Annual Report 2021

allane mobility group

The Allane Mobility Group in Figures

in EUR million	2021	2020	Change 2021 on 2020 in %	2019
Revenue	740	748	(1.0)	824
Thereof operating revenue	386	423	(8.8)	468
Thereof Leasing business unit	333	373	(10.8)	416
Thereof Fleet Management business unit	53	50	6.4	53
Thereof sales revenue	354	324	9.2	356
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	184	211	(13.0)	233
Earnings before interest and taxes (EBIT)	13	20	(35.7)	41
Earnings before taxes (EBT)	6	9	(32.7)	29
Operating return on revenue (in %)[1]	1.6	2.2	(0.6) Points	6.3
Operating return on revenue Leasing business unit (in %)[1]	1.7	1.7	0.0 Points	6.1
Operating return on revenue Fleet Management business unit (in %)[1]	0.8	5.8	(5.0) Points	7.2
Consolidated profit	6	2	168.7	22
Earnings per share - basic and diluted (in EUR)	0.28	0.11		1.04
Total assets	1,195	1,296	(7.8)	1,329
Lease assets	995	1,093	(9.0)	1,120
Equity	220	213	3.4	229
Equity ratio (in %)	18.4	16.4	2.0 points	17.2
Financial liabilities[2]	805	936	(14.0)	948
Dividend per share (in EUR)[3]	0.06	0.02	(97.8)	0.90
Total dividend, net	1.2	0.4	(97.8)	18.6
Contract portfolio (in thou.)	129	130	(0.8)	136
Thereof Fleet Leasing	33	38	(11.9)	40
Thereof Online Retail	36	39	(5.7)	44
Thereof Fleet Management	59	53	10.3	51
Investments in lease assets[4]	315	430	(26.8)	407
Number of employees[5]	715	693	3.2	643

[1] Ratio of EBT to operating revenue
[2] Current and non-current financial liabilities, including finance lease liabilities
[3] Proposal by the management. The exact proposal is subject to the approval of the Supervisory Board and is included with the agenda Annual General Meeting 2022
[4] Value of vehicles added to the leasing fleet
[5] Annual average

Profile

Allane SE based in Pullach near Munich is a leading provider in online direct sales of new vehicles in Germany as well as specialist in the management and full-service leasing of large fleets. With tailor-made solutions, the company enables the longer-term mobility of its private and corporate customers.

Private and commercial customers use the online platforms sixt-neuwagen.de and autohaus24.de to lease new vehicles affordably. Corporate customers benefit from the cost-saving leasing of their vehicle fleet and from efficient fleet management.

To our shareholders

A.1 – Letter to shareholders

Dear shareholders,

2021 was a year of new beginnings for us. With the renaming of Sixt Leasing SE to Allane SE, we opened a new chapter in our history. Moreover, we achieved several milestones in the digitalisation of our business model. In 2022, we want to keep up the pace – and also try something new.

'Allane' is derived from the English road sign 'all lanes'. Our new name thus also stands for the diverse possibilities we offer customers especially through our brand independence. This is important, because the need for flexible mobility remains high – even though the Corona pandemic again burdened our market environment last year. Our Group contract portfolio in Germany and abroad (excluding franchise and cooperation partners) declined slightly by 0.8 per cent to 128,800 contracts in 2021. At the same time, consolidated operating revenue (excluding sales revenues) fell by 8.8 per cent to EUR 386.0 million. Sales revenues, on the other hand, increased by 9.2 per cent to EUR 354.4 million, mainly due to the high demand for used cars. Overall, our consolidated revenue of EUR 740.4 million was slightly below the previous year's figure. In addition to the Corona pandemic, consolidated earnings before taxes (EBT) were also burdened by transaction costs in connection with the takeover of our Company by Hyundai Capital Bank Europe GmbH (HCBE), Frankfurt, as well as increased provisions for legal risks. The EBT of EUR 6.1 million was therefore about one third below the previous year's figure. In contrast, consolidated profit rose from EUR 2.2 to 5.8 million, although this was due to the significant decline in income tax expense.

