Active on several supervisory boards, Chairman

Andrin Bachmann

- Partner at Piton Capital LLP

Gerd Häusler

- Active on several supervisory boards, Chairman of the Audit Committee

Hakan Koç

- Managing Director of Famko Immobilien Verwaltungs GmbH

Sylvie Mutschler von Specht

- President of the Governing Board of MIAG Mutschler Immobilien AG and of Mutschler Ventures AG (member since 3 February 2021)

Anthony Doeh

- Investmentberater (Mitglied bis 02.02.2021)

Supervisory board memberships within the meaning of 125 (1) sentence 5 clause 1 and/or clause 2 AktG:

Dr Gerhard Cromme

- eClear AG, Member of the Supervisory Board
- Highview Enterprises Ltd., Member of the Supervisory Board

Andrin Bachmann

- Ascender Capital Ltd., Director
- Booksy Group Inc., Director
- Colibri SAS dba ManoMano, Board Member
- JamesEdition B.V., Director

Gerd Häusler

- Münchner Rückversicherungs-Gesellschaft, Member of the Supervisory Board

Sylvie Mutschler von Specht

- A & S Beteiligungen AG, President of the Governing Board
- Bergos AG, Member of the Governing Board
- C+H Development Holding AG, President of the Governing Board
- MIAG Mutschler Immobilien AG, President of the Governing Board
- Mobbot S.A., Member of the Governing Board
- Mutschler Outlet Holding AG, CEO und Mitglied des Verwaltungsrats
- Mutschler Ventures AG, CEO and Member of the Governing Board
- Premium Property AG, Member of the Governing Board – bis 26.08.2021

6. Total remuneration of the Management Board and remuneration of the Supervisory Board

For financial year 2021, the total remuneration of members of the Management Board of AUTO1 Group SE amounted to KEUR 1,022 (PY: KEUR 903). In addition, one member of the Management Board and one former member of the Management Board (presently member of the Supervisory Board) were granted variable remuneration in the form of a virtual share-based payment programme (LTIP 2017). Half of an amount of 4,529,732 new shares, representing a fair value of KEUR 225, was issued to each to settle the existing LTIP 2017.

Member of the Board	Fixed Remuneration (Cash) in KEUR	Variable Remuneration in KEUR
Christian Bertermann	520	112.5
Markus Boser	502	0
Hakan Koç (member until 30 November 2020)	0	112.5

The compensation of the Supervisory Board amounted to KEUR 400 (PY: KEUR 400).

7. Advances and loans granted to members of the Management Board and Supervisory Board

No loans or advances were granted to the members of the Management Board or the Supervisory Board. There were no contingent liabilities for the benefit of Supervisory Board members as at the reporting date.

8. Auditor's fees and services

At the General Meeting on 14 January 2021, the shareholders of AUTO1 Group SE elected KPMG AG Wirtschaftsprüfungsgesellschaft as statutory auditor and group auditor of AUTO1 Group SE for financial year 2021.

The fee for audit services of KPMG AG Wirtschaftsprüfungsgesellschaft, Germany, related primarily to the audit of the consolidated financial statements and the annual financial statements of AUTO1 Group SE. Other assurance services concern, among other things, the issuing of comfort letters and tax advisory services relating to advice on transfer pricing. The other services are attributable to advisory services relating to enforcement proceedings.

9. Events after the reporting date

By resolution of the Management Board dated 25 January 2022 and the approval of the Supervisory Board dated 26 January 2022, by means of utilising authorised capital the share capital of the Company was increased by KEUR 2,014 to KEUR 215,152. Following this utilisation, the authorised share capital now amounts to KEUR 96,088.

Owing to the outbreak of war in Ukraine on 24 February 2022, economic restrictions associated with this may arise in almost all European countries, which limits the ability to make a reliable assessment of all impacts on the expected business performance of the Company. The AUTO1 Group does not operate any significant business in Ukraine and Russia, meaning that no significant impact on the revenue of the Group will arise through this. Nevertheless the AUTO1 Group employs software developers in Ukraine, meaning that the internal development of software could possibly be delayed by the war.

