AUTO1 GROUP

ANNUAL REPORT

2023

04 APRIL 2024

Financial Overview

Summary of Key Figures

Group	FY 2022	FY 2023	Change FY YoY
Units Sold (#)	649,709	586,085	(9.8%)
Revenue (in million EUR)	6,534.1	5,462.8	(16.4%)
ASP (EUR)	10,057	9,321	(7.3%)
Gross profit (in million EUR)	488.2	527.9	8.1%
GPU (EUR)	746	899	20.6%
Adjusted EBITDA (in million EUR)	(165.6)	(43.9)	73.5%

Segment Key Figures

Merchant	FY 2022	FY 2023	Change FY YoY
Units Sold (#)	585,545	523,019	(10.7%)
thereof C2B	*497,254*	*457,885*	*(7.9%)*
thereof Remarketing	*88,291*	*65,134*	*(26.2%)*
Revenue (in million EUR)	5,477.6	4,464.0	(18.5%)
thereof C2B	*4,599.2*	*3,830.6*	*(16.7%)*
thereof Remarketing	*878.4*	*633.4*	*(27.9%)*
ASP (EUR)	9,355	8,535	(8.8%)
Gross profit (in million EUR)	418.0	419.2	0.3%
GPU (EUR)	714	801	12.3%

Retail	FY 2022	FY 2023	Change FY YoY
Units Sold (#)	64,164	63,066	(1.7%)
Revenue (in million EUR)	1,056.5	998.9	(5.5%)
ASP (EUR)	16,466	15,839	(3.8%)
Gross profit (in million EUR)	70.2	108.7	54.9%
GPU (EUR)	1,039	1,712	64.8%

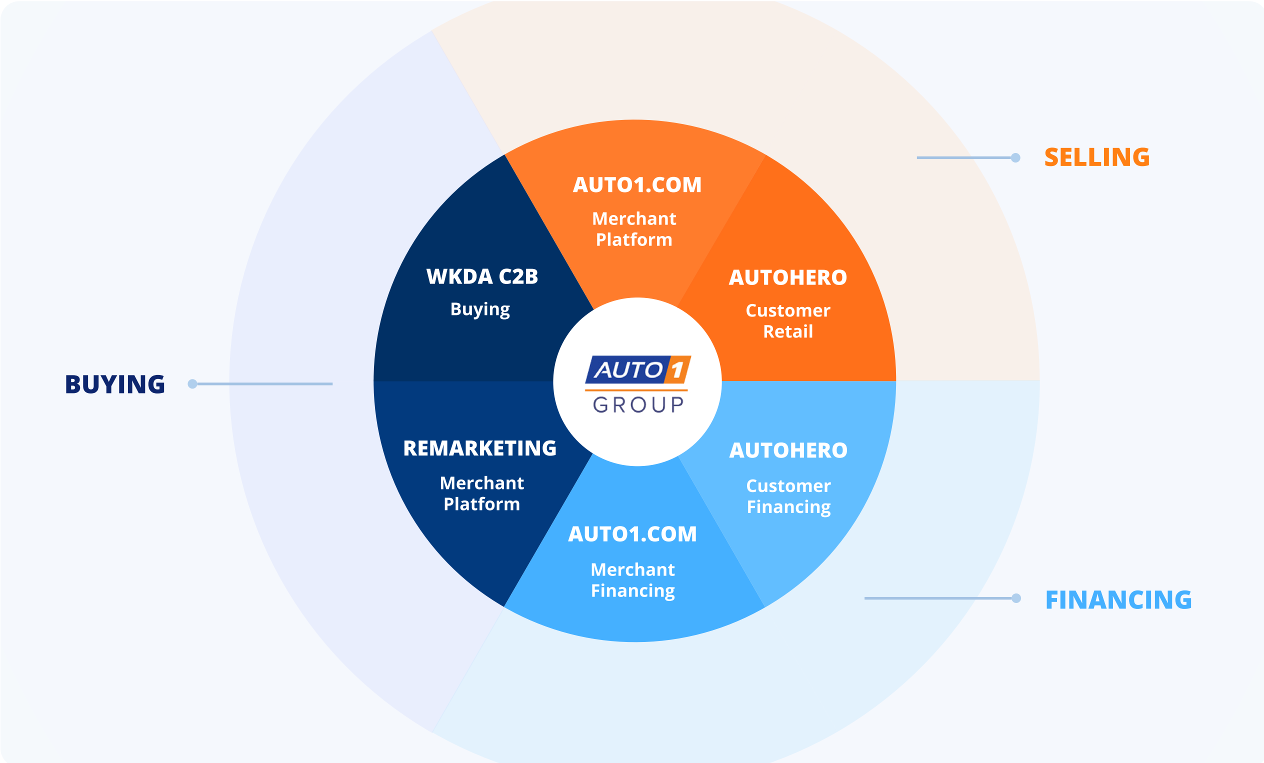
Differences may exist due to rounding.


Zamówiony online na AUTOHERO
AUTOHERO
WO AH1
WO AH2

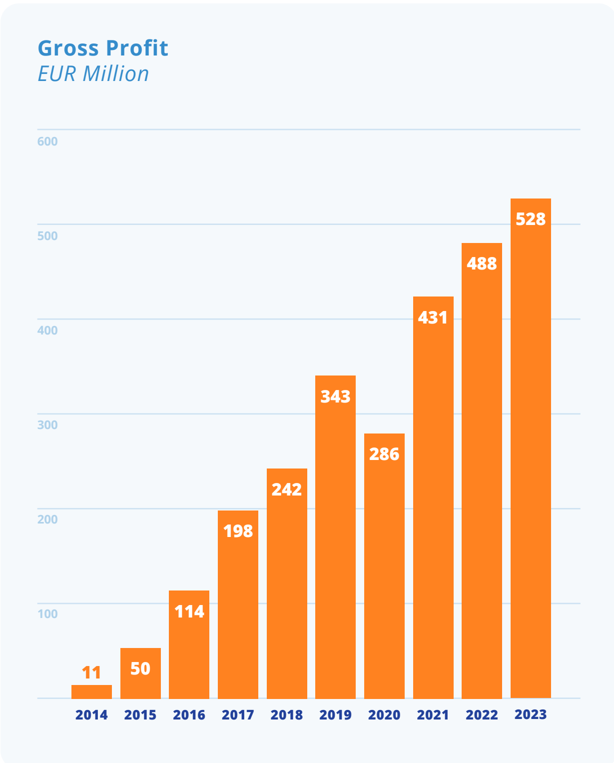
Building the Best Way to Buy and Sell Cars Online

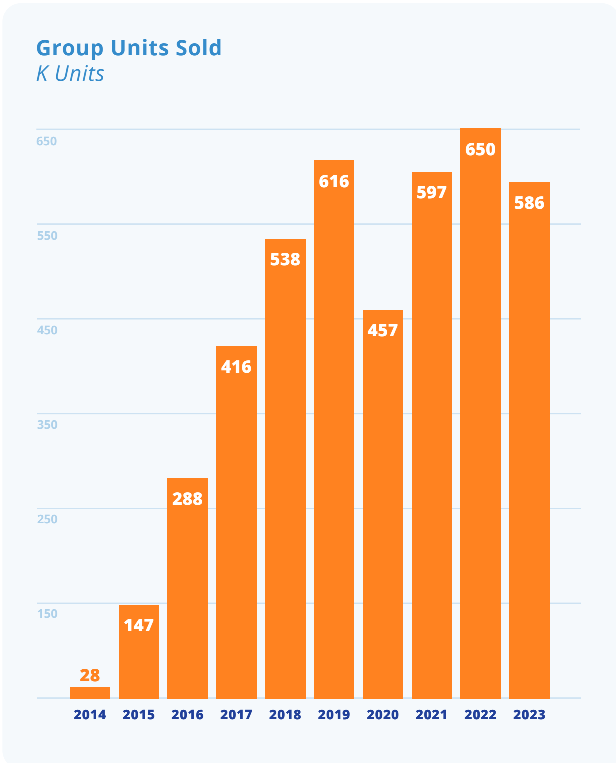
AUTO1 Group is focused on building the leading used car business across Europe. We are a business led by founders with an entrepreneurial spirit, longstanding industry experience, the proven ability to scale, and a lasting commitment to our mission.

Building a Category Leader By Maximizing Value for Consumers and Merchants



We are a Growth Company at Heart





01

SHAREHOLDER LETTER

Dear Shareholders,

AUTO1 Group is a technology company that aims to maximize value for Merchants and Consumers when buying, selling or financing their next vehicle. We are - for now - working in the EUR 700 Billion used car market of Europe, which is one of the largest markets in the world. It is characterized by a very high degree of fragmentation and often lacks great customer experience. We founded AUTO1 Group in 2012 to help transition this market to the future, driven by AI pricing, low transaction costs and high levels of Consumer and Merchant satisfaction.

Financially, we aim to consolidate the used car market on the AUTO1 Group platform by maximizing the value for Merchants and Consumers when buying, selling or financing their next car. Value can consist of higher selling prices, lower buy prices, better customer satisfaction, faster processing times, greater selection or liquidity support through financing. We believe that the financial opportunities that we currently pursue can be worth in excess of EUR 100 Billion in the long run.

To achieve our mission, we offer a range of products and services on our platform aimed at maximizing value for our clients.

- C2B Buying: a vast and dense network of branches that connects our private Customers with the highest Europe-wide price for their vehicle, often beating their local achievable price
- Remarketing: a B2B sales solution, that offers our selling dealer partners access to the highest Europe-wide price for their wholesale inventory, often beating their local achievable price, combined with fast processing speed
- AUTO1.com Merchant platform: a platform for professional car buyers, accessed by thousands of Merchants on a weekly basis for sourcing the best next car for their stock, supported by powerful logistics for fast delivery
- AUTO1.com Merchant Financing: wholesale financing solutions to support our best Dealer Partners to grow their business organically, speeding up delivery time as no prior payment is required
- Autohero: the EU-wide leading online shopping solution for used cars, with a well recognized European Retail Brand, vast selection and home delivery at competitive prices, supreme levels of customer experience, perfectly positioned to address the growing demand for shopping used cars online

- Autohero Consumer Financing: available in Germany and Austria, an inhouse financing solution, 250+ Million EUR portfolio and growing, completely digital process, with the fastest financing approval of any retailer

While some of our products feel brand new, others are developed, the result of years of iteration to finally arrive in their current form. What unites them, is that all of them have been developed in-house and are deeply tied to the AUTO1 Group platform. They are also all data contributors to our technology infrastructure and thus help us to develop our AI pricing advantage further.

2023, an important and remarkable year of transition

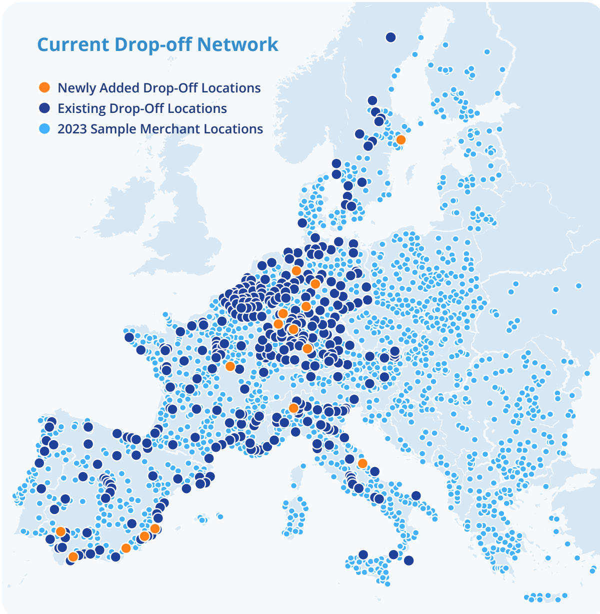
In 2023, we helped more than 520,000 Customers sell their car for a higher price, funding them with more than EUR 4.1 Billion, supported more than 39,000[1] Partner Dealers with finding, purchasing and delivering the best fitting units for their stock, carried out more than 910,000 transports through our partners, helped more than 60,000 Retail Customers to find their new car, supported more than 20,000 of them with financing for more than EUR 275 Million and provided millions of Consumers with a price estimate for their car.

While these figures describe the huge scale of our business well, 2023 was the first time that we set profitability as the leading goal for a business year. For the past 12 months, we worked extremely hard to find the right balance between investments, our cost base, units and gross profit to achieve it. That goal however was not only a short-term goal; it represented something much bigger: the foundation for long-term profitable growth. How could we configure our various products in a way that would give us the potential to grow double-digit as a group, continue key investments and show a clear way to cash flow break-even?

In the following I would like to go product by product and explain how we look at the value they generate for our Merchant Partners or Consumers, the stage of development that each of them are in, their future growth potential, their path towards profitability, and how they fit into our overall growth strategy and financial target setting.

C2B Buying

We generate value for our C2B Customers when our Europe-wide price beats competing local offers or when our selling solution is more convenient than alternatives. Consequently we invested for years into our AI pricing technology, our evaluation processes and our branch network to maximize the value that we provide to our Customers. We started C2B buying in 2012, went through a massive growth track and continue to see a lot of opportunity in our largest supply channel. We believe that our branch network has the potential of more than 1,500 branches and that a more dense network is perceived by our Customers as more convenient. We also believe that by continuing to invest into AI pricing we will set ourselves further apart from our competition and increase the share of highest prices offered to our clients. Financially, C2B benefited from over nine years of growth investment and has been a profitable business since 2020. We aim to maximize growth in C2B to increase our total profitability or generate cash to invest into our other products.



[1] Full Year 2023: 39,100 buying Merchants, out of 69,000 actively viewing Merchants (monthly average) on the AUTO1.com Merchant Platform

Remarketing

We generate value for our Remarketing Partners when our Europe-wide price beats competing local offers, when our price is higher than the price of a competing Remarketing solution or when our selling solution is more convenient, especially regarding pick-up speed and document handling. We started our Remarketing solution in 2016 and since then, have seen strong growth to over 80,000 units in 2022. The product has benefited from over 7 years of growth and technology investment. We see a lot of future growth potential in Remarketing, first and foremost driven by the massive EUR 150 Billion B2B market in Europe, which is very much locally organized today. We believe that we can aggregate the B2B market by continuing to invest into the excellence of our Remarketing product. If we had to assess the strength of our solution today, we would label it a good product, but with room for improvement. Throughout 2023, we rightsized the Remarketing business by eliminating unprofitable units and as a consequence, massively improved unit economics and hit break-even in Q4 of 2023. We aim to grow Remarketing profitably from our current base and believe we will be able to do so by product iteration and innovation.

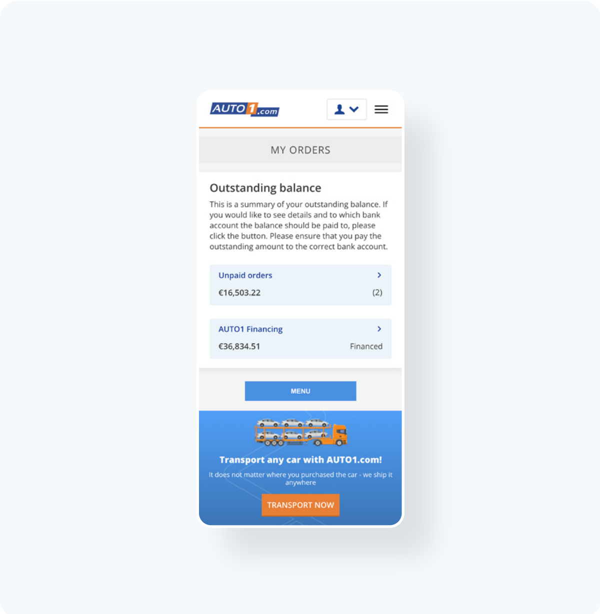
AUTO1.com Merchant platform

We generate value for our Merchant Partners when we offer cars that fit their inventory needs perfectly. Our cars can fit the Dealers needs if they can source the same car cheaper through us than they could do locally or when we are offering a car that they don't have access to or not in the same quality or not with the same options. In addition, our Merchant Partners require fast and easy delivery of the car and the associated documents. Consequently, we invested strongly into matchmaking technology, assembling the right stock, inventory control, our logistics network and document handling capabilities. The AUTO1.com Merchant platform was established in 2013 and benefitted from constant technology investment over the years. In 2023, it generated over EUR 4.5 Billion in sales and sold as well as delivered more than 520,000 cars to our Merchant Partners. We estimate that there are more than 200,000 Merchants across the European Union doing business in our market. In 2023, 39,000 or just 19.5% were active buyers on the AUTO1.com platform. While we have a significant amount of high frequency Merchants, a good share of our active buyers only buys occasionally with us. We believe that increasing the frequency of buying while growing the total active buyer base is one of our key levers for future growth in the Merchant segment.

When looking back at the last years, external market forces have had a major influence on our Merchant business: The supply shortages of new cars during the pandemic lead to reduced supply, historically high prices and higher inventory turns for our partner dealers. When used car prices started to roll back, the reverse effect took place: More supply entered the market and inventory turns reduced. While we sold to a slightly higher number of Merchant Partners in 2023 (39,105) than in 2022 (38,684), we experienced an 11% reduction in average basket driven by a normalization of inventory turns, leading to total reduction of 10.6% Merchant units sold compared with 2022. We started to turn around that trend towards the middle of Q3 with increased levels of investment into our Merchant Partner network, product and technology improvements and the launch of AUTO1.com Merchant Financing.

AUTO1.com Merchant Financing

Our Merchant Financing solution is a completely new product. We started it in Q4 of last year and create value for our Merchant Partners when we speed up the delivery time (a financed car is paid instantly) and, more importantly, let our Partners organically grow their business with our liquidity. This happens if our partners are using the product on top of other financing lines. No matter if it's used as a convenient temporary financing solution or used to build a bigger business, we have received overwhelmingly positive feedback so far and are very curious about the next months. As we internally don't charge for customer acquisition, the product is already on the verge of profitability, which is even better news. We believe that our Merchant Financing solution can increase loyalty to the AUTO1.com Merchant platform and by doing so, increase the frequency of purchases while also making the overall product more attractive. We aim to scale it quickly in countries available, increase the overall credit portfolio and consider it as a key growth lever for Merchant demand.



Autohero

We create value for our Retail Customers when we offer the car they are looking for cheaper than it is available locally or when our service of buying the car online including home delivery is perceived as supreme value and therefore, a key buying factor. Out of all the products that we offer, Autohero is the most innovative, with the highest risk / reward profile. It is only four years old in its current form but already has received massive amounts of growth investment, especially post our successful IPO in February of 2021. We faced strong (online) competition back then and Autohero emerged as the winner in multiple ways: Today, Autohero is the leading Online-Shop for ordering used cars in the EU. Also, Autohero is the fastest growing European Retailer ever to achieve 64,000 units sold in just 4 years. Already, Autohero belongs to the 10 largest used car Retailers out of the estimated 200,000 across Europe. However, in 2023 Autohero did not grow, but rather shrunk slightly. Why?

The answer is two-fold: On the one hand, it's very early days for buying cars online. If we want to compare the market stage of development, then we could compare it with 1999 for ordering books. In that year, only a small fraction of the general population was interested in buying a book online. Fast forward 25 years later, the overwhelming majority favors buying books completely online. The company that saw this coming early and executed perfectly, Amazon, is now worth more than USD 1.7 Trillion - and has just started to pioneer new car sales on their U.S. platform. We don't know if online shopping for used cars will follow the same trend as books or electronics. We do know that virtually all global new car manufacturers are investing heavily in their online sales approach. We also know that Autohero Customers are exceptionally happy and that 82% of our Financing Customers would order their next car with Autohero. To sum it up, right now there is a larger share of Customers that prefer to buy their next car the traditional way, but there is a growing and very satisfied customer base that enjoys and prefers shopping used cars online.

On the other hand, as the market for buying used cars online is so nascent, Autohero requires high levels of growth investment - like many of our other products mentioned above used to - to continue its growth track, further develop the shop technology, improve its selection or speed up

Refurbishment Center
in Oosterhout, Netherlands

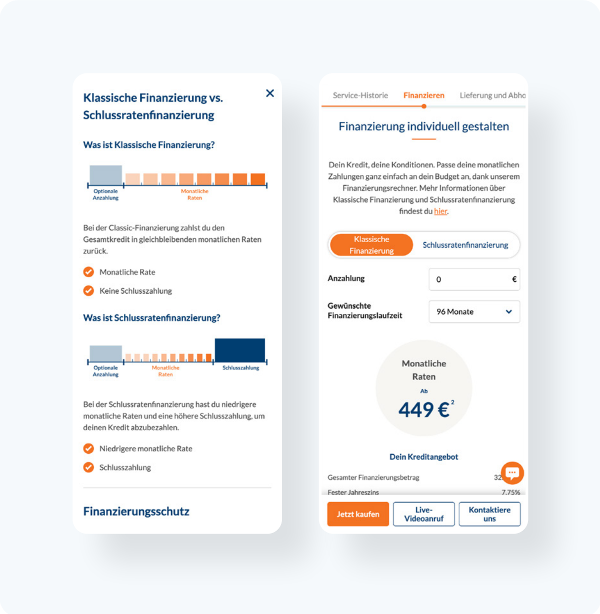
Autohero Center in Vienna, Austria

delivery times. Those investments however, today have to fit our overall financial route to cash-flow break-even. This means - coming back to the question why Autohero units were flat in 2023 - that we prioritized GPU growth (+673 EUR or 64.8% year on year) and cost base improvements over unit growth, reducing our level of investment into Autohero from the arguably very high level in 2022 to a lower, but still significant level in 2023. With Q4 GPU just under EUR 2,000 we believe that we are only 300-400 EUR away from breaking even before Headquarter cost assigned to Autohero. Going forward, we will maximize unit growth in Autohero under the given group profitability constraint. Should we hit break-even before Headquarter cost by either growing in total gross profit or getting more cost efficient or a combination of both, that constraint will obviously vanish.

We believe that a Pan-European Retail brand like Autohero has immense growth potential in the years to come. When we think of the impressive size of our market, its extremely fragmented nature and the desire for trust in used car dealerships, we believe that building an unparalleled brand and buying experience, no matter where our Customers get in contact with the Autohero brand, is an incredible and massive opportunity. The skills that we added to our company with the launch and scaling of Autohero are enormous: We now know how to mass-purchase suitable cars for Retail within our C2B Buying product, we know how to price them and we learned how to mass-refurbish our stock internally at very competitive costs while keeping NPS at high levels. We built the leading Online-Shopping platform for used cars in the EU, we integrated long-haul transport of Retail cars smartly into our logistics network and we assembled the only existing last mile delivery network of scale, to our knowledge. These are prime skills needed to create the Amazon or Walmart (or both?) of used cars. The only thing that we can't do yet and honestly, it bugs us a bit - is to buy and sell a car at the same spot. Or in other words, a question that we will think about in 2024: Why shouldn't Autohero be able to also cater to Customers that still prefer to buy a used car the traditional way? Especially as we have a local footprint anyway, with over 430 physical buying branches?

Autohero Consumer Financing

We generate value for our Retail Financing Customers when we offer them liquidity support for a car that they otherwise wouldn't have been able to buy themselves fully, when the interest rates that we offer are competitive and when the process to finance a car is fast and very well integrated into the overall buying experience. We are supporting Customers with two different versions of Retail financing currently, internal and external financing. With the external financing, we try to find the best fitting partner bank for our Customers and receive a commission for a successful transaction. In the following, I would like to concentrate on our internal financing solution, which has been developed fully in-house, launched in 2021 and is currently available for Customers in Germany and Austria. In 2023, we helped nearly 10,000 Customers finance their new Autohero car internally with us, which is a significant share of total orders in those markets. In total, our Consumer Financing portfolio now has a value of EUR 262 million. While Consumer Financing is definitely a key demand driver for Autohero, also from repeat Customers over time, it also will be an important profitability generator in the mid-term. We are currently in the data gathering phase; the portfolio needs a minimum age of three years of performance data to obtain a rating, which is expected for this year. With the rating, our refinancing cost of the portfolio will reduce substantially and thus, enhance the profitability of our credit portfolio. At the moment, the GPU impact from financing is quite limited at around EUR 250-300. However, Autohero is a very young business and the portfolio needs a certain minimum age and size. Over time, we intend to offer our internal financing solution in all Autohero markets as we expand our re-financing options and maintain capital discipline. We assume the long-term GPU potential from financing will be around EUR 1,000 per unit.



Our path ahead: Re-Accelerated, Profitable Growth driven by product excellence

From a financial perspective, we did well in 2023: We earned gross profit of EUR 528 million, that is 40 million more than in the year before and a new company record. We reached our top target of the first break-even quarter on an adjusted EBITDA basis early in Q3 and improved adjusted EBITDA by more than 120 million EUR year on year. We also handled our cash position very well, increasing EUR 6 million year on year to land at EUR 548 million at the end of the year.

If we zoom out a little more, 2023 was a pivotal year in the short history of our company: it was the year we started to lay the foundation for long-term profitable growth. The year we learned how to configure our level of investment per product, their cost structure and margin requirements that lead the way to continued double digit growth, while being on a clear path to cash flow break-even. With this solid foundation in place, we are eager to start re-accelerating growth across all our business units and are looking at the year ahead with excitement, curiosity and the strong ambition that characterizes our teams.

I want to thank all our Customers across our businesses for their trust in us, all our Employees across Europe for their hard work and tireless dedication and to you, our Shareholders, for your continued support and faith in our vision. Together, we have a bright road ahead.

Christian Bertermann

Co-Founder and Chief Executive Officer
AUTO1 Group SE

02

SUPERVISORY BOARD REPORT

Dear Shareholders,

In the financial year 2023, the Supervisory Board of the Company conscientiously fulfilled the duties assigned to it by law, the articles of association, and the rules of procedure. This report provides information on the work of the Supervisory Board in the financial year 2023.