Taking into account the uncertainty generated by the Ukraine war, we intend to propose a dividend of EUR 0.06 per share for the 2021 financial year at the Annual General Meeting on 29 June 2022. The exact proposal for the appropriation of profits is subject to the approval of the Supervisory Board and will be published with the agenda for the 2022 Annual General Meeting. Our dividend proposal corresponds to a pay-out ratio of roughly 21 per cent of consolidated profit in the 2021 financial year. The previously communicated target range of 30 to 60 per cent remains unchanged regardless of the pay-out ratio for the current financial year.

Ladies and gentlemen, the Corona pandemic has once again demonstrated the importance of digital solutions in everyday life. This does not only apply to flexible mobile work models or administration, but especially to the way we move. As a pioneer in digital mobility, we introduced many new innovative products and services also in 2021.

Donglim Shin (CEO)

In the Online Retail business field, we launched a completely digital ordering process on our online platform sixt-neuwagen.de and carried out a sales cooperation with Lidl and Vehiculum to market new cars online.

In addition, we continued to digitalise the logistics processes at the three locations in Frankfurt, Berlin and Munich. In the business fields Fleet Leasing and Fleet Management, we introduced 'FleetIntelligence', a cloud application that enables fleet managers to perform analyses in a quick, secure and easy manner. Moreover, our apps for fleet and vehicle fleet customers were updated with further useful functions. All this makes for a better customer experience and more efficiency.

Ladies and gentlemen, not only mobility is changing, but also our Company. In July 2020, HCBE acquired the shares of Sixt SE and other shareholders in our Company. With the renaming to Allane SE and the creation of the new umbrella brand Allane Mobility Group in August 2021, the 'external' separation from our former majority shareholder has finally begun. This means that our 'Sixt' brands Sixt Leasing, Sixt Neuwagen and

Sixt Mobility Consulting will operate under a new name from 2025 at the latest.

Even more important than the ‘exterior’, however, are the inner values: in order to satisfy changing customer needs and take advantage of future growth opportunities, we also want to realign ourselves strategically. Therefore, we are launching our new strategy programme ‘*FAST LANE 27*’ with the publication of this annual report.

FAST LANE 27 comprises a comprehensive package of measures which is to be implemented by 2027 and should put us back on the fast track. Our goal is to generate additional added value for our customers, partners, employees and investors. This will allow us to further build the foundation to become the leading multi-brand provider of comprehensive mobility solutions in Europe in the long term.

FAST LANE 27 focusses on continuously extending our proven business model. Next to the three established business pillars, there will be a fourth and fifth business pillar in the future: OEM Leasing and autohaus24. In addition, we want to further expand our product range by considering trends such as car-as-a-service or used car leasing. At the same time, innovation and cooperation should get more attention. Our new partnership with AUTO1.com, which enables us to market more than 10,000 high-quality lease returns and fleet vehicles per year, provides a first taste.

Last but not least, we also want to become more sustainable by further increasing the share of alternative drives in our fleet and promoting green mobility solutions. In January, we received a record sum of around EUR 11.4 million from the Federal Government, which we use to market up to 800 hydrogen-powered Hyundai NEXO. This makes us proud and is at the same time proof of the confidence in our abilities. Our new fourth business pillar, OEM leasing, is currently in the pilot phase as we focus on a self-developed leasing portal that enables manufacturers to market their vehicles to customers through their own dealer network. We have been testing the portal with Hyundai and Kia since the third quarter of 2021. In the medium term, this also opens up new opportunities for expansion in foreign markets such as the Netherlands, Spain or Italy. In the longer term, we can imagine cooperations with further manufacturers.

Álvaro Hernández (CFO)

Our fifth business pillar, autohaus24, is to develop from what is already the largest independent used car dealer in Germany into a comprehensive mobility hub for car-related products and services in the future. In addition to buying a car, customers will also be able to have used cars reconditioned, trade in cars or take out suitable insurances.

We will be happy to provide you with more details with the presentation of the complete *FAST LANE 27* strategy programme during the second quarter of 2022.

Dear shareholders, with our major shareholder HCBE we have a strong strategic partner on board who is actively supporting us. We are therefore optimistic that we will quickly implement *FAST LANE 27* and return to profitable growth. However, the successes will probably only be reflected from the 2023 financial year onwards.