10. Declaration of compliance in accordance with the German Corporate Governance Code

AUTO1 Group SE has made the declaration of compliance with the German Corporate Governance Code in accordance with Section 161 AktG issued by the Management and Supervisory Boards permanently available to shareholders on the Company's website under *https://ir.auto1-group.com/websites/auto1/German/6900/corporate-governance.html*.

11. Appropriation of earnings

The Management Board proposes, with the consent of the Supervisory Board, to carry forward the net loss for the year of KEUR 217,240 to the following year.

Berlin, 22 March 2022
AUTO1 Group SE

Christian Bertermann
CEO & FOUNDER

Markus Boser
CFO

05

Movements in Fixed Assets

during the

2021 FINANCIAL YEAR

In EUR

Cost	1 JAN. 2021	Additions	31 DEC. 2021
Financial assets			
Shares in affiliated companies	934,508,594.00	0.00	934,508,594.00

In EUR

Accumulated Amortization	1 JAN. 2021	Depreciation during the financial year	31 DEC. 2021
Financial assets			
Shares in affiliated companies	0.00	0.00	0.00

In EUR

Book Values	31 DEC. 2021	31 DEC. 2020
Financial assets		
Shares in affiliated companies	934,508,594.00	934,508,594.00

Responsibility Statement

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

Berlin, 22 March 2022

AUTO1 Group SE

Christian Bertermann
CEO & FOUNDER

Markus Boser
CFO

Independent Auditor's Report

to

AUTO1 GROUP SE, MUNICH

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

Opinions

We have audited the annual financial statements of AUTO1 Group SE, Munich, which comprise the balance sheet as at 31 December 2021 and the income statement for the financial year from 1 January to 31 December 2021 and notes to the financial statements, including the recognition and measurement policies presented therein. 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 2021.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2021, and of its financial performance for the financial year from 1 January to 31 December 2021, in compliance with German legally required accounting principles, and
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the combined management report in accordance with Section 317 HGB and EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the combined management report.

Key Audit Matters in the Audit of the Annual Financial Statements

We have determined that there are no key audit matters which need to be reported in our independent auditor's report.

Other Information

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

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

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

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

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

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

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

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

Management is responsible for the preparation of annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, management is responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company'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, provided no actual or legal circumstances conflict therewith.

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

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

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

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual 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 annual financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual 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 annual 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 annual 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 Company'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 annual 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 Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the combined management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

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

Other Legal and Regulatory Requirements

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

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the annual financial statements and the combined management report (hereinafter the "ESEF documents") contained in the electronic file "AUTO1 Group SE Jahresabschluss 2021.xhtml" (SHA256 hash value: 5cc58bd7716454115d461e69a594c2582 d017a95a19cd82 ae405a3fe645db86e) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the annual financial statements and the combined management report contained in the electronic file made available identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying combined management report for the financial year from 1 January to 31 December 2021 contained in the "Report on the Audit of the Annual Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

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

The Company's management is responsible for the preparation of the ESEF documents including the electronic renderings of the annual financial statements and the management report in accordance with Section 328 (1) sentence 4 item 1 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 Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

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

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

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor at the General Meeting on 14 January 2021. We were engaged by the Chairperson of the Supervisory Board on 24 January 2022. We have been the auditor of the AUTO1 Group SE without interruption since financial year 2018, of this period one financial year during which the Company fulfilled the definition of a public interest entity.

We declare that the opinions contained in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited annual financial statements and the audited management report as well as the examined ESEF documents. The annual financial statements and the combined management report converted into ESEF format – including the versions to be published in the German Federal Gazette [Bundesanzeiger] – are merely electronic renderings of the audited annual financial statements and the audited management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents provided in electronic form.

German Public Auditor Responsible for the Engagement

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

Berlin, 22 March 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

Jessen	**Knorr**
Wirtschaftsprüfer	Wirtschaftsprüfer
German Public Auditor	*German Public Auditor*

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