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

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

The Supervisory Board held a total of six meetings in the financial year 2023. Three of the six meetings were held in presence at the Company's premises at Bergmannstraße 72, 10961 Berlin. One of the six meetings was held virtually via video conference. The other two of the six meetings were hybrid meetings, *i.e.* the meeting was held in presence at the aforementioned premises, while individual members of the Supervisory Board were dialed in via video conference ("Hybrid Meeting"). The legally prescribed cycle of two meetings per calendar half-year was observed. In addition, the Supervisory Board adopted resolutions by circular resolution on several occasions. The members of the Supervisory Board attended the meetings of the Supervisory Board in the reporting period as follows:

Name	Total	Comment
Dr. Gerhard Cromme	6/6	-
Hakan Koç	5/6	excused in the meeting dated 12.09.2023
Gerd Häusler	6/6	-
Sylvie Mutschler-von Specht	4/6	excused in the meetings dated 19.04.2023 and 12.09.2023
Vassilia (Nelly) Kennedy	N/A	until 13.01.2023
Lars Santelmann	5/6	excused in the meeting dated 19.04.2023
Martine Gorce Momboisse	3/3	since 20.04.2023

In the financial year 2023, the Management Board of the Company reported regularly, promptly and comprehensively to the Supervisory Board, both in regular meetings and, as required, outside of meetings, on the net assets, financial position and results of operations of the Company and the Group, as well as on issues relating to risk management and internal control systems. As part of this process, the Management Board informed the Supervisory Board about all relevant issues relating to strategy, operational planning and the associated risks and opportunities, the economic development of the Company and the Group, and all relevant business-policy processes. The content of the reports was discussed intensively at the meetings of the Supervisory Board. The Management Board and Supervisory Board discussed in detail all significant business transactions and major decisions for the financial year 2023.

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

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

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

Dealing with Conflicts of Interest

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

Focal Points of the Work of the Supervisory Board

The Supervisory Board met a total of six times in the financial year 2023: on 21 February, 28 March, 19 April, 6 June, 12 September and 7 November.

At the Supervisory Board meeting in February, in particular, the preliminary annual financial statements for 2022 were discussed and the budget planning for 2023 was dealt with in depth (having already been discussed at the Supervisory Board meeting on 1 November 2022) and this budget was approved. The Supervisory Board, by resolution, also adopted the objectives for the composition of the Supervisory Board and the profile of skills and expertise for the Supervisory Board and its implementation in the form of a qualification matrix in accordance with recommendation C.1 of the German Corporate Governance Code in the version dated 28 April 2022 ("GCGC") as well as target figures for the proportion of women in the Supervisory Board in accordance with Sec. 111 para. 5 of the German Stock Corporation Act ("AktG"). In addition, the Declaration of Compliance for 2023 was adopted in accordance with Sec. 161 AktG. Finally, the Supervisory Board's self-evaluation in accordance with recommendation D.12 GCGC, which took place in fall 2022, was discussed.

In March 2023, the Supervisory Board dealt with the annual and consolidated financial statements and the combined management report for the financial year 2022 prepared by the Management Board and then approved them. After the Audit Committee dealt in detail with the audit quality of the Company's auditor of the annual and consolidated financial statements at its two meetings in March, the Supervisory Board also resolved at its meeting in March – at the proposal of the Audit Committee – to propose to the Annual General Meeting 2023 that KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin branch, be appointed as the Company's auditor of the annual and consolidated financial statements for the financial year 2023. Another topic of the Supervisory Board meeting in March was the long-term strategic planning of the AUTO1 Group and the resolutions on the Corporate Governance Declaration and the Remuneration Report for the financial year 2022.

At its meeting in April, the Supervisory Board resolved on a modified remuneration system for the members of the Management Board ("Remuneration System 2023"), taking into account the requirements of Sec. 87a para. 1 AktG, which was subsequently approved by the Annual General Meeting on 7 June 2023 under agenda item 8 of the invitation to the Annual General Meeting published in the Federal Gazette on 26 April 2023. The meeting in April also dealt with preparations for the Annual General Meeting 2023. In particular, the Supervisory Board resolved, at the proposal of its Presidential Committee, to propose to the Annual General Meeting on 7 June 2023 under agenda item 6 that Mrs. Martine Gorce Momboisse be elected to the Supervisory Board as the successor to Mrs. Vassilia (Nelly) Kennedy, who resigned from her position as a member of the Supervisory Board with effect as of 13 January 2023.

At the meeting in June 2023, the Management Board presented an overview of AUTO1 Group's current business development. It was also decided to appoint Mrs. Martine Gorce Momboisse as Chairwoman of the Marketing and Branding Committee under the condition that the Annual General Meeting on 7 June 2023 elects her as a member of the Supervisory Board. The Supervisory Board meeting also dealt with the adoption of an amendment to the Declaration of Compliance published in February 2023 (Sec. 161 AktG), subject to the condition that the Annual General Meeting on 7 June 2023 resolves on agenda item 9 of the invitation to the Annual General Meeting published in the Federal Gazette on 26 April 2023 (adjustment of the stock options issued under the Long-Term Incentive Plan 2020 and the related authorization of the Supervisory Board to issue stock options and the Conditional Capital 2020 as well as a corresponding amendment of the Articles of Association in § 4 (Share Capital)) in accordance with the management's proposed resolution.

The September meeting focused, in particular, on AUTO1 Group's current business development and the Management Board's reporting on key AUTO1 Group initiatives; in particular, the "AUTO1 Financing" program was presented. At the meeting in September, the Supervisory Board then gave its approval for the implementation of the "AUTO1 Financing" program.

At the last meeting of the year on 7 November, the Management Board reported on the key financial figures for the 3rd quarter of 2023, gave an update on the business development in October and discussed the budget for 2024, which was then approved.

Audit and Risk Committee

The Supervisory Board has formed an Audit and Risk Committee ("Audit Committee"). In the run-up to the Supervisory Board meetings, it deals not only with the monitoring of the accounting and accounting process, the audit of the financial statements and the quarterly reports, but also with the internal control system and risk management, as well as the establishment and ongoing work of the internal audit department. It also prepares Supervisory Board decisions on these topics and performs its other duties as required by law and set out in the Supervisory Board's rules of procedure.

The Audit Committee consists of the three members Gerd Häusler (Chairman of the Audit Committee), Dr. Gerhard Cromme and Lars Santelmann. The committee held six meetings in the financial year 2023. Five of the six meetings of the Audit Committee were held in presence at the Company's premises at Bergmannstraße 72, 10961 Berlin; one of the six meetings was held virtually via video conference. All members of the Audit Committee were present at all meetings. The meetings of the Audit Committee on 21 February, 14 March, 28 March and 11 September were also attended by representatives of the Company's and Group's auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin branch.

Presidential and Nomination Committee

The Presidential and Nomination Committee ("Presidential Committee") was formed in the run-up to the IPO in January 2021 and consists of the three members Dr. Gerhard Cromme (Chairman of the Presidential Committee), Gerd Häusler and Hakan Koç. The Presidential Committee prepares certain resolutions of the Supervisory Board and decides on behalf of the Supervisory Board on matters specified in more detail in the rules of procedure of the Supervisory Board; as the Nomination Committee, it also nominates suitable candidates to the Supervisory Board for its proposals to the Annual General Meeting for the election of Supervisory Board members. The Presidential Committee met four times in the financial year 2023. One of the four meetings of the Presidential Committee was held in presence at the Company's premises at Bergmannstraße 72, 10961 Berlin, another of the four meetings was held as a Hybrid Meeting and two of the four meetings of the Presidential Committee were held virtually via video conference. All members of the Presidential Committee were present at all meetings.

ESG Committee

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

The ESG Committee consists of the three members Lars Santelmann (Chairman of the ESG Committee), Hakan Koç and Sylvie Mutschler-von Specht. The Committee met twice in the financial year 2023. One of the two meetings was held in presence at the Company's premises at Bergmannstraße 72, 10961 Berlin. The second meeting took place as a Hybrid Meeting. The meeting on 27 March was attended by all members of the ESG Committee with the exception of Hakan Koç, who was excused. The meeting on 7 November was attended by all members of the ESG Committee with the exception of Sylvie Mutschler-von Specht, who was excused.

Marketing and Branding Committee

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

The Brand Committee consists of the three members Vassilia (Nelly) Kennedy (until 13 January 2023) (Chairwoman of the Brand Committee), Martine Gorce Momboisse (since 7 June 2023) (Chairwoman of the Brand Committee), Hakan Koç and Sylvie Mutschler-von Specht. In the financial year 2023, the Committee met twice: once in presence at the Company's premises at Bergmannstraße 72, 10961 Berlin and once as a Hybrid Meeting. At the meeting on 11 September, Hakan Koç and Sylvie Mutschler-von Specht were excused from attending. Sylvie Mutschler-von Specht was excused from the meeting on 7 November.

Audit of the Annual and Consolidated Financial Statements for the Financial Year 2023

At the proposal of the Supervisory Board, on 7 June 2023, the Annual General Meeting appointed KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin branch, as auditor of the Company's financial statements and consolidated financial statements for the financial year 2023.

KPMG AG Wirtschaftsprüfungsgesellschaft audited the annual financial statements of AUTO1 Group SE and the consolidated financial statements as well as the combined management report for the financial year 2023 and issued an unqualified audit opinion in each case. The aforementioned documents and the audit reports of the auditor of the annual and consolidated financial statements were made available to all members of the Supervisory Board in good time and were discussed and examined in detail at the meeting of the Audit Committee 21 March 2024, and at the meeting of the Supervisory Board on 22 March 2024. The auditor attended the meeting of the Audit Committee on 21 March 2024, and the meeting of the Supervisory Board on 22 March 2024, reported on the focal points and main findings of the audit and was available during the discussions to answer questions and provide further information. On the basis of its own review, the Supervisory Board came to the conclusion that the annual financial statements and consolidated financial statements as of 31 December 2023, and the combined management report for the financial year 2023 did not give rise to any objections and agreed with the results of the auditor's examination.

By resolution dated 22 March 2024, the Supervisory Board approved the annual and consolidated financial statements of AUTO1 Group SE as of 31 December 2023 and the combined management report. The annual financial statements of AUTO1 Group SE for the financial year 2023 are thus adopted.

Separate non-financial Group report

The Supervisory Board also examined the separate non-financial Group report (ESG Report) prepared by the Management Board in accordance with Sec. 315b para. 3 of the German Commercial Code (*HGB*). The report was made available to the members of the Supervisory Board in good time and discussed in detail at the meeting of the ESG Committee on 27 February 2024. No reasons were identified that would prevent the separate non-financial Group report from being properly prepared. Based on its own review, the Supervisory Board has determined that there are no objections to the separate non-financial Group report. The ESG Report is available to shareholders on the Company's website at https://ir.auto1-group.com in the "Investor Relations" section under the menu item "Corporate Governance".

Declaration of Compliance with the German Corporate Governance Code

In February 2024, the Management Board and Supervisory Board issued the Declaration of Compliance pursuant to Sec. 161 AktG and made it available to shareholders on the Company's website at https://ir.auto1-group.com in the "Investor Relations" section under the menu item "Corporate Governance". With a few exceptions, which are explained in the Declaration, AUTO1 Group SE has complied with the recommendations of the GCGC since the last Declaration of Compliance was issued in February 2023 as supplemented by the Declaration dated June 2023. Furthermore, AUTO1 Group SE will comply with the recommendations of the GCGC in the future, with the exception of the few deviations explained in the Declaration.

Training and Professional Development

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

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

Composition of the Supervisory Board and the Management Board

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

Vassilia (Nelly) Kennedy has resigned as a member of the Supervisory Board with effect as of 13 January 2023.

By resolution of the Local Court of Munich dated 17 April 2023, Mrs. Martine Gorce Momboisse was appointed as a member of the Supervisory Board by way of court appointment for a limited period until the end of the Company's Annual General Meeting on 7 June 2023. The court appointment of Mrs. Gorce Momboisse became effective upon delivery of the resolution of the Local Court of Munich dated 17 April 2023 to the Company on 20 April 2023. At the Company's Annual General Meeting on 7 June 2023, Mrs. Gorce Momboisse was then elected to the Supervisory Board as the successor to Vassilia (Nelly) Kennedy under agenda item 6.

In the financial year 2023, the Management Board of AUTO1 Group SE consisted of the two members Christian Bertermann and Markus Boser.

Expression of Thanks by the Supervisory Board

The Supervisory Board would like to thank the members of the Management Board and all employees of the Group for their successful work and personal commitment in the financial year 2023, which will continue the success story of the AUTO1 Group.

Berlin, March 2024
For the Supervisory Board

Dr. Gerhard Cromme
CHAIRMAN OF THE SUPERVISORY BOARD

Members of the Supervisory Board, the Audit Committee, the Presidential Committee, the ESG Committee and the Brand Committee in the financial year 2023

Name, Function	Profession	Member since	Elected until
Dr. Gerhard Cromme, Chairman	Supervisory Board member	2018	2024
Hakan Koç, Vice-Chairman	Entrepreneuer	2020	2024
Gerd Häusler, Member	Businessman	2018	2024
Sylvie Mutschler-von Specht, Member	Entrepreneuer	2021	2024
Vassilia (Nelly) Kennedy, Member from 09.06.2022 until 13.01.2023	Entrepreneuer	since 09.06.2022	2026
Lars Santelmann, Member	Entrepreneuer	since 20.07.2022	2026
Martine Gorce Momboisse, Member	Independent Advisor	since 20.04.2023	2026

Audit and Risk Committee
(Audit Committee)

Name, Position
Gerd Häusler, Chairman
Dr. Gerhard Cromme, Member
Lars Santelmann, Member

Presidential and Nomination Committee
(Presidential Committee)

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

ESG Committee
(ESG Committee)

Name, Position
Lars Santelmann, Chairman
Hakan Koç, Member
Sylvie Mutschler-von Specht, Member

Marketing- and Branding Committee
(Brand Committee)

Name, Position
Vassilia (Nelly) Kennedy, Chairwoman until 13.01.2023
Martine Gorce Momboisse, Chairwoman since 07.06.2023
Hakan Koç, Member
Sylvie Mutschler-vonSpecht, Member

03 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 almost 600,000 used cars sold in 2023 we are a leading European partner for buying and selling used cars.

Revenue from used cars, including the business-to-business (B2B), amounts to around EUR 600 billion in Europe. The online share of this market is still at a very early stage of development. We are convinced that this represents a huge market opportunity for us.

Our leading market position in the European used car market is due to our broad purchasing channels, which allowed us to purchase an average of almost 2,000 used cars per working day in 2023. Through our consumer brands such as "wirkaufendeinauto.de", we offer consumers an online platform to sell their used cars to AUTO1 in nine European countries. In addition, fleet operators and commercial dealers can market their vehicles using our remarketing solutions.

We sell cars via two complementary revenue channels: Under our B2B brand "AUTO1", we operate Europe's largest wholesale platform for the sale of used cars. We sell these cars via online auctions to more than 92,000 commercial dealers in Europe. Under our "Autohero" brand, we have created a service for consumers to buy used cars online. We offer our used cars to end customers at fixed prices in nine European countries.

Our business is based on a vertically integrated, proprietary technology platform specifically developed for the purchase, sale, inventory management, financing and delivery of used cars in Europe, which is regularly maintained and expanded.

b. Objectives and Strategies

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

- our leading market position with a high volume and great diversity in purchasing and sales and
- the growing awareness of our brand in Europe and the unique customer experience in both buying and selling.

In order to remain successful, we have identified the following key factors in our strategy:

- Improving the customer experience in car sales via "Wirkaufendeinauto" by expanding our branch network;
- Improving the dealer experience in the remarketing business by investing in the product for further profitable growth;
- Continuous expansion of the merchant platform and increase in market share;
- Expansion of our new merchant financing product through rapid growth of the loan portfolio;
- Become Europe's leading retailer for used cars with our "Autohero" brand; and
- Expansion of our Autohero Consumer Finance product into additional countries targeting a rating for the German loan portfolio in 2024.

c. Group Structure

AUTO1 Group SE is the parent company of AUTO1 Group, which comprises 67 directly or indirectly controlled and fully consolidated subsidiaries as at the balance sheet date. The scope of consolidation includes three financing companies, AUTO1 Funding B.V. (Netherlands), Autohero Funding 1 B.V. (Netherlands) and AUTO1 Car Funding S.à r.l. (Luxembourg). For further information, please refer to Note 15 in the consolidated financial statements.

The Group's direct and indirect subsidiaries carry out all of our business activities in Europe.

The Group's financial liabilities are raised via our financing companies as part of three asset-backed securitisation ("ABS") programmes.

As at the balance sheet date, we have issued debt securities amounting to EUR 475 million as part of the inventory ABS facility, which were collateralised by the used vehicle inventory and did not allow any further recourse to the Group. In order to facilitate our pan-European business activities and financing, all vehicles are purchased via our subsidiaries AUTO1 European Cars B.V. (Netherlands) and Auto1 Car Trade S.r.l. (Italy) or Auto1 Car Export S.r.l. (Italy).

Furthermore, in order to facilitate the further development of the instalment purchase product for Autohero customers in Germany and Austria, we have refinanced the instalment purchase receivables since the 2022 financial year. As at the balance sheet date, we have refinanced receivables from instalment purchases amounting to EUR 269 million (of which after taking allowances into account EUR 234 million were non-current receivables) by issuing debt instruments under the consumer loan ABS facility in the amount of EUR 231 million.

Starting in October 2023, we offer “AUTO1 Financing”, a fast, convenient and fully digital dealer financing programme within the AUTO1.com platform to selected partner dealers in Germany, France, Spain and Austria. As at the balance sheet date, receivables from the programme amounted to EUR 37 million. To refinance this programme, the senior notes under the merchant financing ABS facility were utilised in the amount of EUR 39 million. The higher utilisation is already being used for merchant financing in the following month.

The shares of AUTO1 Group SE have been listed on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange since 4 February 2021. The proceeds from the IPO enabled us to raise substantial amounts of cash and significantly strengthen our equity base. Even taking into account the liquidity outflows in the years 2021 to 2023, the Group has cash and cash equivalents amounting to EUR 548 million as at the balance sheet date.

d. Segments

The Group is organised into two segments: “Merchant” and “Retail”. The segments offer products for different customer groups and are separated as they require different technologies (use of different sales platforms) and marketing strategies in some areas. Both segments source vehicles from the Group’s two purchasing channels. The purchasing channels comprise purchases from private individuals (C2B channel) and purchases from commercial dealers as part of remarketing (remarketing channel).

Merchant

In the Merchant segment, used cars are sold to commercial car dealers via the AUTO1.com dealer brand. Merchant revenue also includes auction fees, fees for logistics services and all other fees associated with the provision of vehicles to dealers. In addition, since October 2023, selected dealers in four countries can use the AUTO1 financing product, through which AUTO1 generates interest income.

Revenue from the “Merchant” business is differentiated depending on the procurement of the vehicles. All cars purchased from private individuals via the Group’s network are classified as “C2B”. Cars purchased from commercial fleet operators or dealers and not via the branch network are classified as “Remarketing”. In both areas, there are no business activities that result in independent revenue, so C2B and remarketing are merely different procurement channels. Sales are made to the same customer base via an identical sales channel.

Retail

The Retail segment focuses on the sale of used cars to private customers under the Autohero brand. It also includes income from financing and other products and services for the purchase of used cars. Vehicles for the “Retail” business are mostly purchased via C2B, but also via remarketing.

e. Management Systems

The key financial and non-financial performance indicators used to manage business activities are the units of vehicles sold, gross profit (i.e. revenue less cost of materials) and adjusted EBITDA, whereby gross profit is calculated on a segment basis and adjusted EBITDA on a Group basis. Compared to the previous year, revenue is not a significant key performance indicator for the Management Board of AUTO1 Group, as it is of secondary importance as a profitability indicator in financial reporting. These key performance indicators reflect the Group’s clear growth target and are used together with the non-financial key performance indicators 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)

Adjusted EBITDA does not include the following non-operating effects: (i) share-based payments, (ii) expenses for strategic projects, (iii) expenses for the establishment of a capital structure and (iv) other non-operating expenses/income. Other non-operating expenses include expenses for consulting costs in connection with financing, expenses for defined legal disputes relating to non-operating activities and other non-operating expenses, such as severance payments.

f. Research and Development

We see AUTO1 first and foremost as a technology company with the aim of continuously improving our tech platform and making it as convenient as possible for dealers and private customers to use. To overcome the associated challenges, such as the design of websites and apps as well as the automation of processes, the forecasting of supply and demand and the challenges of customer support, AUTO1 invests primarily in qualified staff. More than 600 tech employees (approx. 71% of them are software engineers) work at 17 locations on cross-platform innovations and ensuring smooth processes.

We believe that investments in this area will give us a decisive competitive advantage. Dealers, customers and external partners are connected to a centralised IT network when using our products. By using a microservice architecture, cloud technologies and the integration of data collection and analysis by our data science team, we are able to manage all functional areas of AUTO1 from our tech platform. These functional areas are for example:

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

In 2023, technology costs amounted to KEUR 48,995, including salaries for several hundred IT developers and software engineers as well as IT expenses. AUTO1 Group meets the requirements of IAS 38 and capitalises the development costs for selected projects as internally generated intangible assets.

Economic Report

General Economic Conditions

Due to the ongoing consequences of the war in Ukraine, the conflict in Israel and Gaza and an overall increase in global tensions and trouble spots, the global economy performed weaker in the financial year 2023 than in the previous year, and recorded growth of only 3.1%. At 0.5%, growth in the eurozone was well below the global average, while the German economy actually decreased by 0.3% in 2023.[1]

In the course of 2023, the German economy is characterised by persistently high inflation rates, which, however, decline after September 2023 due to the base effect.[2] In addition to persistently high energy costs, the weaker than generally expected economic performance at the beginning of 2023 is mainly due to a 12.4% year-on-year increase in food prices.[3]

a. Industry Environment

2023 presented yet another challenging year for the European automotive market. The return to normalised, but compared to the previous 10 - 15 years, high interest rates to counter inflation was followed by increasing demands for wage adjustments. [4] This, combined with the increase in international conflicts and political tensions, affected the demand for used cars and led to a decline in consumer spending.

On a positive note, prices stabilised over the course of 2023 and the decline in European used car starting in the second half of 2022 continued only slightly.[5]

The online market share of B2C used cars sold across Europe remained below 2.5% in December 2023.[6]

Irrespective of the tense market environment, we are convinced that the used car market is one of the last major markets to be affected by growing digitalisation. The permanent increase in internet and smartphone penetration is driving the shift towards a digital offering for buying and selling used cars. Thanks to our range of products and services as wells as our Europe-wide presence and reach, we are well equipped to meet this demand and realise the promising growth potential.

b. Business Performance

With the sale of 586,085 used cars (2022: 649,709) a strong financial year 2023 was recorded. The Group's focus was on improving profitability. With KEUR 527,888 AUTO1 Group recorded its highest gross profit to date (2022: KEUR 488,212). The gross profit margin per car sold increased by EUR 153 to EUR 899.

Compared to the previous year, revenue decreased by 16% and amounted to KEUR 5,462,835 (2022: KEUR 6,534,119). This was mainly due to a decline in the number of vehicles sold and lower prices on the used car market. The decline in revenue relates in particular to the Merchant segment. In this segment, in 2023 523,019 vehicles were sold (2022: 585,545 vehicles) and revenue decreased by 18.5%. In the prior financial year, AUTO1 Group focussed its trading activities on improving profitability per unit, which is why the number of units sold decreased. Revenue in the Retail segment decreased slightly to KEUR 998,873 (2022: KEUR 1,056,525), with 63,066 vehicles solds (2022: 64,164 vehicles). The cost of materials in the financial year 2023 amounted to KEUR 4,934,947 (2022: KEUR 6,045,907).

AUTO1 Group's adjusted EBITDA improved from KEUR -165,578 to KEUR -43,948 considerably. In addition to the increased gross profit, reduced marketing expenses and lower personnel expenses as a result of lower average number of employees were drivers for the decrease.

AUTO1 Group continues to consistently pursue the goal of further increasing profitability and returning to growth. To this end, the customer base in particular shall be further expanded - also by including a broader product range and profitable gross profits per unit.

[1] See IMF, World Economic Outlook January 2024.
[2] *https://de.statista.com/*; accessed on 27 February 2024.
[3] Press release no. 020 of the Federal Statistical Office of 16 January 2024.
[4] WSI on collective bargaining rounds 2023 (*https://www.wsi.de/de/tarifrunde-2023-aktueller-ueberblick-44289.htm*).
[5] Auto1 Group Car Price Index (*https://www.auto1-group.com/press/pressrelease/auto1-group-price-index-january-2024*).
[6] See Indicata Market Watch, Edition v47, December 2023.

c. Group's Position

1. Financial Performance

Group earnings in financial year 2023 compared to the prior year 2022 were as follows:

	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
Revenue (in KEUR)	**5,462,835**	**6,534,119**
Revenue growth in %	(16.4)	36.8
Gross profit (in KEUR)	**527,888**	**488,212**
Adjusted EBITDA (in KEUR)[1]	**(43,948)**	**(165,578)**
Adjusted EBITDA margin in %	(0.8)	(2.5)
EBITDA (in KEUR)	**(63,187)**	**(182,984)**
EBITDA margin in %[2]	(1.2)	(2.8)
Cars sold (#)	586,085	649,709
Average number of employees[3]	**5,356**	**6,094**

[1] EBITDA adjusted for items reported separately which comprise non-operating effects such as share-based payments and other non-operating costs. See the table below for the reconciliation to adjusted EBITDA.

[2] Defined as EBITDA divided by revenue.

[3] Number of employees by headcount.

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

KEUR	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
EBITDA	**(63,187)**	**(182,984)**
Share-based payment	13,067	8,029
Other non-operating expenses	6,172	9,377
Adjusted EBITDA	**(43,948)**	**(165,578)**

Revenue Performance

During the reporting year, AUTO1 Group's revenue decreased by -16.4% due to a lower number of vehicles traded overall and lower prices on the used car market to KEUR 5,462,835 (2022: KEUR 6,534,119). Revenue in the amount of KEUR 4,463,962 (2022: KEUR 5,477,595) was attributable to the Merchant segment and KEUR 998,873 (2022: KEUR 1,056,525) to the Retail segment.