For the financial year 2022, we expect a contract portfolio in a range between 130,000 and 150,000 contracts and consolidated operating revenue in a range between EUR 350 million and EUR 400 million. With regard to EBT, we expect a higher single-digit million euro amount. In addition to the operating business development in the current financial year to date, the forecast takes into account the COVID-19 situation, the supply restrictions, the potential impact of the Ukraine war as well as costs in connection with the takeover of our Company.

We would like to thank you, dear shareholders, for your trust as we would also like to thank our employees for their outstanding commitment and the Supervisory Board for its constructive cooperation.

Pullach, April 2022

The Managing Board

Donglim Shin CEO	Álvaro Hernández CFO

Highlights 2021/22

In 2021, we opened a new chapter in our history by renaming ourselves Allane SE or Allane Mobility Group – and also achieved several milestones in the digitalisation of our business model. In 2022, we want to continue on this path.

Realignment of autohaus24

autohaus24 gets a completely new brand identity and opens its own locations in Frankfurt, Berlin and Munich for the first time in order to expand its used car business offline as well.

Vehicle handover and return 2.0

Allane Mobility Group optimises vehicle handover and return at its locations in Frankfurt, Berlin and Munich. All logistics processes will be recorded digitally from now on.

Digital ordering process

Allane Mobility Group introduces a completely digital ordering process for private customers on its online platform sixt-neuwagen.de, taking the customer journey to the next level.

Excellent offering

sixt-neuwagen.de and autohaus24.de are named ‘Germany›s Best Online Portals 2021’ in the category ‘New Car Portals’ by n-tv and the German Institute for Service Quality.

#1

Sales cooperation with Lidl

Sixt Neuwagen, Lidl and Vehiculum jointly market three popular new car models from Kia and Renault at attractive conditions on the Internet.

VEHICULUM. | SIXT leasing

Special offer Black Leasing Friday

Sixt Neuwagen participates in the biggest bargain day of the year with the special promotion ‘Black Leasing Friday’, offering additional discounts on selected new car models.

BLACK LEASING FRIDAY

Electronic Driver’s Licence Check

The smartphone app ‘The Companion’ from Sixt Mobility Consulting is updated with the ‘DriversCheck’. This enables company car drivers to carry out regular driver›s licence checks on their own.

New company name, new umbrella brand, new Managing Board

Sixt Leasing SE is renamed Allane SE and Allane Mobility Group is introduced as a new umbrella brand. Donglim Shin becomes Chairman of the Managing Board and Álvaro Hernández Chief Financial Officer.

allane
mobility group

Innovative Fleet Management

Allane Mobility Group launches the digital analysis tool ‘FleetIntelligence’. The cloud application enables fleet managers to analyse their fleet quickly, easily and securely.

Record funding for hydrogen cars

Allane Mobility Group receives a record sum of up to EUR 11.4 million from the German government to promote the marketing of up to 800 models of the Hyundai NEXO hydrogen car via dealers.

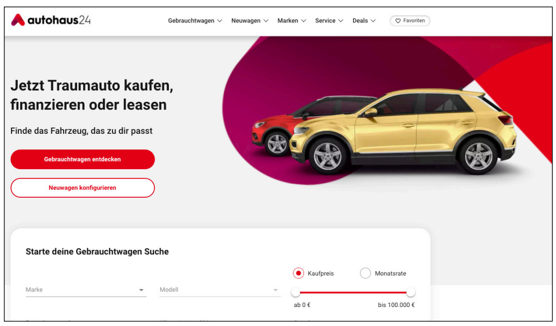
Cooperation with AUTO1.com

Allane Mobility Group launches a cooperation with AUTO1.com, offering more than 10,000 high-quality lease returns and fleet vehicles per year on Europe›s largest trading platform for used cars.

AUTO1.com

New car configuration on autohaus24.de

The introduction of the completely revamped new car configurator on autohaus24.de significantly improves the customer experience and successfully completes the relaunch of the website.



A.2 – Report of the supervisory Board

Dear shareholders,

In 2021 financial year, the Supervisory Board of Allane SE attended to those duties incumbent on it according to law, the Articles of Association and the Company's bye-laws. Above all, we regularly advised the Managing Board in the running of the Company and also monitored its activities. We addressed in detail the economic situation of the Company and the Group and the strategic development and were involved in all decisions of principal importance.

In 2021, the Supervisory Board again executed its work mainly by means of video conferences due to the pandemic. It convened four ordinary meetings and three extraordinary meetings in the financial year. Further resolutions were adopted by written circulation procedure. The legally stipulated frequency of at least two meetings per calendar half-year was complied with. All Supervisory Board members participated in all the aforementioned meetings and resolutions.

The Managing Board informed the Supervisory Board both in writing and verbally, promptly and comprehensively, on the situation of the Company and of the Group, profitability and the planning for the Company and its subsidiaries on all matters that are relevant to the Company and the Group regarding strategic planning, and business development. To this end, the Managing Board prepared, among other things, a quarterly report with detailed information on the economic and financial position of Allane SE and its subsidiaries. We checked the plausibility of all documents submitted and handed over to us. In the meetings, the Managing Board explained to the Supervisory Board members the documents and reports submitted. In this context, we also questioned the Managing Board on important matters, critically assessed the reports and the Managing Board's proposals for resolutions and made our own proposals.

Outside the meetings, the members of the Supervisory Board also regularly exchanged information with the Managing Board members, especially the chairmen of the two corporate organs.

In its meeting on 16 December 2021, the Supervisory Board of Allane SE formed an Audit Committee. It has not formed any other committees with decision-making powers.

Issues addressed during the plenary sessions of the Supervisory Board

The Supervisory Board regularly addressed and looked into the current business performance, the strategic focus, the risk situation and risk management, internal company control systems, the performance of contract portfolios in the individual business fields as well as net assets, the financial position and results of operations of Allane SE and the Allane Mobility Group. In the absence of Managing Board members, it also addressed issues pertaining to the Supervisory Board as well as personnel issues of the Managing Board.

The Supervisory Board's consultations focused above all on the following issues:

- **Business Plan and Strategy:** At the start of the reporting period, the Supervisory Board looked again in detail at the Managing Board's updated business plan for the forthcoming years and at the reorientation of the Group's strategy. The Supervisory Board had the Managing Board explain to it in detail the multi-year plan and strategy and approved the budget and plan adjustments that were required in particular in the context of the national and international development of the COVID-19 situation and the change in market and business environment.

- **General Meeting:** Ahead of the ordinary Annual General Meeting on 29 June 2021, the Supervisory Board addressed the agenda items in due detail. These included in particular the appropriation of retained earnings, the selection of the auditors, resolutions on the approval of the compensation system for the members of the Managing Board and on the confirmation of the compensation of the members of the Supervisory Board, and a resolution on a change in the name of the Company and a corresponding amendment to the Articles of Association. The Supervisory Board approved the agenda items and followed the motion submitted by the Managing Board to propose to the Annual General Meeting the payment of a dividend of EUR 0.02 per share. The Managing Board and the Supervisory Board made their decision on the dividend proposal on the basis of the current business, investment and liquidity planning of the Company, which has already taken into account the economic and financial effects of the COVID-19 situation on the markets and the company of Allane SE.

- **Campaigns and Innovations:** During the course of the reporting year, the Managing Board kept the Supervisory Board informed about key campaigns and innovations and the Supervisory Board addressed the expected effects these would have on business developments.

Corporate Governance

In February 2022, the Managing and Supervisory Board issued a declaration of conformity pursuant to Sect. 161 of the German Aktiengesetz (AktG – German Stock Corporation Act). It is permanently available to all shareholders on the Company’s website ir.allane-mobility-group.com. With some exceptions, Allane SE complies with the recommendations of the Government Commission on the German Corporate Governance Code.

The Supervisory Board had no indications of conflicts of interest of members of the Managing and Supervisory Board.

Further details on the Company's corporate governance can be found in the Corporate Governance Report.

Changes to the Managing and Supervisory Board

There were no personnel changes on the Supervisory Board in the reporting year.

With effect from the end of 30 June 2021, Mr. Michael Ruhl resigned from his position as Chairman of the Managing Board of the Company. With effect from 30 September 2021, Mr. Björn Waldow resigned from his position as member of the Managing Board of the Company.

With effect from 1 July 2021, Mr. Donglim Shin was appointed Chairman of the Managing Board of the Company. Mr. Álvaro Hernández was appointed to the Managing Board of the Company with effect from 1 December 2021.