In the Merchant business, revenue declined by 18.5% compared to the previous year. The number of cars sold in the Merchant segment decreased by 62,526 to 523,019. This decline in volume is in line with the Group's focus on improving profitability per unit. At the same time, the average selling price per unit decreased by 9% to EUR 8,535. The decline in used car prices, which had risen sharply in previous years, contributed to the decline in revenue in the Merchant segment.

Compared to the previous year, the Retail business recorded a slight decline in revenue from KEUR 1,056,525 to KEUR 998,873. This is due to a lower average selling price, which decreased by EUR 627 to EUR 15,839. With our attractive product range, we maintained the number of vehicles sold in the past financial year at the previous year's level (64,164 units) at 63,066 units.

Gross Profit Development

The cost of materials decreased disproportionately to revenue by 18.4% or by KEUR 1,110,960 to KEUR 4,934,947. Of which KEUR 4,044,811 was attributable to the Merchant segment and KEUR 890,136 to the Retail segment. The cost of materials includes the cost of vehicles sold, external transport costs (costs of transportation to the customer) as expenses for purchased services and expenses for other services related to the operational processing of vehicle purchases and sales.

As a result, gross profit developed very positively and increased in the financial year 2023 by KEUR 39,676 to KEUR 527,888. The Merchant segment generated a slightly growing gross profit of KEUR 419,151 (2022: KEUR 418,000). The Retail segment's contribution to gross profit increased significantly from KEUR 70,211 in the previous year to KEUR 108,736 and is to be further expanded in the future. This illustrates the positive development of our online platform for the sale of used cars to private customers.

Business Development by Segment

Merchant

	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
Revenue (in KEUR)	**4,463,962**	**5,477,595**
*thereof C2B**	*3,830,601*	*4,599,187*
*thereof Remarketing**	*633,361*	*878,407*
Revenue growth in %	*(18.5)*	*30.5*
Gross profit (in KEUR)	**419,151**	**418,000**
Sold cars (#)	**523,019**	**585,545**
thereof C2B	*457,885*	*497,254*
thereof Remarketing	*65,134*	*88,291*
GPU (in EUR)	**801**	**714**

* Analysis of revenue by procurement channel.

Retail

	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
Revenue (in KEUR)	**998,873**	**1,056,525**
Revenue growth in %	*(5.5)*	*82.5*
Gross profit (in KEUR)	**108,736**	**70,211**
Sold cars (#)	**63,066**	**64,164**
GPU (in EUR)*	**1,712**	**1,039**

* GPU is not equal to gross profit divided by the number of sold cars, as the effects of inventory changes due to the capitalisation of internal refurbishment costs, which are not part of the cost of materials, are not taken into account.

Development of EBITDA and Adjusted EBITDA

Compared to the previous year, AUTO1 Group's EBITDA improved by KEUR 119,797 to KEUR -63,187. The main drivers for this development were reduced marketing expenses on the one hand and lower personnel expenses on the other.

Marketing expenses were reduced by KEUR 56,089 to KEUR 137,067. The decrease relates in particular to advertising for our Retail brand Autohero, for which expenses were reduced as awareness of the brand has increased.

The decrease in personnel expenses is due to a lower average number of employees in AUTO1 Group, which is related to the Group's focus on efficiency. Expenses for share-based payments increased in the financial year by KEUR 5,038 to KEUR 13,067 as this remuneration component was granted to a larger number of employees.

Other operating expenses decreased by KEUR 57,560 to KEUR 326,486 compared to the previous year. The decrease was mainly due to lower marketing expenses, which reduced from KEUR 193,156 to KEUR 137,067.

Adjusted EBITDA amounted to KEUR -43,948 in 2023 (2022: KEUR -165,578) and was adjusted for share-based payments and other non-operating expenses of KEUR 3,540 (2022: KEUR 2,282), mainly related to severance payments.

Development of the Consolidated Loss

In the financial year 2023, the Group generated a consolidated loss in the amount of KEUR 116,466 (2022: KEUR 246,372). In addition to the increase of the adjusted EBITDA, the financial result improved by KEUR 7,315, mainly due to losses realised on short-term financial assets in the previous year. Due to the establishment of tax groups in many European countries in which AUTO1 Group operates, tax expenses decreased by KEUR 8,974. This was offset by KEUR 6,181 higher expenses for depreciation and amortisation.

2. Financial Position and Liquidity

Merchant

KEUR	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
Consolidated loss	**(116,466)**	**(246,372)**
Cash flows from operating activities	**(55,429)**	**(392,364)**
*Net CapEx**	*(19,214)*	*(46,089)*
Cash flows from investment activities	**(19,214)**	**557,448**
Cash flows from financing activities	**80,384**	**270,694**
Cash and cash equivalents at the beginning of the period	**542,431**	**106,653**
Cash and cash equivalents at the end of the period	**548,172**	**542,431**

* Cash flow from investing activities adjusted for cash inflows and outflows for financial assets.

Cash and cash equivalents at the end of the year amounted to KEUR 548,172 (2022: KEUR 542,431) and have increased compared to the previous year by KEUR 5,741. Cash and cash equivalents included short-term fixed deposits of KEUR 32,600 (2022: KEUR 330,000).

The improvement in cash flow from operating activities by KEUR 336,935 resulted in particular from the lower consolidated loss for the financial year. In addition, the reduction in inventories by KEUR 73,193 (2022: increase of KEUR 34,024) contributed to the positive development.

The operating cash flow for the financial year was also influenced by the increase in current and non-current trade receivables due to the positive development of the instalment purchase programme (increase of KEUR 83,508 compared to the previous year), which was refinanced by the consumer loan ABS facility. In addition, the inclusion of the merchant financing programme (receivables of KEUR 36,522 as at 31 December 2023), which is refinanced by the new merchant financing ABS facility, reduced the operating cash flow.

The cash flow from investing activities for the year 2023 was KEUR -19,214 (2022: KEUR 557,448) and resulted in particular from payments for investments in property, plant and equipment. The positive cash flow from investing activities in the previous year was mainly due to proceeds from the sale of liquid financial assets.

The positive cash flow from financing activities in the financial year 2023 was KEUR 80,384 (2022: KEUR 270,694). This resulted primarily from the increase in the utilisation of the inventory ABS facility (maturing in February 2026) by KEUR 20,000, the increase in the utilisation of the consumer loan ABS facility (maturing in April 2027) by KEUR 55,000, which refinances Autohero's instalment purchase programme in Germany and Austria, and the inclusion of the new merchant financing ABS facility with a utilisation of KEUR 38,605 (maturing in November 2026), which refinances the dealer financing programme.

3. Assets and Liabilities

Property, plant and equipment, which mainly consists of the production centres for refurbishing vehicles for sale on the Autohero platform and the Autohero delivery vehicle fleet, decreased by a total of KEUR 4,491 to KEUR 118,999, mainly due to ongoing depreciation.

Non-current trade receivables as at 31 December 2023 amounted to KEUR 233,643 (2022: KEUR 151,703). These comprised receivables from instalment purchases offered to Autohero customers in Germany and Austria, which are refinanced via the consumer loan ABS facility.

Inventories decreased by KEUR 73,193 to KEUR 544,380. KEUR 475,000 of the inventory was financed by the inventory ABS facility. The decrease in inventories is due to lower average purchase prices per unit. In addition, the proportion of Merchant vehicles, which generally have lower average acquisition costs than Retail vehicles, has increased within the vehicle mix. The absolute number of units in inventories, from which future growth is to be generated, has increased compared to the previous year.

Current trade receivables and other receivables increased by KEUR 27,975 to KEUR 145,522, in particular due to the launch of the merchant financing programme in Germany, France, Spain and Austria, which resulted in receivables from merchants of KEUR 36,522 (2022: nil) as at the reporting date.

Other assets mainly relate to VAT receivables, which decreased year-on-year as a result of refunds from the tax authorities.

Cash and cash equivalents have increased from KEUR 542,431 to KEUR 548,172 and as at 31 December 2023 include short-term time deposits of KEUR 32,600 (2022: KEUR 330,000).

The equity of AUTO1 Group as at 31 December 2023 reduced to KEUR 577,447 (2022: KEUR 684,884). The equity ratio thus equalled 33.8% (2022: 40.6%) at the end of the reporting period. The year-on-year decline was mainly due to the consolidated loss for 2023.

The fully collateralised investment-grade rated inventory ABS facility with a framework of senior notes of KEUR 800,000 was utilised as at the balance sheet date of 31 December 2023 in the amount of KEUR 475,000 (2022: KEUR 444,000). The instalment purchase programme is refinanced through a fully collateralised consumer loan ABS facility with a total volume of senior notes of KEUR 275,000. As at 31 December 2023, it was utilised at an amount of KEUR 230,523 (2022: KEUR 175,523). In addition, the fully collateralised merchant financing ABS facility with a total senior notes volume of KEUR 100,000 was concluded in December 2023 to refinance the dealer financing programme. As at the balance sheet date, this credit line had been utilised in the amount of KEUR 38,605. Due to their long-term nature, these credit lines are recognised under non-current financial liabilities. For further details, please refer to the information in the notes to the consolidated financial statements under liquidity risks.

The other financial liabilities mainly include lease liabilities, of which as at 31 December 2023 the non-current portion amounted to KEUR 43,488 (2022: KEUR 49,233) and the current portion amounted to KEUR 26,356 (2022: KEUR 24,809).

Current liabilities mainly consisted of trade payables, which increased as at the balance sheet date compared to the previous year's balance sheet date due to the increase in purchasing activities. The contract liabilities recognised under other liabilities also increased as a result of the higher business volume as at the balance sheet date.

4. Overall Assessment

The Management Board considers AUTO1 Group's financial performance, assets, liabilities and financial position to be positive. Despite the fact that in the financial year 2023, tense macroeconomic and industry-specific market conditions persisted, the Group was able to achieve its targets on the path to profitability. The Group's gross profit reached a new all-time high in the year 2023. Losses on the basis of adjusted EBITDA were significantly reduced. In addition, the expansion of the consumer loan ABS facility to refinance the instalment purchase programme and the use of the new merchant financing ABS facility to refinance the dealer financing programme secured the planned long-term growth.

Forecast, Opportunities and Risks

Risk Report

In 2023, AUTO1 continued to enhance its internal risk management capabilities, building upon the comprehensive, group-wide Risk Management System (RMS) established in previous years. The RMS helps AUTO1 facilitate decision making by providing consistent, comparable and transparent information and that creates a shared understanding of risks and opportunities throughout the Company. The risk management team is dedicated to developing strategies and defining targets that balance generating growth with reducing associated risks, thus sustainably and methodically promoting enterprise value. The subsequent report outlines the material risks and opportunities for AUTO1.

Risk Management System

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

Risk Identification

The structured identification and assessment of risks and opportunities remain fundamental for ensuring resilient and profitable growth at AUTO1. Risks are defined as potential adverse deviations from our expected company performance, while opportunities represent potential positive deviations. We do not try to avoid risks at all costs. Instead, our aim is to carefully weigh up the opportunities and risks associated with our decisions and business activities from an informed perspective.

AUTO1 conducts risk identification and assessment annually, utilising workshops, risk surveys, and operational insights from risk owners, while also responding promptly to emerging risks. This process is a collective effort, involving employees across all levels and departments of AUTO1, both centrally and decentrally, and embodies a top-down and bottom-up approach, ensuring comprehensive risk visibility and engagement across the organisation. The risk management team, in collaboration with the risk owners in different group departments, systematically identifies risks by examining internal and external environments for emerging risks. This process also includes recognizing potential interconnections between risks based on qualitative factors, which often leads to the discovery of new risks. This year, we have enhanced our RMS with an improved ad hoc risk reporting mechanism, now featuring a dedicated intranet page for anonymous submissions. This allows employees to report potential risks and irregularities in real-time, outside regular assessment periods, thus fostering a vigilant and responsive culture for mitigating risks promptly. In order to facilitate and accelerate communication with the various departments, the risk officers support the risk management team in recording and assessing risks.

Our Approach to ESG Risks

Recognising the critical importance of environmental, social, and governance (ESG) factors, AUTO1 actively identifies risks and opportunities related to these aspects as one of the key components of our corporate sustainability strategy. We conduct comprehensive analyses of our operations and supply chains to assess both the impact of our activities and the potential risks and opportunities arising from them. By proactively addressing these ESG-related risks and opportunities, we enhance our sustainability performance, mitigate potential negative effects, and capitalise on new opportunities. Detailed information on our sustainability practices and progress is available in our annual Environmental, Social and Governance (ESG) Report, which reflects our ongoing commitment to responsible and sustainable business practices.

Risk Assessment

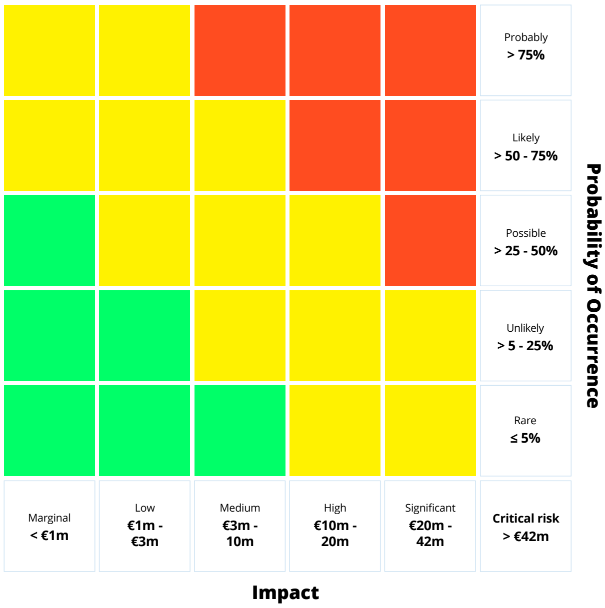
Once the risks have been identified, our risk officers – with the support of the risk management team – assess and quantify the individual risks on the basis of:

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

The impact assessment is conducted either quantitatively or qualitatively, particularly when risks cannot be quantified or when qualitative aspects predominate, such as in the case of reputation risks. The impact scale ranges from marginal to critical, with particular reference to potential effects on adjusted EBITDA.

Our risk assessment process differentiates between gross and net risk to understand and underline the effectiveness of corrective actions. Gross risk represents the inherent risk before considering risk mitigation strategies and actions. Net risk, conversely, represents the residual risk after all implemented mitigation measures have been accounted for. In this context, risks with potential impacts exceeding EUR 42m are separately tracked as critical, since they might threaten AUTO1 as a going concern. The estimated probability of occurrence quantifies the likelihood of risk materialisation within a year. The risks that have a material impact on the Group in gross terms are explained in the following risk report.

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.



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

Risk Treatment

Together with their supervisors and the Management Board, the risk owners are responsible for ensuring that suitable risk mitigation measures and controls are established and put into practice in their area of responsibility. The risk owners assess the risks in terms of their impact on performance and their probability of occurrence and assess the available resources, existing controls and measures compared to potential opportunities. Risk management is based on measures or methods used to handle the risks that have been assessed. In coordination with management, the risk owner chooses between the options of risk avoidance, risk mitigation, risk transfer or risk acceptance.

Risk Monitoring

Risk monitoring at AUTO1 is a continuous, dynamic process, which has been enhanced by the ad hoc risk reporting mechanism this year. The mechanism keeps the risk management team and the Management Board up to date on substantive and critical risk events and relevant developments. This approach involves ongoing tracking of identified risks, collaboratively managed with the respective risk owners and managers. Our aim is to assess the current probabilities, impacts and implementation status of corrective actions. Both the risk management team and risk officers are jointly responsible for integrating both continuous and ad hoc monitoring data into our risk analysis tools. Ongoing risk monitoring is integrated into our daily work.

Risk Reporting

The Management Board is informed of the Group-wide risk situation, especially about substantive and critical risks, on a monthly basis. Together with the Management Board, the risk management team informs the Audit Committee of the Supervisory Board about risk management activities and existing risks every quarter. Critical risks are reported to the Management Board and the Audit Committee in a timely manner to ensure prompt and effective mitigation.

System of Internal Controls over Financial Reporting

As mandated by the German Stock Corporation Act, the Supervisory Board oversees the efficacy of the internal control system (ICS) at AUTO1, necessitating a robust and comprehensive ICS. In 2023, we advanced our ICS to better prevent errors, inefficiencies, and compliance violations, and intensified internal controls to deter inconsistencies and misconduct by internal and external parties. The AUTO1 RMS was developed to support risk awareness, encourage open communication about risks, foster shared understanding, and initiate proactive measures to manage risks that could impact the Company’s performance or threaten its viability.

The goal of the ICS is to enhance awareness of internal controls as a fundamental aspect of good corporate governance. Another aim is to boost transparency and efficiency by reducing complexity through the sharing of best practices and standardising processes. The ICS pertaining to accounting and financial reporting ensures the accuracy and reliability of the Group’s financial statements.

To evaluate the ICS’s effectiveness, the chairman of the Audit Committee maintains regular contact with relevant departments. The ICS is continually adjusted to align with COSO requirements and the Group’s needs. The Internal Audit Department evaluates the Group ICS Policy as needed and audits the ICS comprehensively.

Internal Audit System

AUTO1 ensures the quality of its processes through regular internal audits, culminating in a quarterly summary report to the Audit Committee. The objective of AUTO1’s Internal Audit is to provide independent and objective audit and advisory services, enhancing compliance with internal controls and thereby improving the efficiency of AUTO1’s business operations. By adopting a systematic and disciplined approach, Internal Audit consistently enhances and evaluates AUTO1’s corporate governance, risk management, and control processes.

Central to its role, Internal Audit also identifies potential misconduct, unethical business practices, and suspected fraudulent activities, formulating appropriate responses. This department adheres to the International Professional Practices Framework from the Institute of Internal Auditors, encompassing the Core Principles, Code of Ethics, and International Standards for the Professional Practice of Internal Auditing.

In 2023, AUTO1 conducted numerous country and special audits. After each audit, a closing meeting is convened with the respective country head or department head to discuss findings. Affected parties are given the opportunity to agree or disagree with these findings. Once agreed upon, a remediation date is set, and follow-up meetings are organised to ensure the effective implementation of corrective actions. This process demonstrates AUTO1’s dedication to continuous improvement and accountability. Looking ahead to 2024, we plan to further expand our internal audit activities, reinforcing our commitment to these principles.

Material Risks

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

Risk Areas

Overall, we did not identify any risks or risk clusters that could endanger AUTO1's ability to continue as a going concern. The following table provides an overview of AUTO1's risk clusters and shows the material risks that we have identified using our risk assessment method described above. Compared to the 2022 Risk Report, the risk area 'Macroeconomic Environment and War in Ukraine' has been updated to 'Macroeconomic Environment.' This change reflects the limited direct impact of the war on our operations, which have been effectively adjusted. Furthermore, this year's assessment did not classify any additional risk areas as critical.

Overview of Risk Clusters

RISK CLUSTER	ASSESSMENT	2023		2022	
		Probability	Impact	Probability	Impact
Strategic Risks					
Macroeconomic Environment	Substantive	Likely	Significant	Likely	Significant
Environmental and Social Responsibility	Moderate	Likely	Low	Likely	Low
Competitive Environment	Moderate	Possible	Medium	Possible	Medium
Barriers to Online Purchase of UCs	Moderate	Unlikely	Medium	Unlikely	Medium
Regulatory Changes in the UC Market	Moderate	Possible	Low	Possible	Low
Legal and Compliance Risks					
General Legal and Compliance Risks	Minor	Unlikely	Low	Unlikely	Low
AML	Moderate	Possible	Medium	Possible	Medium
Data Protection	Moderate	Possible	Medium	Possible	Medium
Operational Risks					
Logistics and Inventory	Moderate	Likely	Medium	Likely	Medium
IT Security	Moderate	Unlikely	Medium	Unlikely	Medium
Personnel	Moderate	Unlikely	Medium	Unlikely	Medium
Financial and Reporting Risks					
Liquidity Risk	Moderate	Unlikely	High	Unlikely	High
Interest Rate and Credit Risk	Moderate	Likely	Low	Likely	Low
Fair Value Risk	Moderate	Possible	Low	Possible	Low

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

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

a. Strategic Risks

Macroeconomic Environment

In 2023, the European economy continues to face challenges from the ongoing war in Ukraine and global economic uncertainties. This environment is characterised by low growth, high inflation, and tight financial conditions. The inflationary pressures, especially in the food and energy sectors, have deepened the cost-of-living crisis, thereby influencing consumer behaviour and financial markets. Central banks are attempting to navigate these complex dynamics with policies aimed at controlling inflation and stabilising the economy.

At AUTO1, we are actively monitoring these developments to swiftly adapt to market changes. Although we maintain some trading activities in Ukraine, this market does not hold a critical role in our overall strategic plans. We have adjusted our operations to minimise the impact of the war on our strategy, but a fundamental change in the conflict could present increased risks.

The European used car market shows signs of stabilisation and resilience. The recent easing of procurement capacities also presents an opportunity for the used car market, as manufacturers increase their production. Nevertheless, the broader challenge of achieving market equilibrium amidst disruptions, potential recession risks, and the evolving nature of vehicle supply remains significant for AUTO1. In response, we are committed to continuously monitoring and adapting our operational strategies to effectively respond to these market conditions and support our business objectives.

Responding to the current macroeconomic environment, potential recessionary trends, and changing vehicle supply scenarios, AUTO1 is closely monitoring economic indicators to adapt our business strategy effectively. This includes focusing on our investment strategy and profitability per vehicle, seeking greater cost-efficiency, and expanding our purchasing and sales activities to navigate the fluctuating automotive supply chain.

Environmental and Social Responsibility

In 2023, AUTO1 continues to recognize its potential to contribute towards a circular economy of the European automotive industry. Our commitment to sustainable practices is therefore essential for the company's long-term success. The automotive industry is increasingly influenced by legislative and regulatory developments, alongside growing consumer environmental concerns. The impact of climate change on our stakeholders may pose a significant threat to our operations.

Key legislative frameworks, such as the Non-Financial Reporting Directive (NFRD), EU Taxonomy regulation, and the Corporate Sustainability Reporting Directive (CSRD), directly affect AUTO1's sustainability responsibilities. Adherence to these frameworks is critical; failure to meet these sustainability commitments could harm our reputation and lead to legal risks, regulatory sanctions, and challenges in securing external financing.

Our sustainability risk assessment is an integral part of our overall risk management strategy. We aim to understand how our business activities affect environmental, social, and employee matters and ensure compliance with risk management, compliance, and governance standards. Initiatives like our improvements in sales network efficiency and reduced energy consumption are steps toward our goal of achieving climate neutrality by 2030. We continue to explore and implement strategies to minimise our environmental impact and effectively reduce greenhouse gas emissions. Our commitment extends to enhancing governance measures that support our ESG goals, contributing to the sustainable growth of AUTO1. Detailed insights into our sustainability practices and achievements are available in our annual ESG Report, reflecting our ongoing dedication to environmental and social responsibility.

Competitive Environment

As Europe's leading used car dealer, AUTO1 operates in a highly competitive environment. To maintain our strong market position and ensure continuous growth, we closely monitor the activities of both emerging and established competitors.

In our Retail segment, we anticipate the entry of new and existing competitors with diverse brands, business models, products, and services. Our response is to strengthen our competitive advantages by enhancing our digital interface for user-friendliness, expanding our vehicle inventory, and implementing customer-focused features. We are committed to offering attractive, reliable services at competitive prices and continuously improving these standards.

Recognizing the growing interest of established e-commerce players and automotive manufacturers in the online used car market, AUTO1 is intensifying its innovation efforts. We aim to deliver a superior online car buying and selling experience, expanding our market reach and strengthening customer relationships.

To adapt to evolving market dynamics, we are actively investing in dealer and customer centricity. This includes optimising our online interface for dealers, introducing new tools for vehicle valuation, and enhancing customer support services. These efforts are designed to align with shifting market dynamics and maintain our focus on per-vehicle profitability, especially in our Retail segment.

AUTO1 is confident in leveraging our unique online service model and growing brand recognition to successfully navigate the competitive landscape. Our commitment to enhancing our digital platform and customer experience positions us for sustained growth and resilience against emerging market challenges.

Barriers to Online Purchase of Used Cars

In the Retail segment, while traditional dealers continue to have a strong presence, AUTO1 is intensively working to minimise the barriers associated with online car purchasing. The online car market's novelty poses unique challenges, such as customer hesitation due to the lack of physical interaction with vehicles. Recognizing that some customers may hesitate to buy without a physical viewing and test drive, we have enhanced the online exploration and purchasing experience. This includes refining the presentation and descriptions of vehicles, particularly highlighting imperfections, to offer a transparent and comprehensive online experience. To set ourselves apart from traditional used car dealers, AUTO1, through our Autohero brand, focuses on offering a seamless and compelling customer experience. In line with this commitment, we are enhancing delivery speeds to serve as a pivotal driver in boosting online sales conversions. Furthermore, we provide features such as direct financing options, a range of add-ons, home delivery services, and a 21-day money-back guarantee coupled with a one-year warranty for all Retail vehicles. These initiatives are designed to make the online car buying journey as easy, trustworthy, and customer-friendly as possible. Regulatory changes are improving the ease of online transactions, and we are continuously enhancing our technical solutions to streamline the car trading process. Our fulfilment platform, encompassing over 400 delivery and collection locations across Europe, and strong relationships with logistics providers, reinforce our commitment to a uniform and efficient platform. This strategic approach not only caters to the evolving consumer preferences but also positions AUTO1 for significant growth in the digital automotive marketplace.

Regulatory Changes in the Used Car Market

The regulatory climate within the European used car market remains a pivotal aspect for AUTO1 Group's operations. Regulatory changes enacted by governmental authorities have the potential to impact the demand for specific vehicle types, including those within our inventory. These shifts could adversely affect our profit margins and potentially lead to impairment losses on our inventory, highlighting the need for strategic adaptability in our operations. Meanwhile, the accelerated adoption of electric vehicles, driven by EU sustainability policies, is redefining market dynamics and enhancing the frequency of vehicle turnover.