Audit of the 2021 annual financial statements and consolidated financial statements

The Managing Board prepared the annual financial statements of Allane SE as per 31 December 2021 in accordance with the requirements of the Handelsgesetzbuch (HGB – German Commercial Code) and the consolidated financial statements and the management report on the Group’s and the Company’s situation as per 31 December 2021 in accordance with section 315e of the HGB and on the basis of the International Financial Reporting Standards (IFRS), as adopted by the EU.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Munich, audited the annual financial statements of Allane SE and the consolidated financial statements as well as the management report on the situation of the Group and the Company, and gave their unqualified audit opinion. The auditor had been commissioned by the Supervisory Board on the basis of the resolution taken by the Annual General Meeting on 29 June 2021.

The Supervisory Board received the documents together with the Managing Board’s dependent company report and the auditor’s audit reports as well as the Managing Board’s proposal on the appropriation of the unappropriated profit in sufficient time for examination. Discussion and examination of these documents was conducted during the Supervisory Board's meeting on 28 April 2022, which was convened to adopt the annual financial statements.

The auditor of the annual financial statements and of the consolidated financial statements attending this meeting provided in-depth information on the material findings of their activities. Following an analysis of the risk situation and risk management, the auditor concluded that there were no material risks in Allane SE and the Group companies which were not mentioned in the reports. The audit of the effectiveness of the internal control and risk management system relating to accounting procedures by the auditor did not lead to any objections. Furthermore, the auditor informed the Supervisory Board of services rendered over and above the work on the audit. In the opinion of the auditor, there were no circumstances that could justify doubt as to the impartiality or independence of the auditors.

The Supervisory Board approvingly noted the auditor's findings and had no objections after concluding its own review. The Supervisory Board approved the annual and consolidated financial statements as well as the management report on the Group's and the Company's situation as prepared by the Managing Board and audited by the auditors. The annual financial statements of Allane SE for 2021 were thus formally adopted in accordance with the provisions of the German AktG. The Supervisory Board concurred with the proposal made by the Managing Board for the appropriation of the unappropriated profit of 2021.

In the audit, the auditor included the Managing Board's dependent company report in accordance with section 312 of the AktG covering the relationship between Allane SE and affiliated companies and submitted the audit report to the Supervisory Board. The audit by the auditor did not give rise to any objections. The following unqualified audit opinion was issued:

"On the basis of our review and assessment in accordance with professional standards, we confirm that the actual disclosures made in the report are accurate and the consideration paid by the Company for legal transactions listed in the report was not inappropriately high."

The Supervisory Board's examination of the dependent company report in accordance with section 312 of the AktG covering the relationship between Allane SE and its affiliated companies did not give rise to any objections. The Supervisory Board therefore concurred with the auditor's findings. Following the completion of its own examination, the Supervisory Board had no objections to the Managing Board's concluding declaration in the dependent company report.

Thanks to Managing Board and all employees

In the reporting year, the Group contract portfolio was slightly and operating revenue significantly below the previous year's figure. EBT was – due to the considerable negative effects of the pandemic situation, the burdens of transaction costs as well as the increased provisions for litigation – very significantly below the previous year's figure.

In view of this annual balance sheet, which is nevertheless satisfactory against this backdrop, the Supervisory Board would like to express its heartfelt thanks to the Managing Board, the managing directors of the subsidiaries of Allane SE as well as all employees of the Group for their dedicated and committed work. The Allane Mobility Group expects business development to recover from the second half of 2022 onwards due to a normalisation of the Corona pandemic and better new car supply after the summer, while the impact of the situation in Ukraine on European economies remains uncertain. Overall, we are confident that the Allane Mobility Group will continue its successful development.

Pullach, April 2022

The Supervisory Board

Jochen Klöpper	Chairman
Thomas Hanswillemenke	Board Member
Dr. Julian zu Putlitz	Board Member
Hyunjoo Kim	Deputy Chairwoman
Chiwhan Yoon	Board Member
Norbert van den Eijnden	Board Member

A.3 – Allane SE share

2021 a good year for shares

Despite high volatility, international stock markets performed very positively in 2021. The DAX, Germany's leading index, closed at 15,884.86 points on the last trading day of 2021, up 15.8% on the year-end closing price in 2020 (13,718.78 points). At the same time, the DAX was only slightly below its all-time high of 16,251.13 points, which it had reached on 17 November 2021.

The DAX opened trading in Germany on 4 January 2021 at 13,890.22 points. It reached its low for the year at 13,432.87 on 29 January. In the following months it climbed significantly to exceed 15,000 points for the first time at the end of March and to over 16,000 points for the first time at the end of August (both on a daily basis). From May to December, the index moved mainly between around 15,000 and 16,000 points, interrupted by some significant price setbacks.

In the first half of 2021, German equities benefited in particular from falling Corona infection figures, the economic recovery and a continuing low interest rate policy. In addition, a $1,900 billion stimulus package was passed in the USA. By contrast, the second half of 2021 was dominated by growth and inflation fears. In addition to supply bottlenecks, high energy and raw material prices in particular and, from November, the significant rise in infection figures and the Omicron variant of the coronavirus caused uncertainty.

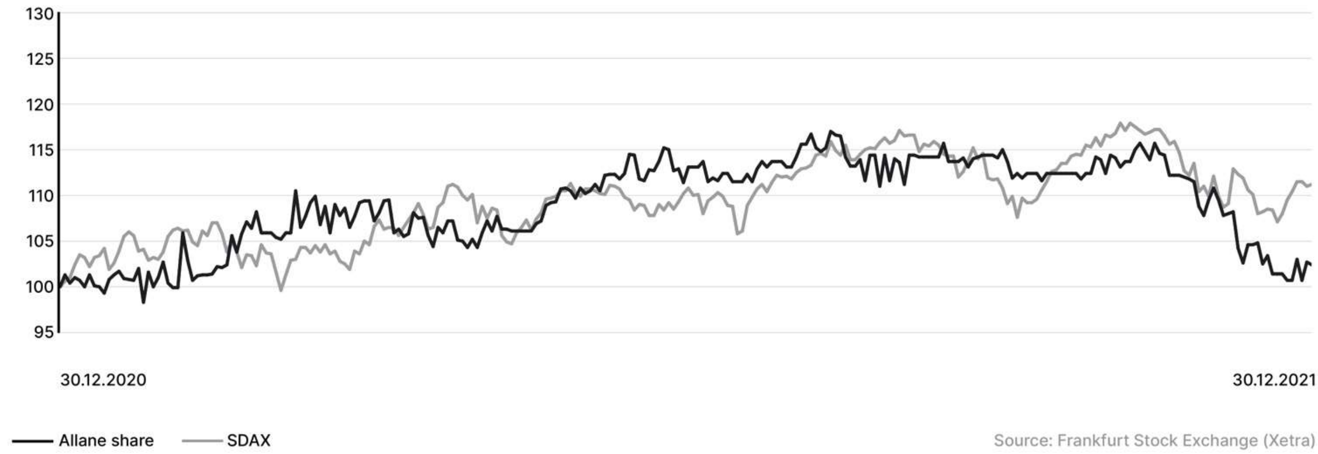
Allane shares slightly up for the year

Allane shares initially developed very positively in 2021. At their high for the year in August, they recorded a gain of around 17%. Towards the end of the year, however, prices fell significantly.
On the last trading day of 2021, Allane shares closed at EUR 15.66, a gain of 2.4% over the year-end price for 2020 (EUR 15.30). The SDAX gained 11.2% in 2021.

The Allane share started 2021 at a price of EUR 15.50, reaching its low for the year of EUR 15.04 on 26 January. From mid-February, the share price witnessed an upward trend and rose to up to EUR 16.90 by mid-March. Afterwards it encountered a slight downward trend. Following the publication of Allane SE's business figures for the first quarter on 19 May, the share price rose again and reached its high for the year at EUR 17.90 on 13 August. In September and October, the share price was between EUR 17.00 and EUR 17.70. In the wake of the publication of the financial figures for the third quarter on 17 November, the share price fell to around EUR 15.70 by mid-December and remained around this level until the end of the year.

The appointment of Donglim Shin as new CEO of Allane SE, announced in an ad-hoc release on 22 March, had no material impact on Allane shares. The same applied to the Managing Board's reassessment of projections for business development in 2021, which was announced in an ad-hoc release on 8 December.