AUTO1 is well-positioned to adapt to these market shifts, with a business model that embodies the agility required to respond to regulatory changes and market demands. Our strategic emphasis is on being customer-centric, adapting to the evolving preferences and expectations of our customers. This includes leveraging our robust online platform to offer a diverse range of vehicles and services that cater to the varied needs of today's consumers.

b. Legal and Compliance Risks

General Legal and Compliance Risks

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

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

In addition, AUTO1 is committed to ensuring that our supply chain aligns with our human rights and ESG standards. We conduct thorough evaluations of our supply chain, which, operating predominantly within the EU, maintains a relatively straightforward structure with low inherent risks. For crucial business areas like logistics, we have implemented a robust third-party due diligence process to vet business partners. This process is currently being extended to all company segments that meet a specific risk profile. By proactively managing these aspects, we strive to uphold our commitment to ethical business practices and compliance across all our operations.

Risk of Non-compliance With Anti-Money Laundering Regulations

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

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

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

Risk of Non-Compliance with Data Protection Regulations

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

In order to ensure data protection compliance in our business processes, we engage in, e.g., ongoing exchanges with various stakeholders across our departments, regular training, and specific awareness measures to ensure the integration of data protection requirements at various levels. To guarantee the data protection rights of our data subjects (business partners, employees), we have established the necessary procedures and communication channels within the Group. As a result, we provide our data subjects more transparency and control over their data that we use. Finally, incoming complaints and/or reports on data protection incidents are processed with high priority and, if relevant, in cooperation with the local data protection authority in order to implement measures to remediate them.

c. Operational Risks

Logistics and Used Car Inventory

Our logistics processes, crucial for managing the used car inventory and supporting the strong growth of our business, are heavily reliant on effective coordination with our logistics partners. However, the logistics landscape remains challenging due to lingering impacts from the COVID-19 pandemic.

During the pandemic, the logistics sector faced a significant reduction in supply as demand declined, leading to OEMs cutting contracts and the industry losing many workers who did not return. This resulted in reduced total capacity, both in terms of trucks and drivers, which has not yet fully recovered. Ageing fleets have not been replenished, further intensifying the capacity issue.

Additionally, external factors such as the ongoing war in Ukraine have contributed to a shortage of drivers, particularly from Russia and Ukraine. This, combined with general labour shortages and regulatory changes, has increased pressure on logistics, making operations more costly.

In response to these challenges and the rising fuel prices, AUTO1 has been continuously optimising its logistics processes and communication systems to mitigate risks such as increased costs and delayed deliveries, which could impact our gross profit and net earnings. Despite these efforts, the complexities brought about by these external factors continue to put pressure on our logistics operations.

The current business environment suggests that the issues in logistics capacity will persist throughout 2024. To counteract this, we have implemented measures such as flexible planning and diversifying our logistics providers, helping us manage the increased demand and complexity resulting from our expansion to over 400 branches across various European countries. While these challenges are significant, our proactive approach allows us to maintain the overall risk at a moderate level in consideration of our market volume and the adaptability of our logistics strategies.

IT Security

As a prominent online service provider with significant e-commerce operations, AUTO1's success depends on the robustness and reliability of our online platforms and the integration with third-party provider tools. Since our vehicle purchases and sales are conducted through our online platform, any technical disruptions can have an immediate and widespread impact on our entire operation.

To safeguard the security and stability of our systems, AUTO1 employs geographically diverse and redundant server centres. Continuous monitoring of our IT platform operations allows us to swiftly address any technical issues. We have implemented multi-tiered system security measures and personalised, role-based access controls to prevent unauthorised access and cyber threats. Our user administration process is closely managed, ensuring accurate records for new hires and departures.

In line with AUTO1's rapid growth, scaling our IT infrastructure is a priority to manage the increasing complexity and volume of operations. We leverage additional cloud services from renowned providers to ensure the scalability and efficiency of our systems.

Given the significant risks associated with IT, our development and maintenance activities are centrally governed by standardised policies and best practices. Infrastructure is secured by industry-leading cybersecurity tools. We regularly run audits with external testers to ensure these measurements are effective. AUTO1 has established several procedures to facilitate last-minute IT adjustments in urgent situations, ensuring agility and responsiveness to emerging IT challenges.

In 2023, AUTO1 enhanced its IT security infrastructure. We implemented a company-wide shared responsibility model to promote collaboration across regions and enforce global IT security policies and procedures. This strategy aims to centralise our security playbook, ensuring a consistent application of protocols across the board. Our commitment to bolstering cybersecurity includes hiring skilled personnel and establishing robust guidelines, underpinned by regular testing and continuous improvements. These structural improvements are complemented by a focus on recruiting the right talent and setting appropriate guidelines to fortify our cybersecurity landscape. The likelihood of IT risks occurring is generally assessed as low, with their impact on performance indicators deemed moderate. The Management Board considers the overall risk impact as medium and the probability of occurrence as unlikely, reflecting our effective risk mitigation strategies.

Personnel Risk

As AUTO1 continues to expand, our ability to attract, recruit, motivate, and retain a skilled workforce remains a pivotal factor in our ongoing success. The competition for talented professionals in our industry is intensifying. Inability to secure and retain such talent could hinder our capacity to sustain business growth and maintain our competitive edge.

Recognizing the critical role of our employees in driving the company's progress, we are committed to offering competitive compensation and innovative employment solutions. We are closely monitoring the labour market landscape and taking tailored measures for specific roles. Additionally, efforts are underway to digitise our onboarding program, ensuring a consistent experience across all countries. This approach is key to fostering a motivated workforce and ensuring the long-term viability of AUTO1.

We have established long-term incentive plans for our senior and key employees, alongside career development plans to retain our senior management and support their ongoing development. At AUTO1, we value an open working environment where performance is evaluated honestly and constructively. Our strong, values-based culture is integral to our hiring, induction, and training processes. Our People team conducts employee engagement and exit surveys as part of our commitment to open dialogue, aiming to continuously enhance our transparency and understanding of employee needs. Feedback cycles are organised biannually.

d. Financial Risks

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

Liquidity Risk

AUTO1 continues to maintain a robust liquidity position, which is crucial for mitigating financial risks. Our strong cash position, coupled with the absence of short-term debt maturities, provides a solid foundation for managing liquidity risks effectively. In 2023, we launched our merchant financing business alongside our consumer loan business, and we anticipate unused commitments in our merchant finance ABS facility.

AUTO1's key liquidity resources include:

- Cash and cash equivalents: EUR 548 million as of December 31, 2023
- Our inventory asset-backed securitisation (ABS) facility for inventories: EUR 325 million as of December 31, 2023,
- Our consumer loan ABS facility for consumer car loans: EUR 44.5 million as of December 31, 2023, and
- Merchant loan ABS facility for merchant loans: EUR 61.4 million as of December 31, 2023

Based on the Group's long-term planning, we believe that AUTO1's current liquid assets will be sufficient to support the planned expansion of Autohero's business and AUTO1's operating activities until we achieve profitability and positive cash flows from operating activities and investments. Until then, AUTO1 will require access to banks and capital markets to cover our needs for asset-backed financing for inventories, merchant finance, and Autohero car loans. We are confident in our ability to utilise these markets as necessary.

Interest Rate and Credit Risk

In response to the changing interest rate environment in 2023, AUTO1 has successfully increased the interest rates charged on new loans originated. This adjustment aligns with the shifts in the underlying interest rate environment, ensuring our financial strategies remain responsive and proactive.

To further mitigate our exposure to interest rate fluctuations, we have expanded our risk management strategies to include fixed-to-floating interest rate swaps on 95% of the consumer loans we generate, countering potential impacts of interest rate volatility on net earnings.

On the merchant finance side, we utilise floating rate refinancing. Given the short-term nature of merchant finance receivables, typically around two to three months, we do not foresee a significant mismatch between assets and liabilities. Our ability to rapidly adjust the interest rate on new receivables allows us to effectively respond to market changes, maintaining a balanced financial position.

Our inventory-ABS facility continues to bear interest at a variable rate. While higher interest rates could potentially impact our anticipated net earnings negatively, our active asset-liability management, combined with the use of liquid assets also subject to variable interest rates, helps offset this impact. We expect our liquid assets to decrease as they are used to finance current negative cash flows from operating activities and investments, while the utilisation of our inventory ABS facility is projected to increase with our growing inventories. Consequently, higher central bank interest rates may exert an increasingly negative impact on our net earnings.

Our Consumer and Merchant Finance portfolios of EUR 269 million and EUR 37 million are highly diversified and refinanced through asset-backed securitisations. In each ABS, we provide the risk retention tranches and are entitled to the surplus cash flows of the asset-backed securitisations. The performance of this portfolio, in terms of default and repayment, is carefully monitored, and we have adopted robust underwriting processes and efficient reminder and collection strategies to manage credit risks effectively. Additionally, the acquisition of interest rate caps limits the variable interest rate exposure for a significant portion of our refinancing debts. The Management Board acknowledges the need for continuous and careful monitoring of the credit portfolio in light of economic prospects for 2024, and in-house lending standards have been accordingly tightened.

Fair Value Risks

In 2023, AUTO1 experienced reduced volatility in fair value risks concerning our inventory, primarily in procurement and sales. Our business model, dependent on acquiring suitable vehicles from consumers and dealers, emphasises a dynamic pricing strategy to maintain a diverse and attractive inventory. We utilise sophisticated algorithms for procurement, enhancing accuracy in valuation despite the high transaction volume.

Our inventory management, influenced by market fluctuations and demand, is driven by anticipation and strategic planning. We recognize and account for potential overvaluation risks, such as undetected wear and tear, by continuously refining our inventory allowance estimations.

Inherent risks like inventory damage, destruction, or theft are managed through our reliance on external partners for storage and robust control measures. We operationally address the rapid depreciation of newer models and market susceptibilities, such as shifts in new vehicle supply affecting used car prices.

AUTO1's proprietary risk system is pivotal in managing these fair value risks. Before acquiring used cars, our algorithms evaluate expected Gross Profit per Unit (GPU), selling speed, current inventories, and market trends. Cars identified as challenging to sell are directed to online auctions, enabling effective risk management. This approach ensures that any negative impacts on our performance indicators are minimised and remain within calculable limits.

Keeping the overall risk assessment moderate, we continue to adapt to market changes, leveraging technology and strategic foresight to mitigate fair value risks effectively. This approach underscores our commitment to maintaining a strong competitive edge in inventory management while ensuring financial stability.

Opportunities

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

a. Increasing Digitalisation in the Used Car Market

The used car market, one of the world's largest sales sectors, remains predominantly offline, making it one of the largest industries with vast potential for online expansion.

Despite its current limited online footprint, the used car sector is gradually embracing digital platforms. This shift is increasingly evident as consumers and professional dealers alike seek more efficient and transparent ways to engage in the buying and selling of vehicles. Consumers often face a limited local selection, a lack of comprehensive fulfilment services, and a general lack of transparency in pricing. This situation often leaves them with fewer choices and less confidence in their purchasing decisions.

Professional dealers, traditionally limited to local markets, are unable to leverage the benefits of economies of scale, resulting in market fragmentation. This not only limits their growth potential but also affects the overall efficiency of the market.

In response to these industry challenges, our vision is to develop a comprehensive online platform that enables seamless cross-border transactions within the European market. Our platform is custom-designed to address the unique challenges of online car trading and the specific needs of both consumers and dealers. By enhancing the user experience, we aim to revolutionise the process of buying and selling cars online and thereby driving improvements in our operational performance.

Operating extensively in the European used car market, AUTO1 Group offers an extensive range of used cars in all price categories across more than 30 European countries. We have created the AUTO1 Group Price Index, based on our vast transaction data since the company's foundation. This index tracks the evolution of used car prices in the wholesale market across Europe on a monthly basis, providing enhanced transparency and valuable insights into pricing trends based on millions of car transactions.

The industry is not only navigating current supply chain disruptions but also facing broader economic factors, including overall economic development and interest rate fluctuations. Despite these challenges, we are confident about the long-term prospects of the European used-car market. Our strategy is anchored in a robust digital platform, an efficient logistics network, and a relentless focus on customer experience. These factors position us strategically to leverage the opportunities presented by the digital evolution of the used car market. We believe that our approach will drive sustained growth and profitability, even amidst the complexities of the current economic environment.

b. Customer Experience

At AUTO1, we prioritise delivering a unique customer experience, continually refining the process of buying and selling used cars for maximum convenience and efficiency. Our ongoing enhancements to websites and apps, including a vast selection of used cars, comprehensive logistics, and seamless registration and deregistration services, are a testament to this commitment. We also offer innovative financing and brokerage services, catering to a broad range of customer needs.

AUTO1 is innovating in the area of merchant financing, offering dealers a seamless and efficient way to finance their car purchases. This initiative allows dealers to finance 100% of their car purchases from AUTO1, eliminating the need for upfront capital and expediting the financing process compared to traditional bank loans. The merchant financing product is particularly transformative in markets where independent dealers previously lacked such financing options.

A significant part of our strategy is growing our B2B segment. We're refining our platform's technology for evaluating and displaying cars, improving usability, and adding new features to assist dealers in their daily operations. Our data-driven approach to digital behaviour trends on the platform helps identify product improvement opportunities, boosting dealer demand and engagement. In our pursuit of excellence, we focus on enhancing vehicle inspection processes to meet our merchants' quality standards and streamline pricing for our customers through advanced auto-pricing algorithms. The integration of AI in customer service is another step towards faster response times and improved engagement.

Additionally, central to our strategy is ensuring the easiest and most convenient online car buying experience. We are exploring new initiatives like express delivery, aiming to enhance customer satisfaction and increase conversion rates by aligning with modern e-commerce expectations. This focus on innovative delivery solutions is supported by our strong logistics network.

Furthermore, we are enhancing our customer engagement strategy by expanding the trading network with smaller, strategically located branches. These branches, positioned in high-traffic retail areas, offer improved accessibility and increased customer convenience. This approach aims to boost customer interaction, potentially increasing organic traffic, and reflects AUTO1's commitment to a customer-centric business model, prioritising proximity and ease of access.

Through these initiatives, AUTO1 is not only improving customer experience but also reinforcing a positive brand image. We are dedicated to transforming the perception of used car dealerships by offering a transparent, fair, and customer-focused online platform, thereby building sustainable customer loyalty and trust.

c. Integrated Technology Platform

As a technology-driven company, AUTO1 has consistently prioritised the development and enhancement of our integrated, comprehensive technology platform from the outset. This platform serves as the backbone connecting all stakeholders – consumers, retailers, or partners – across a unified technology and data ecosystem. Our mission is to simplify and standardise the used-car trade globally through technological innovation, with a vision of transforming it towards alternative mobility solutions.

This year marked significant strides in enhancing our platform's infrastructure. We've achieved notable advancements in data warehouse configuration, bolstering our technological foundation. Our commitment to dealer and customer-centric solutions drives continuous improvements in the car buying and trading experience on our platform. Efforts are underway to enhance the presentation and description of vehicles, lowering barriers and making the process more intuitive and transparent for users.

AUTO1's business activities are powered by a vertically integrated, proprietary technology platform, specifically tailored for purchasing, selling, portfolio management, and delivery of used cars throughout Europe. Our consumer brands like "wirkaufendeinauto.de" offer individuals a straightforward solution to sell their used cars, while commercial dealers and fleet operators benefit from our remarketing solutions.

As a prominent wholesale platform, our B2B brand "AUTO1" offers a comprehensive solution for commercial buyers. Additionally, our "Autohero" brand utilises our proprietary retail application to provide consumers a seamless and transparent online car-buying experience. Our sophisticated algorithms and business logic enable effective inventory management and ensure the matching of the right cars to the right customers, supported by data-driven analysis for customer satisfaction and efficient pricing.

Continuous in-house software development ensures our platform not only meets but anticipates market needs, enhancing the purchase and sales process and facilitating the introduction of new products. This includes consumer & merchant financing, insurance, and retail services. Our technology platform's scalability is integral to our strategy, allowing us to adapt and expand into new markets. The establishment of new purchasing centres, expansion of our dealer network, and the launch of innovative products necessitate further investment in our IT infrastructure, setting the stage for increased sales revenue and market penetration. This scalability and ongoing technological evolution position AUTO1 to continuously tap into existing and emerging markets.

d. Pan-European Logistics Network

AUTO1 continues to mark its presence in over 30 countries, with cross-border transactions constituting a significant portion of our business. This international reach is supported by our extensive logistics network, essential for ensuring quick and dependable transport. We manage over 400 delivery points across Europe and collaborate with logistics partners who not only handle transportation but also oversee the storage of our inventory in more than 130 warehouses. These logistics partners play a crucial role in preparing vehicles for Autohero, aligning them with our rigorous sales standards. This expansive network cements our status as one of the largest clients in European automotive logistics, apart from car manufacturers. The network's scale and efficiency are pivotal as the market increasingly transitions from offline to online transactions.

Our ability to decentralise supply and demand across a European platform presents a formidable challenge to new entrants, thereby reinforcing AUTO1's competitive advantage. The logistics network's size and reach are not just operational assets but strategic tools that bolster our market position in an evolving digital landscape.

e. Network of Production Centres

In the past year, AUTO1 has expanded its in-house used-car production network by adding new centres, reinforcing our commitment to comprehensive quality control and efficient refurbishment processes. This strategic expansion not only increases our capacity but also strengthens our ability to oversee the entire refurbishment process, guaranteeing superior vehicle quality for our customers.

These new centres are integral to our operational strategy, enabling more efficient and agile production workflows. The adoption of fully digitalized logistics systems within these centres markedly enhances our production scalability and flexibility. This expansion bolsters our European production footprint, catalysing the growth of our Autohero business. The improved network ensures higher vehicle quality and faster processing times, contributing significantly to an exceptional customer experience and supporting our goals for continued growth in a dynamic market.

Our production centres are manned by a diverse team of automotive experts, each specialising in a different aspect of the vehicle production line, from repairs to final quality checks and photographic documentation. This level of specialisation guarantees that every car meets our exacting standards before reaching the customer, embodying our dedication to excellence and customer satisfaction.

f. Overall Risk Assessment

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

Outlook

Macroeconomy

In its January 2024 economic outlook, the International Monetary Fund (IMF) assumes that global growth will stabilise at 3.1% year-on-year. Economic growth in the eurozone is expected to increase to 0.9% in the current year 2024, while growth in Germany is forecast at 0.5%.

After the central banks countered inflation with interest rate hikes last year, key interest rates are likely to remain at a sufficiently restrictive level.[7]

An average inflation rate of 2.6% is expected for industrialised countries and an average of 8.1% for emerging and developing countries, resulting in an aggregate global inflation expectation of 5.8% in the current year 2024.[8]

According to the Organisation for Economic Co-operation and Development (OECD), global gross domestic product is set to rise by 2.9% in 2024 and the inflation rate in the G20 countries is expected to remain at a level of 6.6%. In the eurozone, a slight increase in gross domestic product of 0.6% and an inflation rate of 2.6% are forecast for 2024.[9]

Industry

In 2023, prices for European used cars continued to decrease slightly, and were still around 25% above the pre-Covid level of December 2019 at the end of 2023.

For the current year 2024, a year-on-year decline in price levels is expected, as shown by both the start of the year and our most recent retailer survey.[10]

Based on the price index for the European used car market published by AUTO1 Group, prices decreased by 5% in January 2024 compared to the same month last year. Based on a survey conducted by AUTO1 Group in January 2024, a quarter (25.9%) of the dealers surveyed expect used car prices to remain stable in 2024. Few dealers (13.0%) expect prices to rise this year, while the majority (61.1%) of AUTO1.com partner dealers say they expect prices to decrease in 2024.

German (64.8%) and Italian (72.2%) retailers in particular are convinced that prices will decrease this year. In comparison, only half of French (52.6%) and Dutch (51.9%) retailers believe that this will be the case.

AUTO1 Group's Expectations

The past financial year was characterised by a focus on improving the profitability of AUTO1 Group. In the previous year, a total of 625,000 to 690,000 vehicles were forecasted for the 2023 financial year. During the year, this forecast was refined to 625,000 units, with a corridor of plus or minus 5%. A total of around 586,000 vehicles were actually sold. Broken down by segment, the original forecast for Merchant was 590,000 units and a corridor of plus/minus 5% (adjusted during the year to 560,000 units plus/minus 5%) and the original forecast for Retail was 65,000 to 70,000 vehicles (updated during the year to 65,000 vehicles plus/minus 5%). In actual fact, around 523,000 merchant vehicles and around 63,100 retail units were sold.

[7] ECB press release on monetary policy decisions from 25 January 2024.
[8] See IMF, World Economic Outlook, January 2024.
[9] Cf. *https://www.oecd.org/economic-outlook*; accessed on 9 February 2024.
[10] Auto1 Group Car Price Index (*https://www.auto1-group.com/press/pressrelease/auto1-group-price-index-january-2024*).

The Group's gross profit was forecasted at EUR 500 million to EUR 550 million for 2023. AUTO1 Group actually generated a gross profit of EUR 528 million in financial year 2023.

The Group's adjusted EBITDA for 2023 was originally estimated at EUR -60 million to EUR -90 million (revised during the year to EUR -39 million to EUR -49 million). AUTO1 Group's adjusted EBITDA amounted to EUR -44 million in financial year 2023.

In addition, it was forecasted that total revenue in the 2023 financial year would be at the same level as in 2022. The revenue of EUR 6,534 million in 2022 decreased to EUR 5,463 million.

AUTO1 Group's Management Board will continue to focus on improving profitability in the 2024 financial year. At the same time, growth opportunities are to be realised on the basis of the efficiency improvements achieved.

In terms of the number of vehicles sold, a total of 610,000 to 665,000 units are forecasted. Growth is to be achieved by expanding the purchasing branch network and increasing the capacity utilisation of existing branches. For the Merchant segment, the Group is assuming a number of 540,000 to 595,000 vehicles. In the Retail segment, approximately 70,000 vehicles are expected to be sold based on a Retail GPU of EUR 1,900.

Gross profit is expected to increase overall. As a result, the Group's gross profit for 2024 is expected to be between EUR 565 million and EUR 625 million. The increase in gross profit is linked to the forecast of a higher number of units sold and growth in the Retail GPU.

The Group's adjusted EBITDA is expected to reach break-even in the 2024 financial year. The improvement compared to 2023 is expected to result primarily from the higher gross profit. The cost side is expected to increase at a lower rate.

Particularly against the backdrop of the ongoing political uncertainties, there may be associated economic restrictions in many European countries, which only allow a reliable assessment of all effects on the expected business development of AUTO1 to a limited extent. As a result, the development of the performance indicators for the 2024 financial year may deviate from the planned development. The forecast is based on the Group composition in the forecast period known at the time of preparation.

With the exception of the existing geopolitical tensions, the Management Board is not currently aware of any special factors after the forecast period of one year that could affect the Group's economic situation.

Supplementary Business Situation Reporting on the Annual Financial Statements of AUTO1 Group SE, Munich, for Financial Year 2023

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 were prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The annual financial statements and the combined management report are published in the German Federal Gazette.

Company Profile

AUTO1 Group SE is the parent company of AUTO1 Group and operates from its headquarters in Berlin, Germany. The company's business activities essentially comprise management services for the Group, which are provided by the company's Management Board, which also represents the company and defines the Group strategy.

As the company's statutory annual financial statements are prepared in accordance with the German Commercial Code (HGB) and the consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) as at 31 December 2023, there are differences in the accounting and valuation principles. These differences primarily relate to obligations for share-based payments and financial instruments. There may also be differences in the presentation of income and expenses in the income statement.

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

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

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

1. Financial Performance

The company's earnings position is presented below in the income statement.

KEUR	2023	2022
Revenue	1,804	2,355
Other operating income	38	1,962
Personnel expenses	(1,073)	(1,032)
Other operating expenses	(16,631)	(18,117)
Interest and similar income	26,348	3,984
Interest and similar expenses	(1,363)	(2,299)
Income taxes	(101)	12
Net income (previous year: net loss)	**9,022**	**(13,135)**

Revenue in the current financial year decreased by KEUR 551 to KEUR 1,804 (2022: KEUR 2,355) and mainly relate to management services for AUTO1 Group Operations SE.

Other operating income decreased by KEUR 1,924 to KEUR 38 (2022: KEUR 1,962). In the previous year, this mainly comprised prior-period income and income from currency translation, which were recognised to a much lesser extent in the past financial year.

Other operating expenses amounted to KEUR 16,631 (2022: KEUR 18,117) and mainly include expenses for employee participation programmes of KEUR 13,118 (2022: KEUR 6,316). The prior year included expenses of KEUR 7,422 from the disposal of money market instruments.

Interest and similar income mainly includes interest in the amount of KEUR 22,379 (2022 KEUR 3,058) on receivables from affiliated companies. In addition, interest income from the investment of short-term liquidity in the amount of KEUR 3,906 (2022: KEUR 926) was realised. The interest and similar expenses of KEUR 1,363 (2022: KEUR 2,299) mainly related to interest from liabilities to affiliated companies (KEUR 1,363; 2022: KEUR 2,173).

In the financial year 2023 the company generated net income for the year (net loss in the previous year) of KEUR 9,022 (2022: KEUR -13,135).

2. Assets and Liabilities of the Company

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

KEUR		
Assets	**31 Dec. 2023**	**31 Dec. 2022**
Financial assets	978,509	934,508
Receivables from affiliated companies	708,015	517,689
Other assets and prepaid expenses	482	5,691
Cash at banks	33,085	273,968
Total assets	**1,720,091**	**1,731,856**
Equity and liabilities	**31 Dec. 2023**	**31 Dec. 2022**
Provisions	47,247	41,146
Trade payables	159	592
Liabilities to affiliated companies	10,332	47,560
Other liabilities	3,117	-
Total liabilities	**60,855**	**89,298**
Net assets	**1,659,236**	**1,642,558**
Equity	**31 Dec. 2023**	**31 Dec. 2022**
Subscribed capital	215,413	214,803
Capital reserve	1,443,822	1,687,414
Balance sheet profit *previous year accumulated deficit*	-	(259,659)
Total equity	**1,659,235**	**1,642,558**

The financial assets include shares in the affiliated company AUTO1 Group Operations SE, Berlin, in the amount of KEUR 978,509 (2022: KEUR 934,508).

Receivables from affiliated companies increased by KEUR 190,326 to KEUR 708,015 and relate to the transfer of the proceeds from the IPO to subsidiaries to fund further growth.

The other assets and prepaid expenses (KEUR 482; 2022: KEUR 5,691) mainly include receivables from the tax office from capital gains tax of KEUR 360 (2022: KEUR 4,912 from value added tax).

The provisions have increased in particular due to expenses for employee participation programmes by KEUR 6,101 to KEUR 47,247 (2022: KEUR 41,146).

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

Subscribed capital and the capital reserve increased as a result of the employee share ownership programmes fulfilled in the past financial year through the issue of shares. A transfer of KEUR 250,637 from the capital reserve, which was offset against the loss carried forward from the previous year - reduced by the net profit for the past financial year - had the opposite effect.

3. Financial Position of the Company

At the end of the year, AUTO1 Group SE had cash and cash equivalents available at short notice in the amount of KEUR 33,085 (2022: KEUR 273,968), which mainly comprise short-term investments in money market instruments of KEUR 32,607 (2022: KEUR 255,317) and bank balances in the amount of KEUR 478 (2022: KEUR 18,651). The decrease in cash and cash equivalents is mainly due to the transfer of cash to the subsidiary AUTO1 Group Operations SE.

I. Opportunities and Risks

The company's business activities are subject to the same opportunities and risks as those of the Group in all material aspects. As AUTO1 Group SE is the direct and indirect majority shareholder of all Group companies, it is involved in the risks that arise in connection with the business activities of these companies. The general risk assessment of the management therefore corresponds to that of the Group and influences the value of the financial assets and receivables from affiliated companies in the annual financial statements.

II. Outlook

The reduction in the net loss for the 2023 financial year forecast in the previous year was achieved and even exceeded with a positive net profit for the year. Due to the nature of the company's business activities, its future development is closely linked to the development of the Group. For this reason, we refer to the Group's outlook, which also presents the management's expectations for the parent company. In addition, the company's annual result is influenced by business relationships with affiliated companies - in particular by the Group's financing activities. For the 2024 financial year, we expect a positive net income at the level of the past financial year.

Takeover-related Disclosures

Composition of subscribed capital

The subscribed capital of AUTO1 Group SE as at 31 December 2023 amounted to EUR 216,216,288 and was divided into 216,216,288 no-par value bearer shares in accordance with Clause 4 of the Articles of Association. The shares are fully paid up. Each share carries the same rights and obligations and has one vote.

Restrictions relating to voting rights or the acquisition of shares

As at 31 December 2023, the company held 803,037 shares with a nominal value amounting to EUR 803,037 as treasury shares, from which the company has no rights in accordance with Section 71b AktG.

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

As at 31 December 2023, 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 that exceeded 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

According to Section 7 (1) of the Articles of Association, the Management Board consists of one or more persons. The Supervisory Board determines the number of members of the Management Board. The Management Board of AUTO1 Group SE currently consists of two persons. The Supervisory Board appoints the members of the Management Board on the basis of Article 9 (1) 1, Art. 39 (2) and Art. 46 SE Regulation, Sections 84, 85 AktG and Section 7 para. 3 of the Articles of Association for a maximum term of office of six years. Reappointments are permitted.

Amendments to the Articles of Association must comply with Sections 179 et seq. AktG must be observed. The Annual General Meeting must decide on amendments to the Articles of Association (Sections 119 (1). 1 no. 6, 179 (1). 1 AktG). The Supervisory Board is authorised to resolve amendments to the Articles of Association that only affect the 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

By resolution of the Annual General Meeting on 14 January 2021, the Management Board is authorised, with the approval of the Supervisory Board, to acquire treasury shares of AUTO1 Group SE until 13 January 2026 (inclusive) in an amount of up to 10% of the share capital existing at the time the authorisation is granted or - if this value is lower - at the time the authorisation is exercised. The shares acquired on the basis of this authorisation, together with other treasury shares held by AUTO1 Group SE or attributable to it in accordance with Sections 71a et seq. of the German Stock Corporation Act (AktG), may at no time account for more than 10% of the existing share capital. Acquisition for the purpose of trading in treasury shares is excluded.

Based on the authorisation in Section 4 (3) of the Articles of Association of AUTO1 Group SE, the Management Board is authorised, with the approval of the Supervisory Board, to increase the company's share capital on one or more occasions until 7 February 2026 (inclusive) against cash and/or non-cash contributions by issuing new no-par value bearer shares to the extent specified in this provision of the Articles of Association (Authorised Capital 2021). The Authorised Capital 2021 was initially created by resolution of the company's Annual General Meeting on 14 January 2021 and became effective upon entry in the company's commercial register on 18 January 2021. The company's Annual General Meeting on 2 February 2021 then adjusted and reissued the Authorised Capital 2021 by increasing the nominal amount and extending the term; the adjusted and reissued Authorised Capital 2021 became effective upon entry in the company's commercial register on 19 February 2021. The authorisation granted under Authorised Capital 2021 was partially utilised by issuing 8,722,387 new shares in the amount of EUR 8,722,387. Following the partial utilisation, the Authorised Capital 2021 continues to exist in the amount of up to EUR 95,023,613 through the issue of up to 95,023,613 new ordinary bearer shares. Shareholders must generally be granted subscription rights within the scope of the Authorised Capital 2021. However, the Management Board is authorised in accordance with the Articles of Association to exclude shareholders' subscription rights in certain cases with the approval of the Supervisory Board.

The share capital of AUTO1 Group SE is conditionally increased by up to EUR 6,624,900 by issuing up to 6,624,900 new no-par value bearer shares (Conditional Capital 2020) in order to ensure the servicing of subscription rights granted until 31 January 2021. The share capital is also conditionally increased by a total of up to EUR 79,934,175 by issuing a total of up to 79,934,175 new no-par value bearer shares (Conditional Capital 2021). The Conditional Capital 2021 serves to grant shares to holders or creditors of convertible bonds and to holders of option rights from warrant bonds issued by AUTO1 Group SE or a domestic or foreign company in which AUTO1 Group SE directly or indirectly holds the majority of votes and capital until 13 January 2026.

Material agreements of the company that are subject to the condition of a change of control following a takeover bid and the resulting effects

Material agreements of the company that are subject to the condition of a change of control following a takeover bid relate to individual ABS facilities concluded by AUTO1, which may provide for early repayment of the respective loan amount in the event of a change of control.

Non-Financial Statement

The parent company, AUTO1 Group SE, will prepare a separate non-financial report in accordance with Section 315b (3) HGB and publish it on the company's website at *https://ir.auto1-group.com/websites/auto1/English/6900/corporate-governance.html*.

Corporate Governance Statement (unaudited)

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

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

The Management Board and the Audit Committee are informed on a regular basis about the audits conducted by Internal Audit, the results of the ICS audits and the opportunity and risk inventory as well as their further development. In the context of its supervisory activities, the Management Board is not aware of any information that would suggest that the implemented internal control and risk management system is not appropriate and effective during the period from 1 January to 31 December 2023.

Berlin, 21 March 2024

AUTO1 Group SE

Christian Bertermann	**Markus Boser**
CEO	CFO

04 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

as at
31 DECEMBER 2023

Assets

KEUR	Note	31 Dec. 2023	31 Dec. 2022
Intangible assets	6.1	16,638	12,361
Property, plant and equipment	6.2	118,999	123,490
Trade and other receivables	6.6	233,643	151,703
Other financial assets	6.7	10,835	12,189
Deferred tax assets	6.4	932	515
Non-current assets		**381,047**	**300,258**
Inventories	6.5	544,380	617,573
Trade and other receivables	6.6	145,522	117,547
Income tax receivables		5,282	3,028
Other financial assets	6.7	3,466	3,035
Other assets	6.8	76,818	105,028
Cash and cash equivalents	6.9	548,172	542,431
Current assets		**1,323,640**	**1,388,642**
Total assets		**1,704,687**	**1,688,900**

The following notes to the consolidated financial statements are an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position *continued*

as at
31 DECEMBER 2023

Equity & Liabilities

KEUR	Note	31 Dec. 2023	31 Dec. 2022
Subscribed capital	6.10	216,216	215,696
Capital reserve	8	1,718,879	1,711,745
Other reserves	8	67,434	63,790
Retained earnings		(1,425,230)	(1,308,764)
Equity attributable to owners of the Parent Company		577,299	682,467
Non-controlling interests		148	2,417
Total equity		**577,447**	**684,884**
Financial liabilities	6.13	741,422	617,398
Other financial liabilities	6.15	45,076	49,256
Provisions	6.12	454	454
Other liabilities	6.16	2,056	1,616
Deferred tax liabilities	6.4	142	853
Non-current liabilities		**789,150**	**669,577**
Financial liabilities	6.13	682	11,295
Trade payables	6.14	160,092	143,285
Other financial liabilities	6.15	34,805	33,560
Provisions	6.12	20,869	16,049
Other liabilities	6.16	118,959	124,626
Income tax liabilities		2,683	5,624
Current liabilities		**338,090**	**334,439**
Total liabilities		**1,127,240**	**1,004,016**
Total equity and liabilities		**1,704,687**	**1,688,900**

The following notes to the consolidated financial statements are an integral part of the consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the period
1 JANUARY - 31 DECEMBER 2023

KEUR	Note	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
Revenue	5.1	**5,462,835**	**6,534,119**
Cost of materials	5.2	(4,934,947)	(6,045,907)
Gross profit		**527,888**	**488,212**
Other operating income	5.3	16,461	16,146
Personnel expenses	5.4	(281,050)	(303,296)
Other operating expenses	5.5	(326,486)	(384,046)
Earnings before interest, tax, depreciation and amortization (EBITDA)		**(63,187)**	**(182,984)**
Depreciation and amortisation	6.1 6.2	(42,929)	(36,748)
Earnings before interest and tax (EBIT)		**(106,116)**	**(219,732)**
Interest income and other finance income	5.6	8,160	1,005
Interest expense and other finance costs	5.6	(18,634)	(13,323)
Other financial result	5.6	(1,488)	(6,960)
Earnings before tax (EBT)		**(118,078)**	**(239,010)**
Income taxes	5.7	1,612	(7,362)
Net loss for the year		**(116,466)**	**(246,372)**
Thereof attributable to the owners of the Parent Company		(116,466)	(246,372)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		(1,770)	(195)
Profit or loss from derivative financial instruments	9	(2,885)	3,176
Deferred taxes	9	617	(759)
Other comprehensive income, net of tax		**(4,038)**	**2,222**
Total comprehensive income		**(120,504)**	**(244,150)**
Thereof attributable to the owners of the Parent Company		(118,236)	(246,567)
Thereof attributable to non-controlling interests		(2,268)	2,417
Earnings per share (basic and diluted)	12	(0.54)	(1.15)

The following notes to the consolidated financial statements are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

for the period
1 JANUARY - 31 DECEMBER 2023

KEUR	Subscribed Capital			Other Reserves					
	Shares out-standing	Treasury Shares	Capital Reserve	Other Equity Reserves	Currency Translation Reserve	Retained Earnings	Total of the Parent Company's Owners	Non-controllig Interests*	Total Equity
Note	8		8	8	8			8	
As at 1 Jan. 2023	**214,804**	**892**	**1,711,745**	**64,890**	**(1,100)**	**(1,308,764)**	**682,467**	**2,417**	**684,884**
Net loss for the year	–	–	–	–	–	(116,466)	**(116,466)**	–	**(116,466)**
Other comprehensive income	–	–	–	–	(1,770)	–	**(1,770)**	(2,268)	**(4,038)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(1,770)**	**(116,466)**	**(118,236)**	**(2,268)**	**(120,504)**
Share-based payment	89	(89)	–	13,067	–	–	**13,067**	–	**13,067**
Capital increases	520	–	7,134	(7,654)	–	–	**–**	–	**–**
Other changes	–	–	–	–	–	–	**–**	–	**–**
As at 31 Dec. 2023	**215,413**	**803**	**1,718,879**	**70,303**	**(2,870)**	**(1,425,230)**	**577,298**	**149**	**577,447**

* mainly includes reserves from hedge accounting (see note 9)

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

* mainly includes reserves from hedge accounting (see note 9)
** incl. DLOM reclassification

The following notes to the consolidated financial statements are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

as at

31 DECEMBER 2023

KEUR	Note	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
Net loss for the year		**(116,466)**	**(246,372)**
Adjustments for			
Depreciation and amortisation	6.1 6.2	42,929	36,748
Financial result	5.6	11,963	19,278
Income taxes	5.7	(1,612)	7,362
Change in provisions		4,820	(2,208)
Expenses from share-based payments	6.11	13,067	8,029
Loss on the disposal of property, plant and equipment		3,284	2,462
Other non-cash effects		7,949	17,175
Changes in operating assets and liabilities			
Change in operating assets		(10,065)	(197,224)
Change in operating liabilities		2,711	(20,996)
Other cash flows used in operating activities			
Interest received		7,870	688
Interest paid		(15,989)	(10,700)
Interest for lease liability	6.3	(1,797)	(1,557)
Taxes (paid)/received		(4,093)	(5,049)
Cash flow from operating activities		**(55,429)**	**(392,364)**
Acquisition of property, plant and equipment		(18,052)	(34,241)
Acquisition of investments in intangible assets		(5,178)	(12,801)
Acquisition of investments in financial assets		-	(3,473)
Proceeds from sale of property, plant and equipment		4,016	953
Proceeds from sale of financial assets		-	607,010
Cash flow from investing activities		**(19,214)**	**557,448**
Proceeds from incurring liabilities to banks		1,058,605	915,523
Repayment of liabilities to banks		(945,000)	(614,640)
Transaction costs related to loans taken out		(2,238)	(1,938)
Payment of lease liabilities		(30,983)	(28,251)
Cash flows from financing activities		**80,384**	**270,694**
Net change in cash and cash equivalents		**5,741**	**435,778**
Cash and cash equivalents at the beginning of the period		**542,431**	**106,653**
Cash and cash equivalents at the end of the period	6.9	**548,172**	**542,431**

The following notes to the consolidated financial statements are an integral part of the consolidated financial statements.

Notes

to the consolidated financial statements as at 31 December 2023

1. Reporting entity

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

AUTO1 Group is a pan-European online marketplace for the purchase and sale of used cars to dealers and private individuals with business activities in over 30 European countries. In total, more than 92,000 active trading partners use the AUTO1 platform. In 2023, cars were sold to over 39,000 dealers and the AUTO1.com platform was visited by an average of 69,000 trading partners every month. In the year 2023 around 586,000 vehicles were sold via AUTO1.

2. Basis of preparation

2.1 Basis of accounting

The Management Board of AUTO1 has prepared these consolidated financial statements of AUTO1 Group as at and for the year ending 31 December 2023 in accordance with the International Financial Reporting Standards ("IFRS") and the interpretations issued by the IFRS Interpretations Committee (IFRIC) as adopted by the European Union ("EU") and applicable in the EU.

The consolidated financial statements of AUTO1 Group for the financial year as at 31 December 2023 also contain additional information based on requirements of the German commercial law, pursuant to Section 315e HGB ('Handelsgesetzbuch': German Commercial Code).

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

These consolidated financial statements comprise the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income – consisting of the consolidated statement of profit or loss and other comprehensive income –, consolidated statement of cash flows, consolidated statement of changes in equity, and notes to the consolidated financial statements for the financial year 2023, as well as comparative figures for the financial year ending on 31 December 2022.

The consolidated financial statements were prepared by the Management Board of AUTO1 Group SE on 21 March 2024 and immediatley submitted directly to the Supervisory Board for approval.

2.2 Basis of measurement

The consolidated financial statements have been prepared using the historical cost basis, with the exception of the accounting of share-based payments, assets measured at fair value and the measurement of derivative financial instruments.

2.3 Use of judgements and estimates

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

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

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

- The determination of the term of leases (Note 4.6).
- The measurement of inventories (Note 4.7)

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

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

3. Application of new and amended standards

Generally AUTO1 applies new and revised IFRS requirements only from the date at which application is mandatory. In the reporting period from 1 January 2023, the Group applied the following standards and amendments for the first time:

- IFRS 17: Insurance Contracts
- Amendments to IAS 1 and IFRS practice statement 2: Disclosures on accounting policies
- Amendments to IAS 8: Definition of accounting estimates
- Amendments to IAS 12: Deferred taxes relating to assets and liabilities arising from a single transaction
- Amendments to IAS 12: Reform of the international tax system - model rules for Pillar 2

The ammendments listed above had no effect on prior-year figures or amounts recognised in the current year and are currently not expected to have a material impact on future reporting periods.

Various new accounting standards and interpretations have been issued but are not mandatory for reporting periods ending on 31 December 2023 and have not been applied early by the Group. The Group does not consider the impact of these new regulations on the current or future reporting periods to be material.

4. Summary of significant accounting policies

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

4.1 Presentation

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

4.2 Basis of consolidation

AUTO1 Group SE and its subsidiaries over which AUTO1 Group SE indirectly or directly exercises control are included in the consolidated financial statements by way of consolidation. In addition to AUTO1 Group SE, the scope of consolidation currently consists of 67 subsidiaries (2022: 67). The consolidated financial statements include the financial statements of the subsidiaries from the date that control commences until the date that control ceases. Control exists if AUTO1 Group SE has power over the subsidiary, is exposed to opportunity or risk in respect of variable returns, and can influence the amount of variable returns, based on voting or other rights.

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

4.3 Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

Group companies

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

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

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

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

	Closing rate as at		Average rate for the financial year	
Foreign currency per EUR	**31 Dec. 2023**	**31 Dec. 2022**	**2023**	**2022**
SEK	11.10	11.12	11.47	10.63
PLN	4.34	4.68	4.54	4.68

4.4 Intangible assets

Intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over a useful life of 3 to 16 years.

Development expenses are only capitalised if they can be reliably measured, the product or process is technically and commercially feasable, a future economic benefit is probable and the Group both intends and has sufficient resources to complete the development and utilise the asset. Other development expenses are recognised in profit or loss as soon as they are incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

4.5 Property, plant and equipment

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

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

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

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

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

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

4.6 Leases

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

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

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

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

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

4.7 Inventories

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

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

4.8 Financial instruments

Trade receivables and debt instruments issued are recognised from the date on which they arise. All other financial assets and liabilities are recognised for the first time on the trade date when the company becomes a party to the contractual provisions of the instrument.

Financial assets

Initial measurement of financial assets

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

Classification of financial assets

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

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

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

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

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

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

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

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

All financial assets that are not measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably decide to designate financial assets that otherwise meet the conditions for measurement at amortised cost or at FVOCI at FVTPL if this results in the elimination or significant reduction of accounting mismatches that would otherwise arise.

Within AUTO1 Group, financial assets consist of cash and cash equivalents, trade receivables and other financial assets, including derivative financial instruments.

Financial assets – Business model assessment

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

- the stated policies and objectives for the portfolio and the implementation of these policies in practice; this depends on whether the management's strategy is geared towards collecting contractual interest income, maintaining a certain interest rate profile, matching the term of a financial asset with the term of an associated liability or the expected cash outflows, or realising cash flows by selling the assets,
- how the results of the portfolio are analysed and reported to Group management,
- the risks that affect the results of the business model (and the financial assets held within this business model) and how these risks are managed,
- how the managers are remunerated - for example, whether the remuneration is based on the fair value of the assets under management or on the contractual cash flows received - and
- frequency, volume and timing of sales of financial assets in previous periods and expectations of future sales activities.

Financial assets that are held or managed for trading purposes and whose performance is assessed on the basis of fair value are measured at FVTPL.

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest on the principal amount, the Group considers the contractual terms of the instrument. This requires an assessment of whether the financial asset contains a contractual agreement that could change the timing or amount of the contractual cash flows so that they no longer fulfil these conditions. The Group takes this assessment into account:

- contingent events that would change the amount or timing of cash flows,
- terms that would adjust the interest rate, including variable interest rates,

- early redemption and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse).

An early repayment option is in line with the criterion of exclusive interest and redemption payments if the amount of the early repayment essentially comprises unpaid interest and redemption payments on the outstanding principal amount, whereby an appropriate fee for the early termination of the contract may be included.

In addition, a condition for a financial asset acquired at a premium or discount to the contractual principal amount that permits or requires early repayment at an amount that is substantially the contractual principal amount plus accrued (but unpaid) contractual interest (which may include reasonable consideration for early termination of the contract) is treated as complying with the criterion if the fair value of the early repayment feature is not significant at inception.

Cash and cash equivalents

Cash and cash equivalents comprise all cash-related assets with a remaining term of less than three months at the time of acquisition or investment. Cash and cash equivalents mainly include bank balances and cash on hand. Cash equivalents include time deposits. Cash and cash equivalents are measured at amortised cost.

Impairment of financial assets

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

- financial assets at amortised cost,
- other receivables.

With the exception of trade receivables from instalment purchases or merchant financing, the Group does not recognise any allowances for the expected 12-month credit loss in the financial year due to immateriality, as this otherwise only affects the bank balances item and AUTO1 only maintains business relationships with principal banks with very good credit ratings.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group takes into account appropriate and reliable information that is relevant and available without unreasonable time and cost expenditure. This includes both quantitative and qualitative information and analyses based on the Group's past experience and well-founded estimates, including forward-looking information.

Trade receivables

Trade receivables for which the recoverability is classified as low (e.g. in the event of the dealer's insolvency) are considered uncollectible. Such trade receivables are written off. The gross carrying amount of such receivables is reduced by the corresponding amount previously recognised in the allowance account. Receivables that have been written off can still be collected in accordance with the Group's dunning procedures.

Apart from the receivables from merchant financing, the Group does not see any significant default risk for trade receivables in the merchant business, as the actual invoicing only takes place at the time of receipt of payment for the trade receivables and the vehicle is handed over to the dealer after receipt of payment. Until the time of receipt of payment for the receivables, the Group has a request for payment from the dealers, which is offset by a contract liability on the part of the Group to fulfil its obligation to hand over the vehicle upon receipt of payment. Impairment losses on receivables from merchant financing are calculated using the simplified method.

Trade receivables largely comprise receivables from the Retail segment, which were concluded with end customers as part of the instalment purchase programme. These receivables are measured at amortised cost.

The expected credit losses (ECL) for instalment purchase receivables are calculated in two stages:

- For instalment purchase receivables for which the credit risk has not increased significantly since initial recognition, the Group recognises credit losses that represent the defaults during the term that would result from a default in the 12 months after the reporting date.
- In the case of instalment purchase receivables where the credit risk has increased significantly since initial recognition, an allowance for credit losses is recognised on the basis of the probability of default expected over the remaining term of the respective instalment purchase contract.

Financial liabilities

Initial measurement of financial liabilities

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

Classification of financial liabilities

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

Interest expenses for financial liabilities measured at amortised cost are recognised in profit or loss using the effective interest method.

Trade and other payables

Trade payables represent amounts that were provided to the Group before the end of the financial year and have not yet been paid. The amounts are not hedged and are generally paid within 30 days of being recognised. Trade payables and other liabilities are recognised as current liabilities unless payment is not due within twelve months of the reporting period. They are initially recognised at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method.

Financial liabilities

Financial liabilities are initially recognised at fair value less transaction costs incurred. Financial liabilities are subsequently measured at amortised cost. Any difference between the disbursement amount (less transaction costs) and the repayment amount is recognised in profit or loss over the term of the loans using the effective interest method. Fees and directly attributable expenses paid on the establishment of credit facilities are recognised as an expense to the extent that it is probable that the facility will be utilised in full or in part. In this case, the fee is recognised over the term of the credit facility. If financial liabilities measured at amortised cost contain embedded derivatives that are not closely related to the host instrument, these embedded derivatives are separated and measured at fair value through profit or loss.

Financial liabilities are derecognised from the balance sheet when the obligation stipulated in the contract is fulfilled, cancelled or expires.

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

Derivative financial instruments and hedge accounting

AUTO1 Group holds derivative financial instruments exclusively to hedge interest rate risks arising from the refinancing of the instalment purchase portfolio. Derivatives are measured at fair value on initial recognition and as part of subsequent measurement. Derivative financial instruments are generally designated as hedging instruments in order to hedge fluctuations in cash flows resulting from changes in interest rates. At the beginning of the designated hedge, the risk management objectives and strategies being pursued for the hedging are documented. There is also documentation of the financial relationship between the hedged item and the hedging instrument and whether there is an expectation that the changes in cash flows of the hedged item and the hedging instrument will offset each other.

Cash flow hedges

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

When using options (currently interest rate caps), the Group only recognises the change in the fair value of the intrinsic value as a hedging instrument in cash flow hedges. The change of the time value is recognised separately as costs of the hedging and allocated to the cost of hedging reserve in equity.

If the hedge no longer fulfils the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount recognised in the hedging reserve remains in equity until it is reclassified to profit or loss in the period or periods in which the hedged expected future cash flows affect profit or loss.

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

4.9 Provisions

Provisions are recognised for current constructive obligations arising from past events that are likely to lead to an outflow of resources, provided that a reliable estimate of the amount of the obligations can be made.

If the cash outflow to settle a provision is expected after one year, the provision is recognised at the present value of the expected cash outflow. Reimbursement claims from third parties are recognised separately in the balance sheet if their realisation is virtually certain.

4.10 Employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave, which are expected to be settled in full within 12 months of the end of the period in which the employees render the related services, are recognised for employee services up to the end of the reporting period and measured at the amounts expected to be paid when the liabilities are settled. The liabilities are recognised in the balance sheet as current liabilities for employee benefits under other liabilities.

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

4.11 Share-based payment

The Group's share-based payment plans regularly include a fulfilment option for AUTO1. This is usually exercised to the effect that the Group decides in favour of settlement through equity instruments.