Relative performance of Allane share against the SDAX (indexed to 100)



Shareholder structure

As of the end of the year under review, Hyundai Capital Bank Europe GmbH, Frankfurt am Main, still was the largest single shareholder of Allane SE, holding 92.07% of voting rights in the Company. The voting right notifications received by the Company during the year under review are available from the Company's website ir.allane-mobility-group.com.

Allane share information

Share class	No-par value ordinary bearer shares (WKN: A0DPRE, ISIN: DE000A0DPRE6)
Stock exchanges	All price-setting German stock exchanges
Trading segment	Prime Standard
Designated Sponsors	Commerzbank AG, Joh. Berenberg, Gossler & Co. KG

Dividend policy

Allane SE adheres to the principle of permitting its shareholders to participate in the Company's success by distributing an appropriate dividend. The amount paid out is determined by the development of consolidated earnings as well as future demands placed on equity, above all with a view to the scheduled growth at home and abroad.

For the 2020 financial year, the Annual General Meeting on 29 June 2021 approved a dividend of EUR 0.02 per share proposed by the Managing Board and Supervisory Board, which was significantly lower than in the previous year. The dividend thus took into account the constraints and challenges of the ongoing COVID-19 situation. The pay-out ratio was around 19% of the consolidated profit. Based on the year-end share price for 2020, this resulted in a dividend yield of around 0.1%.

For the 2021 financial year, the Managing Board of Allane SE is considering proposing a distribution of a dividend of EUR 0.06 per share to the Annual General Meeting on 29 June 2022, taking into account the uncertainty generated by the Ukraine war. The remaining undistributed retained profit is to be carried forward to new account. The exact dividend proposal is subject to the approval of the Supervisory Board and will be published with the agenda for the 2022 Annual General Meeting. The dividend proposal of the Managing Board would result in a pay-out ratio of roughly 21% of the consolidated profit for the 2021 financial year. The previously communicated target range of 30 to 60% remains unchanged regardless of the pay-out ratio for the 2021 financial year.

	2021	2020
Earnings per share (EUR) - basic and diluted	0.28	0.11
Dividend per share (EUR)	0.06[1]	0.02[1]
Number of shares (as at 31 December)	20,611,593	20,611,593
Total dividend (EUR million)	1.2	0.4
Pay-out ratio	21%	19%

[1] Proposal by administration

	2021	2020
High (EUR)[2]	17.90	18.90
Low (EUR)[2]	15.04	11.54
Year-end price (EUR)[2]	15.66	15.30
Dividend yield (%)[3]	0.36	0.1
Market capitalisation (EUR million)[3] as at 31 December	322.8	315.4

[2] All prices refer to Xetra closing prices
[3] Based on Xetra year-end price

Communication with the capital market

As a stock-listed company in Deutsche Börse's Prime Standard, Allane SE has to meet extensive requirements on transparency and publicity. By being in continuous dialogue with the capital markets, the Company ensures open, timely and comprehensive financial communication.

In 2021, the Company conveyed to analysts, investors and the media an overview of business conditions and developments through regular meetings. Their focal point of interest was above all the renaming of Sixt Leasing SE to Allane SE, the Group strategy as well as the future prospects of the Allane Mobility Group in the context of the strategic partnership with the new major shareholder HCBE.

In the Leasing segment, the focus was particularly on growth plans for the Online Retail business with the main topics centering on the further development of the product and service portfolio and the improvement of the customer experience. There was also considerable interest in new marketing campaigns such as the sales cooperation with Vehiculum and Lidl. In the Fleet Leasing business field, special attention was given to digital solutions such as the new smartphone app for fleet customers.

For the Fleet Management segment, investors and analysts were equally interested in digitalization. To this end, the Managing Board explained, among other things, its plans to expand the self-service app “The Companion” and the “FleetIntelligence” tool to additional customers. Issue of discussion was furthermore the internationalization of the business and the further development of the business field into a full-service provider of corporate mobility.

The Managing Board also addressed the possibilities of opportunistic acquisitions to accelerate growth. The strategy and business performance of Allane SE were explained in due detail and discussed with analysts and investors during regular conference calls as well as personal talks.

Allane has set itself the target of maintaining detailed and transparent communication of its growth strategy and its progress in implementing it. Special attention will be given to outlining in due detail the key differentiating features and strengths over relevant competitors as well as the particular opportunities in the individual business fields.