Accordingly, the fair value on the grant date of the equity-settled share-based payment is recognised as an expense with a corresponding increase in equity over the period in which the employees become unconditionally entitled to the equity instruments. The amount recognised as an expense is adjusted to reflect the number of equity instruments for which the corresponding service conditions and non-market performance conditions are expected to be met, so that the amount ultimately recognised as an expense is based on the number of equity instruments that meet the corresponding service conditions and non-market performance conditions at the end of the vesting period.

4.12 Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the Group. In addition, contingent liabilities may be present obligations that arise from past events but are not recognised in the balance sheet because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. In accordance with IAS 37, such contingent liabilities are not recognised in the balance sheet but disclosed in the notes.

4.13 Subscribed capital

The par value shares are classified as equity. Additional costs that can be directly allocated to the issue of new shares or options are recognised directly in equity less tax under the item. If a Group company acquires equity instruments of the company, for example as part of a share buyback or a share-based payment plan, the consideration paid, including all directly attributable additional costs (after income taxes), is deducted from the equity attributable to the owners as treasury shares until the shares are cancelled or reissued. If such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is recognised in the equity attributable to the owners. For details, see Note 6.10 Equity.

4.14 Revenue recognition

Revenue is recognised when a customer obtains control of the promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Used car sales to dealers (Merchant) - C2B

The Group sells used cars purchased from private sellers to dealers through online auctions. The corresponding revenue is recognised after a successful auction when the dealer meets all the contractual obligations (such as the transfer of the purchase price). Sold vehicles are not subject to a right of return.

The vehicles are sold at a fixed contract price, which is made up of the price achieved at the auction and all other associated fees (auction fees, handling fees for the vehicle and documents). However, the Group may offer discounts on future vehicle purchases in the event of customer complaints. As soon as these are offered to the customer, the price reductions lead to a reduction in realised revenue and a corresponding increase in contract liabilities.

The dealer can choose to collect the vehicle himself or have it delivered. As transport can be ordered separately after the vehicle has been purchased at auction, this service represents a separate performance obligation of the Group towards the dealer. Revenue is recognised at a point in time for both the sale of the used vehicle and the transport.

Sales and other taxes levied on customers by order of government authorities at the time of sale are not recognised in revenue and other operating income or in the cost of materials.

In addition to the purchase of used cars from private sellers (customer-to-business or C2B), the Group also purchases used cars from commercial car dealers (remarketing). Accordingly, the Merchant segment can be divided into the C2B and remarketing procurement channels for used cars.

Since October 2023, AUTO1 Group has been offering selected merchant customers in Germany, France, Spain and Austria the option of deferring payment of the purchase price (also known as "merchant financing") as part of the AUTO1 financing programme. The maximum deferral period is usually 180 days. The interest rates offered are determined on the basis of an assessment of the individual credit risk profile. Interest income is recognised until the time of full payment of the purchase price by the merchant customer and reported under Merchant revenue.

Remarketing

Remarketing differs from Customer-to-Business (C2B) in the procurement of vehicles. In these cases, cars are not purchased via the Group's branch network. The sellers are commercial fleet owners or car dealers. The purchase is processed via the Group's remarketing channel. Once the valuation has been completed, the vehicles are registered for auction. If the seller does not decide to sell directly to AUTO1, the seller will inform AUTO1 of the minimum selling price for the vehicle in the auction. A purchase agreement between the seller and AUTO1 for the vehicle is subject to the condition precedent of acceptance of an offer submitted by a third party in the context of an auction. If the minimum selling price of the seller or a higher purchase offer is achieved during the auction, AUTO1 purchases the vehicle from the seller. If no bid is submitted at the minimum selling price or at a higher price, no purchase agreement is concluded between the seller and AUTO1. If the Group submits an offer to the seller below the minimum selling price set by the seller, the seller may decide within two working days of the end of the auction whether to accept this offer.

Control of the vehicle is only transferred to the buyer when AUTO1 receives payment of the purchase price. Revenue is realised at the same time. AUTO1 bears the inventory risk from the time of the conclusion of the auction until the transfer of control to the buyer. AUTO1 also bears the main responsibility for the fulfilment of the performance promise, as the purchase agreement is concluded between the buyer and AUTO1. AUTO1's customer is generally unaware of the vehicle's purchase channel. AUTO1 bears the main responsibility in connection with warranty and service issues of the buyers and also conducts all communication with them, so that AUTO1 alone acts in the external relationship with the buyers. The buyer therefore assumes that he is purchasing the vehicle from AUTO1. In addition, AUTO1 determines the criteria for the evaluation of the vehicles, validates the evaluation of the vehicles, determines the conditions of the auction and approves the result of the auction.

Used vehicle sales to individual customers (Retail)

The Group also sells vehicles to private customers. Revenue is recognised at the time the vehicle is handed over to the customer. Vehicles sold to private customers are subject to a 21-day right of return. The provisions of IFRS 15 on variable consideration are applied to the accounting of the right of return, i.e. AUTO1 recognises revenue for the transferred vehicles in the amount of the consideration to which AUTO1 expects to be entitled, i.e. excluding the amounts that AUTO1 expects to refund to the customer for the returned vehicles. A liability and an asset for the right to the vehicle to be refunded are recognised in the amount of the obligation to refund.

When purchasing vehicles, private customers can choose between various warranty packages, which, when booked as additional warranty packages, represent a separately identifiable service, as the Group provides this service to the customer in addition to the delivery of the vehicle. The warranty therefore represents a separate performance obligation to which a separate transaction price is allocated. The transaction price allocated to the warranties is realised over the warranty period.

The Group recognises revenue for referring Autohero customers to partner banks. The brokerage commission is paid if a financing agreement is successfully concluded. It is essentially recognised at the same time as the corresponding vehicle sale is booked.

AUTO1 Group offers its customers in Germany and Austria the option of an instalment purchase. The customer can choose between periods of 36 to 96 months. The interest rates are offered on the basis of an assessment of the individual credit risk profile. The contract therefore contains a significant financing component, meaning that the consideration must be adjusted by the time value of money. The realised financing component is reported within Retail revenue. The exemption in IFRS 15.63 is not applied to instalment purchase contracts. This is only applied if the Group expects the period between delivery of the vehicles and payment by the customer to be one year or less. The contractual interest rates used for instalment purchases reflect the credit risk of the individual customer. They are therefore appropriate and are used to determine the transaction price (IFRS 15.64).

4.15 Income taxes

Income taxes for the reporting period correspond to the sum of current and deferred income taxes.

Current income taxes

The current income tax expense is calculated using the tax regulations applicable on the reporting date in the countries in which AUTO1 Group operates. Estimates are required when assessing income tax items. The assessment by the respective tax authorities may deviate. Uncertainty is reflected by recognising uncertain tax positions only if AUTO1 Group estimates the probability of occurrence to be more than 50%.

Current income tax liabilities or income tax assets claims for the current period or for previous periods are measured at the amount expected to be paid to the tax authorities or refunded by the tax authorities.

Deferred income taxes

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

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

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

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

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

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

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

4.16 Fair value measurement

The fair value is the price at which an asset would be sold or a liability transferred in an orderly transaction in the principal market or, if none exists, in the most advantageous market to which the Group has access at that time on the measurement date. The fair value of a liability reflects the risk of non-fulfilment.

If available, the Group determines the fair value of a financial instrument on the basis of quoted prices in an active market for this instrument. A market is considered active if transactions for the respective asset or liability take place with sufficient frequency and in sufficient volume for price information to be available on an ongoing basis.

If there are no quoted prices in an active market, the Group uses valuation techniques that maximise the use of relevant, observable inputs and minimise the use of unobservable inputs. The valuation technique used incorporates all factors that market participants would take into account when pricing such a transaction.

The Group measures the input factors used to determine fair value using a three-level hierarchy. The hierarchy indicates the extent to which the input factors used to determine fair value are observable on the market.

Level 1 input factors are unadjusted price quotations on active markets for identical assets or liabilities.

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

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

If the inputs used to determine the fair value of an asset or liability can be categorised into different levels of the fair value hierarchy, the fair value measurement is allocated in its entirety to the level of the fair value hierarchy that corresponds to the lowest level input that is significant to the measurement as a whole.

In connection with the management's assessment of the fair value measurement, the Group may consult an independent external valuation expert who applies suitable valuation techniques and determines the fair value of assets and liabilities.

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

Derivative financial assets and liabilities concluded to hedge against interest rate risks and measured at fair value belong to level 2 of the measurement hierarchy.

4.17 Segment reporting

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

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

4.18 Earnings per share

Basic earnings per share

Basic earnings per share are calculated by division:

- of the profit attributable to the owners of the company, excluding the cost of servicing equity with the exception of no-par value shares,
- by the weighted average number of shares in circulation during the financial year, adjusted for bonus shares issued during the financial year and excluding treasury shares.

Diluted earnings per share

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

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

The diluting instrument is disregarded in the adjustment if it causes the loss per share to decline or the earnings per share to rise.

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

5.1 Revenue

KEUR	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
Dealer platform (Merchant)	4,463,962	5,477,595
Private customer business (Retail)	998,873	1,056,524
Total revenue	**5,462,835**	**6,534,119**

As a result of lower purchase prices on the used car market and a lower number of vehicles traded compared to the previous year, particularly in the Merchant segment, revenue fell by KEUR 1,071,284 compared to the previous year.

The revenues of the Retail segment include interest income in the amount of KEUR 12,889 (2022: KEUR 4,568), which resulted from instalment purchase receivables in the private customer business and which lead to the recognition of a significant financing component in accordance with IFRS 15. This interest income does not represent revenue from contracts with customers.

AUTO1 Group essentially settled the contract liabilities recognised as at 31 December 2022 for performance obligations still to be settled with customers who had made payments and recognised them in revenue in financial year 2023.

The information on revenue contained in the segment disclosures under Note 11 fulfils the requirements of IFRS 15.114. These revenue disclosures are based on the recognition and measurement criteria of IFRS 15. Accordingly, no further disaggregated disclosures on revenue are provided.

5.2 Cost of materials

KEUR	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
Cost of purchased vehicles	(4,747,929)	(5,794,933)
Other cost of materials	(187,018)	(250,974)
Total	**(4,934,947)**	**(6,045,907)**

The cost of materials fell disproportionately compared to the decline in Group revenue. Other material expenses include costs for external transport (costs for transport to the customer), handling of documents and other costs in connection with the processing of vehicle purchases and sales as well as internal and external expenses for the refurbishment of vehicles.

Other cost of materials includes changes in inventories from the capitalisation of internal refurbishment expenses in the amount of KEUR 757 (2022: KEUR 3,562) and expenses for the refinancing of the instalment purchase programme and the associated interest rate hedging in the amount of KEUR 7,734 (2022: KEUR 1,686).

5.3 Other operating income

Other operating income mainly consisted of currency translation gains and income relating to other periods.

In addition, the effects from the capitalisation of internally generated intangible assets in the amount of KEUR 5,139 (2022: KEUR 149) are recognised in other operating income.

5.4 Personnel expenses

KEUR	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
Wages and salaries	(208,904)	(232,696)
Social security contributions	(50,138)	(55,048)
Equity-settled share-based payments	(13,067)	(8,029)
Other	(8,941)	(7,523)
Total	**(281,050)**	**(303,296)**

The decrease in personnel expenses was due to a reduction in the number of employees as the Group focussed on increasing efficiency and profitability.

In the financial year 2023, the contributions to defined contribution plans amounted to KEUR 26,571 (2022: KEUR 27,594).

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

	2023	2022
Employees	5,318	6,054
Senior management	38	40
Total	**5,356**	**6,094**

5.5 Other operating expenses

KEUR	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
Marketing expenses	(137,067)	(193,156)
Internal logistics expenses	(78,000)	(79,971)
Expenses for IT from third-party providers	(12,722)	(11,445)
Building-related expenses	(12,142)	(10,281)
Vehicle-related expenses	(11,603)	(9,724)
Legal, consulting and closing expenses	(10,526)	(11,928)
Prior-period expenses	(8,929)	(10,469)
Other expenses	(55,497)	(57,072)
Total	**(326,486)**	**(384,046)**

Other operating expenses decreased, mainly due to the lower level of marketing activities. Expenses for internal logistics fell slightly due to a lower number of vehicles transported. Expenses relating to other periods include effects from consolidation (2022: logistics and registration costs). Other expenses mainly include travel and recruiting costs, currency translation losses, impairment losses on receivables, costs for insurance, duties and costs for freelancers.

5.6 Finance income and finance costs

KEUR	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
Interest income and other finance income		
Interest income	8,095	793
Other interest and similar income	65	212
Total	**8,160**	**1,005**
Interest expense and other finance costs		
Interest expense	(12,774)	(9,259)
Other interest and similar expenses	(5,860)	(4,063)
Total	**(18,634)**	**(13,322)**
Other financial result	**(1,488)**	**(6,960)**
Financial result	**(11,962)**	**(19,277)**

Interest income and other finance income mainly result from interest on cash and cash equivalents and liquid financial assets. The improvement results from the higher interest rates in 2023.

Interest expenses mainly related to interest from the inventory ABS facility (KEUR 9,996; 2022: KEUR 7,185) to refinance inventories and interest on lease liabilities (KEUR 1,797; 2022: KEUR 1,557).

The other financial result for the past financial year includes a loss from the fair value measurement of derivative financial instruments in the amount of EUR 671 (2022: KEUR 0), which were not included in hedge accounting. In the previous year, the other financial result included a loss of KEUR 7,422 from the sale of money market funds.

5.7 Income taxes

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

KEUR	1 Jan. 2023-31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
Deferred tax expense	(181)	(299)
Current tax expense (current year)	(280)	(2,917)
Current tax expense (changes in estimates related to prior years)	1,376	(4,146)
Deferred tax expense (for previous years)	697	-
Total	**1,612**	**(7,362)**

The effective income tax expense is reconciled as follows:

KEUR	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
Earnings before tax	(118,078)	(239,010)
Income tax rate (of Parent Company)	30.175%	30.175%
Income tax at the income tax rate	35,630	72,121
Increase/(decrease) in income tax expense due to:		
Effects of deviations between domestic and foreign tax rates	(3,416)	(2,290)
Effect of non-deductible expenses for tax purposes/tax-exempt income	(1,598)	(4,861)
Effect of non-recognition of deferred tax assets on tax loss carryforwards	(33,310)	(68,464)
Effect of non-recognition of deferred tax assets on temporary differences	(166)	851
Taxes for previous years	4,588	(4,358)
Other differences	(116)	(362)
Total tax income (+)/ expenses (-)	**1,612**	**(7,362)**
Effective tax rate	1.365%	(3.080%)

The tax rate applied to determine the expected tax income corresponds to the tax rate of AUTO1 Group SE, Berlin, Germany, and is made up of the tax rate for corporation tax including solidarity surcharge of 15.825% and the trade tax rate of 14.350%. Note 6.4 contains further information on deferred taxes.

Global minimum taxation

AUTO1 Group and its subsidiaries operate in Belgium, France, Germany, Italy, Luxembourg, the Netherlands and Sweden, among others. These countries have already passed a new law introducing global minimum taxation. The implementation of global minimum taxation had no tax implications for the past financial year.

AUTO1 Group applies the temporary, mandatory exemption with regard to the recognition of deferred taxes resulting from the introduction of global minimum taxation and recognises these as actual tax expense/income at the time they arise.

AUTO1 Group assumes that it will apply the safe harbour rules in the next three future periods at the most and does not consider the income tax effects of the introduction of global minimum taxation to be material.

6. Notes to the consolidated statement of financial position

6.1 Intangible assets

KEUR	Acquired intangible assets	Internally generated intangible assets	Intangible assets under development	Total
Gross carrying amount as at 1 January 2023	**12,924**	**149**	**-**	**13,073**
Additions	38	2,594	2,545	5,177
Disposals	2	-	-	2
Foreign currency translation differences	-	-	-	-
Gross carrying amount as at 31 December 2023	**12,960**	**2,743**	**2,545**	**18,248**
Accumulated amortisation as at 1 January 2023	**709**	**2**	**-**	**711**
Additions	844	55	-	899
Disposals	-	-	-	-
Foreign currency translation differences	-	-	-	-
Accumulated amortisation as at 31 December 2023	**1,553**	**57**	**-**	**1,610**
Net carrying amounts as at 31 December 2023	**11,407**	**2,686**	**2,545**	**16,638**

KEUR	Acquired intan-gible assets	Internally generated intangible assets	Intangible assets under development	Total
Gross carrying amount as at 1 January 2022	**272**	**-**	**-**	**272**
Additions	12,654	149	-	12,803
Foreign currency translation differences	(2)	-	-	(2)
Gross carrying amount as at 31 December 2022	**12,924**	**149**	**-**	**13,073**
Accumulated amortisation as at 1 January 2022	**154**	**-**	**-**	**154**
Additions	556	2	-	558
Disposals	-	-	-	-
Accumulated amortisation as at 31 December 2022	**710**	**2**	**-**	**712**
Net carrying amounts as at 31 December 2022	**12,214**	**147**	**-**	**12,361**

The Group's intangible assets mainly relate to an acquired trademark. Internally developed intangible assets were also capitalised.

6.2 Property, plant and equipment

KEUR	Land and buildings	Other equipment	Rights of use	Total
Gross carrying amount as at 1 January 2023	**5,897**	**63,059**	**144,955**	**213,911**
Additions	2,199	15,817	28,965	46,981
Disposals	387	8,455	13,963	22,805
Foreign currency translation differences	37	-	401	438
Gross carrying amount as at 31 December 2023	**7,746**	**70,421**	**160,358**	**238,525**
Accumulated depreciation as at 1 January 2023	**719**	**17,385**	**72,317**	**90,421**
Additions	812	6,780	34,439	42,031
Disposals	19	1,558	11,611	13,188
Foreign currency translation differences	35	-	227	262
Accumulated depreciation as at 31 December 2023	**1,547**	**22,607**	**95,372**	**119,526**
Net carrying amounts as at 31 December 2023	**6,199**	**47,814**	**64,986**	**118,999**

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

The largest group of property, plant and equipment at AUTO1 comprises leased properties relating to the sales branches and production centres. These are recognised as right-of-use assets. Note 6.3 contains further information on leases. Other property, plant and equipment mainly includes the Autohero delivery vehicle fleet and the operating and office equipment within the Group's production centres.

6.3 Leases

The Group's leases mainly relate to real estate, whereby these are divided into the branches used for vehicle purchases and the production centres in which the used vehicles are refurbished for Autohero. The leases are recognised as right-of-use assets, which are reported in the consolidated balance sheet under property, plant and equipment (see note 6.2) and the corresponding lease liabilities (see note 6.15).

The following amounts were recognised in the consolidated statement of comprehensive income in relation to leases:

KEUR	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
Depreciation expense for right-of-use assets	(34,439)	(28,997)
Interest expense for lease liabilities	(1,797)	(1,557)
Total	**(36,236)**	**(30,554)**

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

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

KEUR	31 Dec. 2023	31 Dec. 2022
Maturity analysis – Contractual undiscounted cash flows		
< 1 year	27,734	25,572
1 - 5 years	41,527	42,768
> 5 years	4,299	8,443
Total undiscounted lease liabilities as at 31 Dec.	**73,560**	**76,783**
Lease liabilities in the statement of financial position as at 31 Dec.	**69,844**	**74,042**

The payments for the lease agreements in the reporting and comparative periods are recognised in the cash flow statement under cash flow from financing activities with regard to the repayment portion.

6.4 Deferred taxes

Deferred tax assets on tax loss carryforwards, interest carryforwards, tax credits and deductible temporary differences are only recognised to the extent that the realisation of the tax relief through future taxable profits is probable.

The changes in deferred tax assets and liabilities result from the effects presented below. The changes in deferred taxes resulting from the reversal of temporary differences were recognised in the consolidated statement of comprehensive income. An amount of KEUR 143 (2022: KEUR 760), which is based on temporary differences from derivative financial instruments included in hedging relationships, was recognised as deferred taxes in other comprehensive income and recognised directly in equity.

The following table shows the deferred tax assets and liabilities:

KEUR	31 Dec. 2023	31 Dec. 2022
Deferred tax assets	932	515
Deferred tax liabilities	(143)	(853)
Net deferred taxes recognised	**789**	**(338)**

Deferred tax assets and liabilities are shown net.

The deferred taxes corresponding to the assets and liabilities in connection with temporary differences are as follows as at 31 December 2023:

	31 Dec. 2023	
KEUR	**Deferred tax assets**	**Deferred tax liabilities**
Property, plant and equipment	-	-
Inventories	307	-
Other receivables	-	(5,837)
Financial liabilities (non-current)	299	-
Provisions (current)	431	-
Other liabilities (current)	5,589	-
Total temporary differences	**6,626**	**(5,837)**
Loss carryforwards	**-**	**-**
Total	**6,626**	**(5,837)**
Offsetting	**(5,694)**	**5,694**
Total after offsetting	**932**	**(143)**

The deferred taxes according to assets and liabilities in connection with temporary differences as at 31 December 2022 are as follows:

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

Deferred tax assets were not recognised in relation to the following temporary differences (gross amount) in accordance with IAS 12, as a future taxable profit that the Group can use has not yet been sufficiently specified.

KEUR	**31 Dec. 2023**	**31 Dec. 2022**
Other assets	-	20
Provisions	-	278
Financial liabilities	-	-
Other liabilities	1,039	278
Total	**1,039**	**576**

Furthermore, deferred tax assets were not recognised in relation to the following tax loss and interest carryforwards that do not expire (unlimited tax and interest loss carryforwards):

KEUR	**31 Dec. 2023**	**31 Dec. 2022**
Tax loss carryforwards (corporate tax)	971,258	1,056,227
Tax loss carryforwards (trade tax)	828,466	876,903
Interest carryforwards	87,986	77,067

As at 31 December 2023, no deferred tax liability related to investments in subsidiaries has been recognised as the Group controls the timing of the reversal of the related taxable temporary differences. A reversal of the taxable temporary differences is not planned by management in the foreseeable future. As at 31 December 2023 taxable temporary differences relating to investments in subsidiaries amounted to KEUR 1,241 (2022: KEUR 1,104).

6.5 Inventories

The carrying amount of inventories includes the vehicle fleet in the amount of KEUR 544,380 as at 31 December 2023 (2022: KEUR 617,573). For a breakdown of inventories by the Merchant and Retail segments, see Note 11. Inventories have decreased compared to the previous year due to the fall in average used car purchase prices.

Significant amounts of vehicle inventories are pledged as collateral for liabilities to financial institutions (see note 6.13). In the financial year 2023 the acquisition costs of the vehicles recognised in the cost of materials amounted to

KEUR 4,753,500 (2022: KEUR 5,781,239). As at the balance sheet date of 31 December 2023 inventories were reduced by KEUR 21,557 (2022: KEUR 26,891) due to the routine write-down to net realisable value.

Both impairment losses and reversals of impairment losses are recognised in the cost of materials.

6.6 Trade and other receivables

KEUR	31 Dec. 2023	31 Dec. 2022
Non-current trade receivables		
Receivables from instalment purchases	233,643	151,703
Total	**233,643**	**151,703**
Current trade and other receivables		
Trade receivables	93,943	66,569
Receivables from instalment purchases	35,500	33,932
Other receivables	16,079	17,046
Total	**145,522**	**117,547**

The increase in current trade receivables compared to the previous year is mainly due to the launch of the merchant financing programme, which the Group began in Germany, France, Spain and Austria from October 2023. After allowances, the resulting receivables amounted to KEUR 36,522 as at the reporting date. Receivables from instalment purchases (current and non-current) from retail customers totalled KEUR 269,143 at the end of the reporting period (2022: KEUR 185,635). The receivables from instalment purchase regarding Germany and Austria serve as collateral for the creditors from the consumer loan ABS facility. The receivables from the dealer financing programme represent collateral under the merchant financing ABS facility.

As at the balance sheet date, valuation allowances on current and non-current trade receivables amounted to KEUR 12,632 (2022: KEUR 7,606). KEUR 2,808 (2022: KEUR 697) of the net expense recognised in the past financial year relates to impairment losses on the instalment purchase portfolio.

6.7 Other financial assets

KEUR	31 Dec. 2023	31 Dec. 2022
Other non-current financial assets		
Deposits	6,119	5,772
Derivative financial assets	4,716	6,417
Total	**10,835**	**12,189**
Other current financial assets		
Deposits	3,466	3,035
Total	**3,466**	**3,035**

The deposits primarily relate to security deposits for rental agreements. The derivative financial assets are interest rate hedging instruments concluded to limit interest rate risks from the refinancing of the instalment purchase programme.

6.8 Other assets

Other assets mainly comprise VAT receivables in the amount of KEUR 58,897 (2022: KEUR 82,184), prepaid expenses for insurance and advertising campaigns as well as assets from the recognition of rights of return from Autohero customers.

6.9 Cash and cash equivalents

Cash balances in the amount of KEUR 456,391 (2022: KEUR 143,128) are pledged as collateral for liabilities to financial institutions (see note 6.13).

Cash equivalents include time deposits in the amount of KEUR 32,600 (2022: KEUR 330,000) with terms of less than three months.

6.10 Equity

The ordinary shares of AUTO1 Group SE are no-par-value shares that are fully paid. All ordinary shares are of equal ranking with respect to the Company's residual assets. The holders of these shares are entitled to dividends declared from time to time and are entitled to one vote per share at the shareholder meetings of the Company.

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

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

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

The following capital increases were carried out in the 2023 financial year: Upon entry in the commercial register on 20 March 2023, the share capital was increased by EUR 201,875 to EUR 215,897,713. Upon entry in the commercial register on 27 May 2023, the share capital was increased by EUR 89,969 to EUR 215,987,682. Upon entry in the commercial register on 6 September 2023, the share capital was increased by EUR 193,897 to EUR 216,181,579. The entry in the commercial register on 7 December 2023 led to an increase in share capital of EUR 34,709 to EUR 216,216,288. These capital increases were in connection with the settlement of share-based payments in shares and were each carried out with partial utilisation of Authorised Capital 2021/I. At the end of the 2023 financial year, the Authorised Capital 2021/I amounted to EUR 95,023,613 after partial utilisation.

The following table shows the development of share capital and capital reserve:

KEUR	Share capital	Capital reserve
As at 1 Jan. 2023	215,696	1,711,745
Capital increase (VSIP/SCP/VOP) in March 2023	202	3,007
Capital increase (VSIP/SCP/VOP) in May 2023	90	1,125
Capital increase (VSIP/SCP/VOP) in September 2023	194	2,181
Capital increase (VSIP/SCP/VOP) in December 2023	35	339
Other changes from the fulfilment of employee participation programmes in 2023		482
As at 31 Dec. 2023	**216,216**	**1,718,879**

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

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

6.11 Share-based payment

I. Incentive program for virtual shares

Terms

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

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

With the establishment of all preparatory measures that should lead to a successful IPO of AUTO1 Group SE shares, a scenario change from a probable exit by sale (see above) to an IPO was completed in September 2020. The IPO was the most likely scenario from this point onwards. This had an impact on the accounting assessment of the share-based payment agreements. As a result, the change in scenario in 2020 against the background of the contractual amendment in 2019 led to a reclassification of the cash-settled plan to an equity-settled plan in September 2020, so that an expense for the equity-settled share-based payment was recognised. As a result, the obligation for the cash settlement was derecognised as this settlement option was now considered unlikely.

The expense for the remaining vesting period is calculated on the basis of the fair value of the phantom stocks measured at the original grant date.

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

KEUR	
Share-based payment as at 1 Jan. 2023	**64,891**
+ Recognition of share-based payment (equity-settled)	13,067
- Reclassification of share-based payment to capital reserve	(7,655)
Share-based payment as at 31 Dec. 2023	**70,303**

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

Measurement of the fair values

The expense for the incentive programme is determined on the basis of the fair value at the grant date. The fair value was determined using a simulation-based option pricing model. No further virtual shares were granted from the incentive programme (VSIP) in the 2023 financial year. The average share price on the exercise date for virtual shares exercised in the period is EUR 0.71.

The as at 31 December 2023 outstanding as at 31 December 2023 have a weighted average exercise price of EUR 2.16 and a weighted average remaining contract term of 1 month.

II. Restricted Stock Units (RSU)

Terms

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

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

As described above, the IPO is considered a liquidity event in connection with the restricted stock units. These allocations were legally converted to virtual shares under the same conditions on 23 January 2021 in preparation for the IPO ("LTIP 2017"). Following the IPO on 23 March 2021, AUTO1 Group SE agreed to issue new ordinary shares of approximately 2.2% of share capital for partial equity settlement of these allocations (4,529,732 virtual shares exercised), as the market-related performance conditions tied to the allocations were partially fulfilled.

Measurement of the fair values

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

The programme expired in February 2023, meaning that no further virtual shares were outstanding as at the balance sheet date.

III. Shares - Member of the Management Board

Terms

In March 2020, one member of the Management Board was granted a further shareholding as an additional incentive in connection with his future work as a member of the Group's Management Board. The incentive was implemented by issuing 33,004 new no-par value registered shares in Series 1a with a nominal value of EUR 1.00 each. In the event of a dividend or exit payment, the Series 1a shares were only subject to a dividend/exit payment if the agreed negative liquidity preference is exceeded. The shares have a vesting period of 48 months with certain conversion rights into ordinary shares in the event of an IPO. The incentives granted relate to settlement in equity instruments. Consequently, the incentives are classified as equity-settled share-based payment transactions. The expense is recognised on the basis of the respective vesting period and is recognised in equity.

The Series 1a shares were converted into ordinary shares in the course of the IPO, taking into account the existing negative liquidity preferences for these shares. All other conditions remained unchanged.

Measurement of the fair values

The fair value at the grant date of the shares was calculated using a simulation-based option pricing model. The following key parameters were used to measure the fair value: a share price of EUR 20.22 (starting point for the simulation-based option value calculation), an expected volatility of 19%, a negative liquidity preference of EUR 11.74 per share, a risk-free interest rate of 0% and a dividend yield of 0%. The expected volatility was derived from the historical volatility of peer group companies. The valuation resulted in a fair value in accordance with IFRS 2 of EUR 8.08 per share.

The as at 31 December 2023 outstanding shares have a weighted average remaining contract term of 0 months.

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

Terms

In December 2020, one member of the Management Board was granted subscription rights to shares in the company under a new long-term remuneration programme (Long-Term Incentive Plan 2020) as an incentive in connection with future activities as a member of the Management Board in the Group. Conditional capital was created to service the share options. The incentive was implemented by granting 7,500,000 share options with subscription rights to up to 6,624,900 ordinary shares. Vesting takes place in 20 equal instalments at the end of each calendar quarter. The share options will be converted into shares in the event of a successful IPO. In addition to vesting, the exercise of the share options is subject to a waiting period and defined performance conditions. The incentives granted relate to settlement in equity instruments. Consequently, the incentives are classified as equity-settled share-based payment transactions. The expense is recognised on the basis of the respective vesting period and is recognised in equity. As a result of the IPO, all conditions remained unchanged.

In 2023, the programme was slightly modified with regard to the possible exercise window and the performance conditions. The incremental fair value of KEUR 470 resulting from the modification will be distributed over the remaining vesting period.

Measurement of the fair values

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

The incremental fair value of the subscription rights at the time of the modification in the 2023 financial year was also calculated using a simulation-based option pricing model. The following key parameters were used: an enterprise value of EUR 1,673 million, an expected volatility of 27%, a fixed exercise price of EUR 15.76, a remaining vesting period until 24 August 2027, a subsequent exercise window until 31 December 2030 and a risk-free interest rate of 2.5%. The expected volatility was derived from the historical volatility of peer group companies.

The outstanding subscription rights to shares as at 31 December 2023 have an exercise price of EUR 15.76 and a weighted average remaining contractual term 40 months.

Reconciliation of outstanding subscriptions rights

	2023	
	Number of options	**Weighted-average exercise price**
Outstanding on 1 January	**7,500,000**	**15.76**
Forfeited during the period	-	-
Granted during the period	-	-
Exercised during the period	-	-
Outstanding on 31 December	**7,500,000**	**15.76**
Exercisable on 31 December	-	-

	2022	
	Number of options	**Weighted-average exercise price**
Outstanding on 1 January	**7,500,000**	**15.76**
Forfeited during the period	-	-
Granted during the period	-	-
Exercised during the period	-	-
Outstanding on 31 December	**7,500,000**	**15.76**
Exercisable on 31 December	-	-

V. AUTO1 Share Compensation Program 2021

Terms

A new share-based payment programme was introduced in the 2021 financial year, which grants employees virtual shares as an incentive in connection with their future work in the Group (AUTO1 Share Compensation Programme 2021). The virtual shares are granted to the beneficiaries free of charge. The number of virtual shares granted results from an allocation amount in EUR, which is determined for each individual beneficiary. The allocation amount is converted into virtual shares by dividing the amount by the average market price of AUTO1 Group SE shares during a reference period specified in the allocation letter. Vesting generally takes place after 18 months. The settlement can be requested twice a year by the beneficiary within certain exercise periods. The programme gives AUTO1 Group SE the right to choose how to settle the virtual shares (cash settlement or settlement with equity instruments). As none of the criteria of IFRS 2.41 are met, the programme was classified as equity-settled share-based payment. The expense is recognised on the basis of the respective vesting period and is recognised in equity.

Measurement of the fair values

The fair value at the grant date of the subscription rights was determined as follows. The number of virtual shares granted results from an allocation amount in EUR, which is determined for each individual participant and later converted into virtual shares, by dividing the amount by the average stock market price of the real shares of AUTO1 Group SE during a reference period specified in the allocation offer. An option price valuation taking into account the usual input parameters, such as volatility, is therefore not required.

The as at 31 December 2023 outstanding as at 31 December 2023 have a weighted average remaining contract term of 7 months.

VI. Virtual Option Program

Terms

As part of the Virtual Option Programme, employees and freelancers receive part of their remuneration in the form of virtual options. Each virtual option grants the participant an option right vis-à-vis the company, which is fulfilled by the transfer of AUTO1 Group shares. Alternatively, at the company's discretion, settlement can also be made in the form of a cash payment. The virtual options are granted in three tranches with three different vesting periods, which are determined individually for each participant. The participant can exercise the option rights from the virtual options allocated to him/her at the earliest after the expiry of the respective vesting period for the respective tranche. The virtual options can be exercised at least twice a year within certain exercise periods. The option rights have a term of five years, beginning with the expiry of the respective vesting period.

As none of the criteria of IFRS 2.41 are met, the programme was classified as equity-settled share-based payment. The expense is recognised on the basis of the respective vesting period and is recognised in equity.

Measurement of the fair values

The fair value at the grant date of the subscription rights was determined as follows. The participant receives virtual shares depending on the number specified in the allocation offer. The exercise price of the virtual shares is approximately zero, which is why the value of an option corresponds to the average market price of the real shares of AUTO1 Group SE during a reference period specified in the allocation offer. An option price valuation taking into account the usual input parameters, such as volatility, is therefore not necessary. In individual cases, the number of virtual options granted in financial year 2023 was dependent on a non-market condition, which was taken into account when calculating the fair value.

The as at 31 December 2023 outstanding as at 31 December 2023 have a weighted average remaining contract term of 20 months.

Reconciliation of outstanding virtual options

	2023	
	Number of virtual options	**Weighted-average exercise price**
Outstanding on 1 January	**622,399**	**0.00**
Forfeited during the period	64,644	0.00
Granted during the period	1,075,443	0.00
Exercised during the period	248,478	0.00
Outstanding on 31 December	**1,384,520**	**0.00**
Exercisable on 31 December	205,562	0.00

VII. Matching share plan

Terms

In the one-off matching share programme, employees with an uninterrupted employment relationship had the opportunity to receive matching shares if the respective participant invested in investment shares. The vesting periods for the granting of matching shares are one year ("minimum holding period") and two years ("additional holding period"). For every three investment shares acquired by the participant and held continuously during the minimum holding period, the participant receives one matching share. For every three investment shares acquired by the participant and held continuously during the additional holding period, the participant is granted a further matching share. Participants with an uninterrupted employment relationship of at least three years receive one additional matching share for every three investment shares held without interruption during the additional holding period. At the discretion of the company, compensation may also be paid in cash.

As none of the criteria of IFRS 2.41 are met, the programme was classified as equity-settled share-based payment. The expense is recognised on the basis of the respective vesting period and is recognised in equity.

Measurement of the fair values

The fair value at the grant date of the subscription rights was determined as follows. Each participant has the opportunity to acquire real shares in AUTO1 Group SE. Depending on the conditions set out in the allocation offer, a participant receives one share for every three shares purchased after a holding period of one year and one or two shares after a holding period of two years. The value is determined by the average market price of the real shares of AUTO1 Group SE during a reference period specified in the allocation offer. An option price valuation taking into account the usual input parameters, such as volatility, is therefore not necessary.

As the above-mentioned holding periods expire on 31 December 2023 have expired, the outstanding virtual shares have a remaining contractual term of 0 months.

VIII. Long-Term Incentive Plan 2023 - Member of the Management Board

Terms

In November 2023, one member of the Management Board was granted virtual subscription rights to shares in the company under a new long-term remuneration programme (Long-Term Incentive Plan 2023) as an incentive in connection with future activities as a member of the Management Board in the Group. The incentive was implemented by granting a total of 772,835 virtual share options, divided into three tranches, with subscription rights to ordinary shares. Vesting takes place quarterly until 31 December 2025 and the exercise of the virtual share options is dependent on defined performance conditions in addition to vesting. The incentives granted relate to settlement in equity instruments. Consequently, the incentives are classified as equity-settled share-based payment transactions. The expense is recognised on the basis of the respective vesting period and is recognised in equity.

Measurement of the fair values

The fair value at the grant date of the subscription rights was determined using a simulation-based option pricing model. The following key parameters were used to measure the fair value: a share price of EUR 6.14 (fully diluted share price as the starting point for the simulation-based option value calculation), an expected volatility of 27%, an exercise price of EUR 0.01 for two tranches and EUR 15.00 for the third tranche and a risk-free interest rate of 2.42%. The expected volatility was derived from the historical volatility of peer group companies. The valuation resulted in a weighted average fair value of EUR 4.09 per virtual subscription right.

The subscription rights to shares outstanding as at 31 December 2023 have a weighted exercise price of EUR 5.14 and a weighted average remaining contractual term of 40 months.

Reconciliation of outstanding virtual options

	2023	
	Number of virtual options	**Weighted-average exercise price**
Outstanding on 1 January	**-**	**-**
Forfeited during the period	-	-
Granted during the period	772,835	5.14
Exercised during the period	-	-
Outstanding on 31 December	**772,835**	**5.14**
Exercisable on 31 December	-	-

6.12 Provisions

KEUR	1 Jan. 2023	Utilisation	Reversal	Additions	Reclassifications	31 Dec. 2023
Provisions for litigation	**4,081**	1,155	-	1,891	-	**4,817**
Provisions for vehicles	**11,772**	10,678	-	14,832	-	**15,926**
Other provisions	**650**	70	-	-	-	**580**
Total	**16,503**	**11,903**	**-**	**16,723**	**-**	**21,323**

The provisions for vehicles were mainly recognised in connection with warranties

6.13 Financial liabilities

In December 2020, the structured entity AUTO1 Funding B.V., based in Amsterdam, Netherlands, was founded, which is controlled and fully consolidated by AUTO1 Group SE. In January 2021, AUTO1 Funding B.V. issued promissory note loans and registered bonds as part of a securitisation ("inventory ABS facility"; so-called "non-recourse financing") in order to finance the Group's growing vehicle trade.

The promissory note loans and registered bonds are collateralised by, among other collateral, a significant part of inventory.

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

In addition, the structured entity AUTO1 Car Funding S.à r.l., based in Luxembourg, Luxembourg, was founded in October 2023, which is controlled and fully consolidated by AUTO1 Group SE. AUTO1 Car Funding S.à r.l. issued debt instruments in December 2023 as part of a securitisation ("merchant financing ABS facility"; so-called "non-recourse financing") to refinance AUTO1's dealer financing programme. The debt instruments are collateralised by, among other collateral, a significant portion of the trade receivables from dealers.

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

KEUR	31 Dec. 2023	31 Dec. 2022
Financial liabilities (non-current)		
Liabilities to financial institutions	741,422	617,398
Total	**741,422**	**617,398**
Financial liabilities (current)		
Liabilities to financial institutions	-	11,000
Interest and fees accrued	681	295
Total	**681**	**11,295**

Liabilities to financial institutions relate to the loans from the three securitisation programmes as at the reporting date as mentioned above.

6.14 Trade and other payables

Trade and other payables are unsecured.

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

6.15 Other financial liabilities

KEUR	31 Dec. 2023	31 Dec. 2022
Other non-current financial liabilities		
Lease liabilities	43,488	49,233
Other	1,588	23
Total	**45,076**	**49,256**
Other current financial liabilities		
Lease liabilities	26,356	24,809
Other	8,449	8,751
Total	**34,805**	**33,560**

Note 6.3 contains further information on leases.

6.16 Other liabilities

KEUR	31 Dec. 2023	31 Dec. 2022
Other non-current liabilities		
Personnel-related liabilities	2,056	1,616
Total	**2,056**	**1,616**
Other current liabilities		
Personnel-related liabilities	21,090	21,156
Contract liabilities	89,796	101,357
Other	8,073	2,112
Total	**118,959**	**124,626**

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

Contract liabilities relate to the dealer business. A contract liability corresponding to the receivable is recognised when a payment is due from a dealer. Revenue relating to outstanding contract liabilities is recognised upon payment.

Personnel-related liabilities mainly comprise holiday entitlements, wage tax liabilities and social security contributions.

7. Notes to the consolidated statement of cash flows

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

KEUR	31 Dec. 2023	Cash outflows	Cash inflows	Accrued interest expense (non-cash)	Interest paid (cash out-flow)	Additions/ disposals (non-cash)	Changes in foreign exchange rates	1 Jan. 2023
Financial liabilities	742,103	(945,000)	1,058,605	500	-	(695)	-	628,693
Lease liabilities	69,844	(30,988)	-	-	-	26,656	134	74,042
Total	**811,947**	**(975,988)**	**1,058,605**	**500**	**-**	**25,961**	**134**	**702,735**

KEUR	31 Dec. 2022	Cash outflows	Cash inflows	Accrued interest expense (non-cash)	Interest paid (cash out-flow)	Additions/ disposals (non-cash)	Changes in foreign exchange rates	1 Jan. 2022
Financial liabilities	628,693	(616,578)	915,523	295	-	(547)	-	330,000
Lease liabilities	74,042	(28,251)	-	1,557	(1,557)	44,809	(155)	57,639
Total	**702,735**	**(644,829)**	**915,523**	**1,852**	**(1,557)**	**44,262**	**(155)**	**387,639**

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

The other non-cash changes in operating cash flow mainly relate to the measurement of inventories. The adjustments to the previous year's financial result included non-cash losses on the disposal of money market funds.

8. Notes to the consolidated statement of changes in equity

Subscribed capital and capital reserve

Number of shares	2023	2022
Issued on 1 January	**215,695,838**	**213,138,000**
Issued during the year	520,450	2,557,838
Issued on 31 December	**216,216,288**	**215,695,838**
Authorised capital – nominal amount in EUR	**95,023,613**	**95,544,063**

The issued shares are no-par ordinary shares entitling their holders to the Company's residual assets and to one vote per share at shareholder meetings. As at the balance sheet date of 31 December, AUTO1 holds 2023 803,037 (2022: 892,467) treasury shares.

The capital reserve comprises the equity accruing to the Company in excess of the share capital as premium from shareholders. Furthermore, in the context of settling participation programmes in shares, the amount exceeding the subscribed capital is transferred to the capital reserve. For further details and matters relating to the subscribed capital and the capital reserve, see Notes 6.10 and 6.11.

Nature and purpose of other reserves

Currency translation reserve

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

Other reserves

The other reserves comprise the participation programmes recognised in equity that have not yet been fulfilled by the Group. When the participation programmes are settled in shares, the amounts previously recognised in other reserves are transferred to subscribed capital in the amount of the capital increase entered in the commercial register and the remaining amount is transferred to the capital reserve.

Non-controlling interests

The non-controlling interests mainly result from hedge accounting in Autohero Funding 1 B.V. (see Note 9 - Cash flow hedges).

9. Financial instruments

The following overview shows the carrying amounts and fair values of financial assets and financial liabilities, including their classification in the IFRS 9 measurement categories. The carrying amounts of cash and cash equivalents, current trade receivables and other receivables as well as trade payables correspond to their fair values due to their short maturity. The fair value of non-current trade receivables may deviate from the carrying amount, in particular due to changes in the interest rate environment. For all other financial assets and liabilities in the measurement category "Measured at amortised cost", there have been no changes that would have had a significant impact on the fair values of these instruments since their initial recognition. The fair values of derivative financial assets and liabilities as well as receivables from instalment purchases are determined using the discounted cash flow method. Interest rates are the key input factor.

31 Dec. 2023

KEUR	Measurement category	Carrying amount	Fair value	Fair value hierarchy
Financial assets				
Non-current financial assets		244,478		
of which receivables from instalment purchases	*Measured at amortised cost*	*233,643*	*233,863*	*2*
of which derivative financial assets	*No measurement category pursuant to IFRS 9*	*4,717*	*4,717*	*2*
of which other non-current financial assets	*Measured at amortised cost*	*6,119*	*n.a.*	*n.a.*
Current trade and other receivables	Measured at amortised cost	145,521	n.a.	n.a.
Other current financial assets	Measured at amortised cost	3,466	n.a.	n.a.
Cash and cash equivalents	Measured at amortised cost	548,172	n.a.	n.a.
Financial liabilities				
Non-current financial liabilities		786,498		
of which financial liabilities	*Measured at amortised cost*	*741,422*	*741,422*	*2*
of which derivative financial liabilities	*No measurement category in accordance with IFRS 9*	*1,566*	*1,566*	*2*
of which lease liabilities	*No measurement category pursuant to IFRS 9*	*43,488*	*n.a.*	*n.a.*
of which other financial liabilities	*Measured at amortised cost*	*23*	*n.a.*	*n.a.*
Trade payables and other liabilities	Measured at amortised cost	160,092	n.a.	n.a.
Other current financial liabilities		35,487		
of which lease liabilities	*No measurement category pursuant to IFRS 9*	*26,356*	*n.a.*	*n.a.*
of which other current financial liabilities	*Measured at amortised cost*	*9,131*	*n.a.*	*n.a.*

31 Dec. 2022

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

The net income from financial instruments comprises the following:

31 Dec. 2023

KEUR	Interest	Impairment	Gain (+)/ loss (-) from measurement	Total
Financial assets at amortised cost	8,160	(7,233)	-	927
Financial assets measured at fair value through profit or loss (FVTPL)	-	-	(2)	(2)
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	-	-	-
Financial liabilities measured at amortised cost	(18,634)	-	(816)	(19,450)
Financial liabilities measured at fair value through profit or loss (FVTPL)	-	-	(671)	(671)
Net income (loss)	**(10,474)**	**(7,233)**	**(1,489)**	**(19,196)**

31 Dec. 2022

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

In the financial year 2023 no financial instruments were held that were measured at fair value and whose fair value was allocated to Level 3.

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

Management of financial risk

The Group's most significant financial risks are credit risk, market risk, interest rate risk and liquidity risk.

The company's Management Board is responsible for establishing and monitoring Group risk management.

Credit risk

Credit risk is the risk that a business partner will not fulfil its obligations under a financial instrument and that this will lead to a financial loss. The carrying amounts of the financial assets correspond to the maximum default risk.

The credit risk in relation to the Group's commercial business partners is limited to the extent that an advance payment is received in cash. Impairment losses are also recognised. Impairment losses in the reporting period totalled KEUR 7,233 (2022: KEUR

3,450). Receivables whose recoverability is classified as very low are written down and derecognised. As the impairment losses are immaterial, AUTO1 Group does not recognise this amount in a separate line in the consolidated statement of comprehensive income.

Due to the short payment term, there is no significant need for impairment of current trade receivables. The fair value of non-current trade receivables recognised under the instalment purchase option differs from the carrying amount due to changes in interest rates.

As at 31 December 2023, the Group had cash and cash equivalents in the amount of EUR 548,172 (2022: KEUR 542,431). Cash and cash equivalents are deposited with banks and financial institutions that have high credit ratings from international rating agencies.

The estimated impairment loss on cash and cash equivalents was calculated on the basis of expected losses within twelve months and reflects the short maturities. The Group assumes that its cash and cash equivalents have a low default risk based on the external ratings of banks and financial institutions. As at 31 December 2023 the impairment amounts to KEUR 0 (2022: KEUR 0).

The carrying amount of the financial assets corresponds to the Group's maximum credit risk position. Trade receivables totalled KEUR 381,979 as at the reporting date (2022: KEUR 269,250). Other financial assets totalled KEUR 3,466 (2022: KEUR 3,035) for current other financial assets and KEUR 10,835 for non-current other financial assets (2022: KEUR 12,189). In addition, the Group does not hold any financial assets accounted for using the equity method as at 31 December 2023 (2022: KEUR 0). Financial assets are not offset in the balance sheet. Furthermore, there are no off-balance sheet netting potentials due to any global netting agreements.

Market risk

Market risks arise from the exchange rate risk associated with intragroup financing in euros provided to subsidiaries by the parent company if the functional currency of the subsidiary is not the euro. However, the impact of exchange rate fluctuations on the last reporting date and the corresponding comparative dates is immaterial.

Interest rate risk

An interest rate risk exists also due to the inventory ABS facility, which is subject to variable interest. As at 31 December 2023 this credit line has been utilised in the amount of KEUR 475,000. In addition, the merchant financing ABS facility concluded in the 2023 financial year is subject to a variable interest rate. The interest rate risk from the inventory ABS facility and the merchant financing ABS facility has not been hedged.

There is also an interest rate risk from the consumer loan ABS facility, as the income from the instalment purchase receivables is based on a fixed interest rate and the refinancing through the consumer loan ABS facility is subject to a variable interest rate. As at 31 December 2023 the consumer loan ABS facility had been utilised in the amount of KEUR 230,523. Interest rate caps and interest rate swaps are concluded for this purpose in order to hedge fluctuations in cash flows from changes in interest rates. A hedging ratio of 1:1 is applied wherever possible. The economic relationship between the hedging instrument and the hedged underlying transaction is established on the basis of the reference interest rates, maturities, interest rate adjustment dates and due dates as well as the nominal values. The expected effectiveness is determined on the basis of the critical terms. The main reasons for ineffectiveness in the context of these hedging relationships may be differences in the interest rate adjustment dates between the hedging instruments and the hedged item. A possible increase in market interest rates of 100 basis points as at the reporting date would have reduced the profit or loss by KEUR 5,136, taking into account the interest rate hedging instruments concluded. The change in the fair value of the interest rate hedging instruments would have increased equity by KEUR 3,855 as at the balance sheet date.

Liquidity risk

Liquidity risk is the risk that the Group may not be able to fulfil its financial liabilities as contractually agreed by delivering cash or other financial assets. Liquidity management within the Group is intended to ensure that, as far as possible, sufficient liquid funds are always available to meet payment obligations when they fall due, both under normal and under strained conditions, without suffering unacceptable losses or damaging the Group's reputation.

The Group uses a cost accounting system to calculate its product and service costs. This makes it possible to monitor cash requirements and optimise cash inflows from capital employed.

The Group endeavours to maintain the amount of cash and cash equivalents at a level that exceeds the expected cash outflows from financial liabilities. The Group also monitors the amount of expected cash inflows from trade receivables and other receivables together with the expected cash outflows from trade payables and other liabilities.

In December 2020, a secured rated inventory ABS facility was concluded, which relates to the refinancing of inventories. As at the balance sheet date of 31 December 2023 the inventory ABS facility was utilised in the amount of KEUR 475,000 (2022: KEUR 455,000). In March 2024, the credit line was extended until 15 February 2026. The key data of this credit line are as follows:

Type	Junior Notes	Mezzanine Notes	Senior Notes
Amount of credit facility	200,000,000 EUR	35,000,000 EUR	800,000,000 EUR
Interest rate	5.00%	4.50% + EURIBOR (0% floor)	1.75% + EURIBOR (0% floor)
Term	15 February 2026		
Collateral	Assignment of inventories as collateral and of bank accounts of AUTO1 Funding B.V. and AUTO1 European Cars B.V. and shares in AUTO1 European Cars B.V.		

In April 2022, the secured consumer loan ABS facility was concluded as part of the refinancing of the instalment purchase programme. As at the balance sheet date of 31 December 2023 the consumer loan ABS facility was utilised in the amount of KEUR 230,523 (2022: KEUR 175,523). The credit line was extended in December 2023. The key data of this credit line are as follows:

Type	Junior Notes	Mezzanine Notes	Senior Notes
Amount of credit facility	12,500,000 EUR	25,000,000 EUR	275,000,000 EUR
Interest rate	5.00%	5.00%	1.40% - 1.55% + EURIBOR
Term	8 April 2027		
Collateral	Assignment of receivables as collateral as well as bank accounts of Autohero Funding 1 B.V.		

In December 2023, the secured merchant financing ABS facility was also concluded for the purpose of refinancing the merchant financing programme. As at the balance sheet date of 31 December 2023 this merchant financing ABS facility had been utilised in the amount of KEUR 38,605. The credit line has the following key data:

Type	Junior Notes	Mezzanine Notes	Senior Notes
Amount of credit facility	5% of total facility	30,000,000 EUR	100,000,000 EUR
Interest rate	7.50%	8.0% + EURIBOR	1.45% + EURIBOR
Term	30 November 2026		
Collateral	Assignment of receivables and bank accounts of AUTO1 Car Funding S.à r.l. as collateral		

Significance of liquidity risk

The contractual undiscounted interest and redemption payments for financial liabilities as at the reporting date are listed below.

31 Dec. 2023

KEUR	< 1 year	1-5 years	> 5 years	Total	Carrying amount
Financial liabilities	500	744,128	-	744,628	741,922
of which ABS credit facilities	*500*	*744,128*	-	*744,628*	*741,922*
Derivative financial instruments	(107)	1,749	37	1,679	1,566
Other financial liabilities	8,630	23	-	8,653	8,653
Trade and other payables	160,092	-	-	160,092	160,092
Liabilities from leasing obligations	27,734	41,526	4,299	73,559	69,844
Total	**196,849**	**787,426**	**4,336**	**988,611**	**982,077**

31 Dec. 2022

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

Hedging of cash flows

As at 31 December 2023 the following instruments were held to hedge against interest rate risks from the instalment purchase business:

31 Dec. 2023

	Remaining term		
Interest rate risk, interest rate caps	**1-6 months**	**6-12 months**	**More than one year**
Nominal value (in KEUR)	210.734	177.746	61.401
Average cap interest rate	1.9%	1.8%	2.5%

In the previous year, the following instruments were held to hedge against interest rate risks from the instalment purchase business:

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

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

31 Dec. 2023

Interest rate risk	**Change in value for calculation of the ineffectiveness of the hedge relationship**	**Cash flow hedge reserve**	**Costs of hedging reserve**	**Remaining balances in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied**
Floating rate instruments (in KEUR)	(4,786)	741	450	-

In the previous year, the amounts relating to items designated as hedged items were as follows:

31 Dec. 2022

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

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

Interest rate risk (in KEUR)	**31 Dec. 2023**	**31 Dec. 2022**
Notional amount of interest rate caps	225,219	120,169
Carrying amount of assets	3,209	6,417
Line item of statement of financial position which includes the hedging instrument	Other financial assets (non-current)	Other financial assets (non-current)
Changes in the value of the hedging instrument recognised in OCI	(3,265)	4,006
Hedge ineffectiveness recognised in profit or loss	-	-
Total comprehensive income item that includes hedge ineffectiveness	-	-
Costs of hedging recognised in OCI	380	(830)
Amount reclassified from hedging reserve to profit or loss	1,811	50
Amount reclassified from costs of hedging reserve to profit or loss	464	216
Total comprehensive income item affected by reclassification	Cost of materials	Cost of materials

The following table contains a reconciliation of the risk categories of the equity components and the analysis of the items in other comprehensive income after taxes resulting from cash flow hedge accounting:

KEUR	**Hedge reserve**	**Costs of hedging reserve**
Carrying amount at 1 January 2023	**3,047**	**(631)**
Fair value changes	(1,454)	(84)
Amount reclassified to consolidated statement of profit or loss and other comprehensive income	(1,811)	464
Taxes on movements in the reserves	916	(299)
Carrying amount as at 31 December 2023	**698**	**(550)**

The reconciliation of the risk categories of the equity components and the analysis of the items in other comprehensive income after taxes resulting from cash flow hedge accounting was as follows for the previous year:

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

Capital management

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

KEUR	31 Dec. 2023	31 Dec. 2022
Fixed assets and other non-current assets	381,047	300,258
Inventory	544,380	617,573
Cash and cash equivalents	548,172	542,431
Other current assets less current liabilities	(107,002)	(105,802)

AUTO1 Group has set itself the goal of managing its capital (equity and financial debt),

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

The Group understands an optimal capital structure to mean that sufficient capital is available to finance its assets on a sustainable basis. The Group recognises four main groups of assets:

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

Up to 80% of the inventory is currently financed externally via the inventory ABS facility. Up to 85% of the instalment purchase receivables included in other non-current and current assets are refinanced via the consumer loan ABS facility. Up to 80% of the receivables from the merchant financing programme included in other current assets are refinanced via the merchant financing ABS facility. The remaining inventories and all other assets - with the exception of right-of-use assets - are financed by the Group.

AUTO1 Group SE controls AUTO1 Group's liquidity risks mainly by creating sufficient capital reserves and credit lines with banks, as well as by continuously monitoring expected and current cash flows and maintaining a balanced portfolio of financial assets and liabilities with regard to residual maturities.

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

KEUR	31 Dec. 2023	31 Dec. 2022
Total equity	577,447	684,884
Total equity and liabilities	1,704,687	1,688,900
Equity ratio	**33.9%**	**40.6%**

10. Contingent liabilities

As a result of the application of the local reverse charge procedure to domestic sales of regularly taxed vehicles to registered companies in France, AUTO1 Group has contingent liabilities to the French tax authorities amounting to KEUR 7,467 (2022: KEUR 7,467).

11. Operating segments

The Group has two strategic areas: "Merchant" and "Retail", which are the reportable segments. These strategic areas offer products for different customer groups and are managed separately, as they sometimes require different technologies (use of different sales platforms) and marketing strategies. The operating segments have not been summarised.

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

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

Information regarding reportable segments

	Merchant		Retail		AUTO1 Group	
KEUR	1 Jan. 2023 – 31 Dec. 2023	1 Jan. 2022 – 31 Dec. 2022	1 Jan. 2023 – 31 Dec. 2023	1 Jan. 2022 – 31 Dec. 2022	1 Jan. 2023 – 31 Dec. 2023	1 Jan. 2022 – 31 Dec. 2022
Revenue	4,463,962	5,477,595	998,873	1,056,525	5,462,835	6,534,119
thereof:						
C2B	*3,830,601*	*4,599,187*	-	-	-	-
Remarketing	*633,361*	*878,408*	-	-	-	-
Cost of materials	(4,044,811)	(5,059,594)	(890,137)	(986,314)	(4,934,948)	(6,045,908)
Gross profit	419,151	418,000	108,736	70,211	527,887	488,211
KEUR	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022
Inventories	273,454	303,026	270,926	314,547	544,380	617,573

Merchant

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

Revenue from the "Merchant" business is categorised according to the procurement of the vehicles. All vehicles purchased via the Group's branch network are classified as "C2B" vehicles. In contrast, all cars purchased by commercial dealers via the remarketing channel are categorised as "Remarketing" vehicles. There are no business activities that result in independent revenue from the operating segments; therefore, C2B and Remarketing are merely different procurement channels. Sales are made to the same customer base via the same sales channel.

Retail

The private customer business mainly relates to the sale of used cars to private customers via Autohero.com in eight European countries.

Reconciliation of information on reportable segments

Transactions involving the transfer of used vehicles and joint sales services are carried out between the reportable segments. The amounts reported to the chief operating decision maker correspond to the amounts after consolidation. The key figures reported for the segments represent key figures in accordance with IFRS. Differences between the profit and loss figures of the reportable segments (gross profit) and the profit before tax in the consolidated statement of comprehensive income therefore relate to all material items in the consolidated statement of comprehensive income below gross profit.

Geographical information

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

The following table shows the Group's revenue and non-current assets, broken down by country of origin of AUTO1 and other countries. In the presentation of information on a geographical basis, revenue is based on the geographical locations of customers.

Revenue

KEUR	1 Jan. 2023 – 31 Dec. 2023	1 Jan. 2022 – 31 Dec. 2022
Germany	1,149,153	1,360,372
France	811,025	1,130,219
Italy	712,977	800,069
Other countries	2,789,680	3,243,459
Total	**5,462,835**	**6,534,119**

There is no external customer that accounts for 10% or more of revenue.

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

Non-current assets

KEUR	31 Dec. 2023	31 Dec. 2022
Germany	56,992	60,112
Italy	20,087	16,586
France	17,109	14,208
Other countries	41,448	44,945
Total	**135,636**	**135,851**

12. Earnings per share

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

	2023	2022
Earnings per share (basic and diluted)	**(0.54)**	**(1.15)**

Treasury shares are excluded from the calculation.

	1 Jan. 2023 – 31 Dec. 2023	1 Jan. 2022 – 31 Dec. 2022
Consolidated loss for the period in KEUR	(116,466)	(246,372)
Loss attributable to holders of ordinary shares (for basic and diluted earnings per share)	**(116,466)**	**(246,372)**

The weighted average number of ordinary shares in 2023 (basic and diluted) was calculated as follows:

In thousands of shares	2023
Ordinary shares as at 1 Jan.	214,461
Effect of the vested ordinary shares in February 2023	59
Effect of the capital increase in March 2023	181
Effect of the vested ordinary shares in May 2023	42
Effect of the capital increase in May 2023	54
Effect of the vested ordinary shares in August 2023	25
Effect of the capital increase in September 2023	73
Effect of the vested ordinary shares in November 2023	7
Effect of the capital increase in December 2023	4
Weighted average of ordinary shares as at 31 Dec.	**214,906**

When calculating the diluted weighted average number of ordinary shares as at 31 December 2023 the following options were not taken into account, as they would have had an anti-dilutive effect:

In thousands of shares	2023
Unvested ordinary shares from the shares - Management Board member	69
Potential ordinary shares from the incentive programme for virtual shares	1,378
Potential ordinary shares from the Long-Term Incentive Plan 2020	7,500
Potential ordinary shares from the Share Compensation Programme	747
Potential ordinary shares from the Virtual Options Programme	1,744
Potential ordinary shares from the Long-Term Incentive Plan 2023	773
Total number of potential ordinary shares	**12,211**

Weighted average number of ordinary shares in 2022 (basic and diluted):

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

When calculating the diluted weighted average number of ordinary shares as at 31 December 2022 the following options were not taken into account, as they would have had an anti-dilutive effect:

In thousands of shares	2022
Unvested ordinary shares from the shares - Management Board member	343
Potential ordinary shares from the incentive programme for virtual shares	1,780
Potential ordinary shares from the Long-Term Incentive Plan 2017	2,265
Potential ordinary shares from the Long-Term Incentive Plan 2020	7,500
Potential ordinary shares from the Share Compensation Programme	328
Potential ordinary shares from the Virtual Options Programme	622
Potential ordinary shares from the Matching Share Programme	17
Total number of potential ordinary shares	**12,855**

Additional potential ordinary shares resulted from the restricted stock units.

13. Related party disclosures

Key management personnel

At AUTO1, the members of the Management Board and Supervisory Board were considered to be key management personnel.

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

The members of the Supervisory Board are Gerhard Cromme (Chairman of the Supervisory Board), Supervisory Board member, Hakan Koç (Deputy Chairman of the Supervisory Board), founder, entrepreneur, Gerd Häusler, businessman, Sylvie Mutschler-von Specht, entrepreneur, Lars Santelmann, entrepreneur, and Martine Gorce Momboisse (since April 2023), independent consultant.

The remuneration of key management personnel includes:

KEUR	1 Jan. 2023 – 31 Dec. 2023	1 Jan. 2022 – 31 Dec. 2022
Short-term employee benefits	1,564	1,803
Share-based payment	847	766
Total	**2,411**	**2,569**

Of the short-term employee benefits, KEUR 1,034 (2022: KEUR 1,019) are attributable to members of the Management Board. The expenses for share-based payments are solely to members of the Management Board. As at 31 December 2023 the Group had not granted any pension commitments to members of the Management Board or Supervisory Board.

14. Auditor's fees and services

The following table shows the fees for the services provided by KPMG AG Wirtschaftsprüfungsgesellschaft, Germany, the Group auditor for the consolidated financial statements as at and for the financial year ended 31 December 2023:

KEUR	1 Jan. 2023 – 31 Dec. 2023	1 Jan. 2022 – 31 Dec. 2022
Audit services	810	694
Other assurance services	243	318
Tax services	-	-
Other services	6	50
Total	**1,059**	**1,062**

The fee for auditing services provided by KPMG AG Wirtschaftsprüfungsgesellschaft, Germany, related primarily to the audit of the consolidated financial statements and the annual financial statements of AUTO1 Group SE. The fee for auditing services in the past financial year includes fees totalling KEUR 75 relating to the 2022 financial year. Other assurance services relate, among other things, to the review of interim financial statements. The other services relate to consulting services in connection with the non-financial statement.

15. Disclosures relating to subsidiaries

On 31 December 2023 AUTO1 Group SE directly or indirectly held 67 (2022: 67) companies. All companies were included in the consolidated financial statements by way of full consolidation. The subsidiaries are presented below.

The list also shows the subsidiaries that utilise the exemption options in accordance with Section 264 (3) HGB and Section 264b HGB or Dutch company law. The consolidated financial statements of AUTO1 Group SE are the exempting consolidated financial statements for these companies.

AUTO1 Group does not hold any ownership interests in the structured entities AUTO1 Funding B.V., Autohero Funding 1 B.V. and AUTO1 Car Funding S.á r.l., which are used exclusively for financing under the ABS facilities. However, based on the terms of the agreements under which the companies were established, AUTO1 Group receives substantially all of the income from their activities and their net assets. AUTO1 Group also has the ability to direct the activities of the companies that materially affect their income. Non-controlling interests in the consolidated loss are not recognised for reasons of materiality.

Name	Registered office	Total of direct and indirect shareholdings as at 31 Dec. 2023 in %	Total of direct and indirect shareholdings as at 31 Dec. 2022 in %
A1 Engineering LLC	Kiev, Ukraine	100.00	100.00
AGENZIA1 S.R.L.	Milan, Italy	100.00	100.00
AUTO1 Albania SPHK	Tirana, Albania	100.00	100.00
Auto1 Car Export S.R.L	Verona, Italy	100.00	100.00
AUTO1 Car Funding S.à r.l.	Luxembourg, Luxembourg	0.00	0.00** ***
Auto1 Car Trade S.R.L	Verona, Italy	100.00	100.00
AUTO1 Danmark ApS	Copenhagen, Denmark	100.00	100.00
AUTO1 European Auctions GmbH & Co KG	Berlin, Germany	0,00	100.00
AUTO1 European Auctions Verwaltungs GmbH****	Berlin, Germany	100.00	100.00
AUTO1 European Cars B.V. *	Amsterdam, Netherlands	100.00	100.00
AUTO1 Finance B.V. *	Amsterdam, Netherlands	100.00	100.00
AUTO1 FT Investment GmbH & Co KG *	Berlin, Germany	100.00	100.00
AUTO1 FT MI GmbH & Co KG *	Berlin, Germany	80.00	80.00**
AUTO1 FT PANAS GmbH & Co KG *	Berlin, Germany	80.00	80.00**
AUTO1 FT Partners Verwaltungs GmbH	Berlin, Germany	100.00	100.00
AUTO1 Funding B.V.	Amsterdam, Netherlands	0.00	0.00**
AUTO1 Global Services SE & Co KG *	Berlin, Germany	100.00	100.00
AUTO1 Group Operations SE *	Berlin, Germany	100.00	100.00
AUTO1 IT Services SE & Co KG *	Berlin, Germany	100.00	100.00
AUTO1 Italia Commercio S.R.L.	Milan, Italy	100.00	100.00
AUTO1 Marketing Services SE & Co KG *	Berlin, Germany	100.00	100.00
AUTO1 Operation Services SE & Co KG *	Berlin, Germany	100.00	100.00
AUTO1 Polska Sp. z o.o.	Warsaw, Poland	100.00	100.00
AUTO1 Production SE & Co KG *	Berlin, Germany	100.00	100.00
AUTO1 Remarketing GmbH	Berlin, Germany	100.00	100.00
AUTO1 RS D.O.O.	Belgrade, Serbia	100.00	100.00

Name	Registered office	Total of direct and indirect shareholdings as at 31 Dec. 2023 in %	Total of direct and indirect shareholdings as at 31 Dec. 2022 in %
AUTO1 Sales Services SE & Co KG *	Berlin, Germany	100.00	100.00
AUTO1 Slovakia s.r.o	Bratislava, Slovakia	100.00	100.00
AUTO1 Czechia s.r.o.	Prague, Czech Republic	100.00	100.00
AUTO1.com GmbH	Berlin, Germany	100.00	100.00
Autohero AB	Stockholm, Sweden	100.00	100.00
Autohero Belgium BV	Antwerp, Belgium	100.00	100.00
Autohero France SAS	Neuilly-sur-Seine, France	100.00	100.00
Autohero Funding 1 B.V.	Amsterdam, Netherlands	0.00	0.00**
Autohero GmbH *	Berlin, Germany	100.00	100.00
Autohero Inc.	Delaware, USA	100.00	100.00
Autohero Italia S.R.L.	Milan, Italy	100.00	100.00
Autohero NL B.V. *	Amsterdam, Netherlands	100.00	100.00
Autohero Austria GmbH	Vienna, Austria	100.00	100.00
Autohero Plus Spain S.L.	Madrid, Spain	100.00	100.00
Autohero Poland Sp. z o.o.	Warsaw, Poland	100.00	100.00
Autohero Services GmbH & Co KG. *	Berlin, Germany	100.00	100.00
Autowholesale Automotive Finland Oy	Tampere, Finland	100.00	100.00
GAB Service UG (limited liability)	Berlin, Germany	100.00	100.00
L&L Auto Info GmbH	Berlin, Germany	100.00	100.00
NOI COMPRIAMO AUTO.IT S.R.L.	Milan, Italy	100.00	100.00
VAMANCIA S.L.	Madrid, Spain	100.00	100.00
VKDB Sverige AB	Stockholm, Sweden	100.00	100.00
WijKopenAutos B.V. *	Amsterdam, Netherlands	100.00	100.00
WKA BENL Holding B.V.	Amsterdam, Netherlands	100.00	100.00
WKA BV	Antwerp, Belgium	100.00	100.00
WKDA Automobile DE SE & Co KG *	Berlin, Germany	100.00	100.00
WKDA Automotive SRL	Bucharest, Romania	100.00	100.00
WKDA Booking Services SE & Co KG *	Berlin, Germany	100.00	100.00
WKDA France S.A.S	Issy-les-Moulinaux, France	100.00	100.00
WKDA FRSM UG (limited liability)	Berlin, Germany	100.00	100.00
WKDA GmbH (formerly: AUTO1 FT Investment Verwaltungs GmbH)	Berlin, Germany	100.00	100.00
WKDA Mitte SE & Co.KG *	Berlin, Germany	100.00	100.00
WKDA Mobil Ost SE &Co.KG *	Berlin, Germany	100.00	100.00
WKDA Mobil Süd SE & Co.KG *	Berlin, Germany	100.00	100.00
WKDA Mobil West SE & Co.KG *	Berlin, Germany	100.00	100.00
WKDA Mobil. Mitte SE & Co.KG *	Berlin, Germany	100.00	100.00
WKDA Ost SE & Co.KG *	Berlin, Germany	100.00	100.00
WKDA Austria GmbH	Vienna, Austria	100.00	100.00

Name	Registered office	Total of direct and indirect shareholdings as at 31 Dec. 2023 in %	Total of direct and indirect shareholdings as at 31 Dec. 2022 in %
WKDA Portugal, Unipessoal Lda.	Carnaxide, Portugal	100.00	100.00
WKDA Purchasing SE & Co.KG *	Berlin, Germany	100.00	100.00
WKDA Süd SE & Co.KG *	Berlin, Germany	100.00	100.00
WKDA West SE & Co.KG *	Berlin, Germany	100.00	100.00

*Use made of exemption pursuant to Section 264 (3) and Section 264b HGB or according to company law in the Netherlands.
**Recognition of non-controlling interests in the consolidated loss waived due to their minor significance.
***Company was first established in financial year 2023.
****Company was merged with AUTO1.com GmbH on 10 January 2023

16. Events after the reporting period

In March 2024, the term of the inventory ABS facility was extended by one year until February 2026.

Responsibility Statement

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

Berlin, 21 March 2024
AUTO1 Group SE

Christian Bertermann
CEO

Markus Boser
CFO

Independent Auditor's Report

To AUTO1 Group SE, Munich

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

Opinions

We have audited the consolidated financial statements of AUTO1 Group SE, Munich, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of the Company and the Group (combined management report) of AUTO1 Group SE for the financial year from 1 January to 31 December 2023.

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

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2023, and of its financial performance for the financial year from 1 January to 31 December 2023, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of those components of the group management report specified in the "Other Information" section of the auditor's report.

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

Basis for the Opinions

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

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Amount and recoverability of inventories

Please refer to section 4.7 Inventories in the notes to the consolidated financial statements for information on the accounting policies applied. Please also refer to section 6.5 Inventories in the notes to the consolidated financial statements.

The Financial Statement Risk

In the consolidated statement of financial position as at 31 December 2023, used vehicles with a value amounting to EUR 544 million are recognised under inventories; for the most part this inventory was impaired by EUR 21 million in the current financial year.

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

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

Inventories, which are initially recorded at cost, are written down in value if the expected net realisable values no longer cover cost. The determination of the net realisable values is subject to judgement. Net realisable value requires in part forward-looking estimates with regard to potentially achievable margins, where applicable inclusive of the costs for vehicle refurbishment. The determination of the expected net realisable values is based on vehicle-specific factors.

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

Our Audit Approach

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

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

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

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

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

We assessed the appropriateness of the discounts on any lower net realizable values by determining our own expected value based on historical data and comparing this with the Company's estimates. Furthermore, we confirmed the accuracy of the forecasts for the estimated write-downs by comparing the estimated net realisable values of previous financial years with the net realisable values actually realised and analysed deviations.

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

Our Observations

The approach for recognising existing used vehicle inventories is appropriate.

The determination of net realisable values is appropriate.

Revenue recognition

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

The Financial Statement Risk

The Group's revenue amounted to EUR 5,463 million in financial year 2023 and is generated in the Merchant and Retail segments. Revenue is one of the Group's most important performance indicators for the year under review and also forms a significant basis for decisions for the users of financial statements.

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

The recording and revenue recognition cut-off for used vehicles sold online is carried out by using IT systems that are specially tailored to revenue recognition. The Group's growth and the targeted optimisation to improve profitability require continuous adaption of IT systems. Adjustments made in the IT systems and the resulting manual subsequent work have a direct impact on the overall process of revenue recognition.

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

Our Audit Approach

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

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

Our Observations

The Group's approach for recognizing revenue is appropriate.

Other Information

The Supervisory Board is responsible for the other information. The other information comprises the following components of the group management report, whose content was not audited:

- the separate combined non-financial report of the company and the Group, which is expected to be made available to us after the date of this auditor's report and to which reference is made in the combined management report, and
- the combined corporate governance statement of the company and the Group, which is referred to in the combined management report

The other information also includes:

- the shareholder letters received prior to the date of this auditor's report, the report of the Supervisory Board and
- the remaining parts of the annual report expected to be made available to us after this date.

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

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

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

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

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

Management is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

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

Other Legal and Regulatory Requirements

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

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the electronic file „auto1groupse-2023-12-31-de.zip" (SHA256 hash value: bca876c183cf9ecda33 2bfad279eac46dd9f1f936711a2b15743854862bacc2d) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 1 January to 31 December 2023, contained in the "Report on the Audit of the Consolidated Financial Statements and the Combined Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Quality Assurance Standard: Requirements for Quality Management in the Auditing Practice (IDW QMS 1 (09.2022)).

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

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

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

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

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the 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 consolidated financial statements and the audited combined management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the Annual General Meeting on 7 June 2023. We were engaged by the Chairperson of the Supervisory Board on 26 January 2024. We have been the group auditor of AUTO1 Group SE without interruption since financial year 2021.

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

Other Matter – Use of the Auditor's Report

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

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Michael Jessen.

Berlin, 21 March 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Jessen	**Kunisch**
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

05

SERVICE

Glossary

ABS

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

Adjusted EBITDA

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

ASP

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

AUTO1 Group SE

The Company, together with its consolidated subsidiaries.

Autohero

Retail sales channel of the Auto1 Group to sell used cars to private customers.

C2B

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

GPU

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

Gross Profit (GP)

Defined as Revenue less cost of materials.

Merchant

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

NPS

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

Remarketing

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

Retail

See Autohero.

Financial Calendar

2024

May 8	Q1 2024 Financial Results and Earnings Call
June 6	2024 Annual General Meeting
July 31	Trading Update Q2 2024 and Earnings Call
September 11	Publication of the Half-Year Financial Report 2024
November 13	Q3 2024 Financial Results and Earnings Call

Contact

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