A.4 Sustainability

1. Sustainability at Allane

Sustainable mindsets and actions, based on firm values and principles, are key factors for Allane's success. The Company assumes its responsibility towards society and thereby adheres to the principle of sustainable development. Allane wants to make its contribution towards providing the following generations with stable economic, social and ecological conditions. When pursuing its economic interests during everyday business practice, the internationally active leasing provider and fleet manager also considers ecological, social and ethical aspects.

The Allane management is focused on responsible and long-term value creation. Across the Group-wide value chain from purchasing and leasing right through to the remarketing of vehicles, sustainability aspects are also taken into consideration next to economic factors.

1.1 Materiality

As a basis for the sustainability reporting of Allane SE, a materiality analysis was carried out in 2017. The aim was to identify the relevant fields of action in the area of sustainability for Allane SE. These are of particular importance for business development and show the areas in which Allane sees priorities. A cross-departmental team coordinated the entire process, provided assistance and summarised the results.

The materiality analysis was based on the established management systems for quality and environment as well as their inherent fields of action. The further process included industry-relevant aspects and insights gained from the analysis of competitors and other comparative companies. Workshops and surveys conducted with the professional departments then identified and discussed the material issues that are of relevance for the Allane Mobility Group. The analysis findings established were then worked through in collaboration with an external partner and transferred into key fields of action. Finally, the identified material issues of the Group were validated again and then approved by the Managing Board.

1.2 Management Approach

It is Allane's declared objective to integrate the principle of sustainable development into its entrepreneurial decision-making procedures in the long run. The Company's uses its organisational structures and governance processes to promote and control responsible entrepreneurial actions, from strategy development through to implementation. This way, Allane systematically and consistently adheres to sustainability issues in all its business activities and across all hierarchical levels.

The Managing Board holds overall responsibility for sustainability management, as it sets the course so that corporate policy meets the requirements of socially responsible business dealings, and because it approves the corresponding strategies and programmes. The various business units and professional departments implement the sustainability measures and retrieve the sustainability data against the background of their respective core business activities and/or task fields.

All three business fields of the Allane Mobility Group have established a firm and comprehensive process for collecting, analysing and implementing improvement measures on the basis of customer feedback. In the corporate business, Allane customers are regularly interviewed on their satisfaction, to which end the Company deploys a special CSI tool (Customer Satisfaction Index). With the help of this tool, the fleet managers and drivers can provide detailed feedback on service quality. Allane uses these data to continually optimise the service range to match customer wishes and requirements.

Over and above statutory requirements, Allane's sustainability management receives additional support from the Company's own guidelines. The Code of Conduct applies worldwide, enjoys overriding significance and defines the ethical framework for daily business activities.

2. Material fields of action

The objective of Allane's sustainability management is to harmonise the Company's business activities with ecological, social and ethical aspects. It is operationalised through the fields of actions, objectives and measures and integrated into corporate procedures. In addition, the sustainability management is based on the requirements and interests of the stakeholders. Particular importance is attached to customers, employees, suppliers and investors.

Alongside the higher-level area of 'Sustainability at Allane' the sustainability management is divided up into six further material fields of action, which are outlined in the following.

2.1 Corporate Governance

The success of Allane rests not only on the business policy, but also on its compliance with moral and ethical standards, integrity and the trust which customers and suppliers, shareholders and business partners place in the Company. Such trust can only be won and maintained if all employees adhere to the law and legislation and maintain Allane's strict behavioural standards. Franchise and cooperation partners likewise are obliged by the same duties, as outsiders recognise them as the Company's representatives. It is Allane's declared aim to make all employees as well as franchise and cooperation partners regularly aware of the issue of compliance. A key role is afforded here to the Group-wide applicable Code of Conduct, which is regularly updated. All employees, franchise and cooperation partners have committed themselves to observe this Code of Conduct. It governs behaviour towards business partners and third parties, the fundamentals applicable for the working environment, as well as how to deal with conflicts of interests, assets and equipment of Allane, intellectual property of third parties and information.

The Code of Conduct specifies, among other things, the institution of an external ombudsman. In case employees want to disclose compliance violations, the ombudsman acts as additional contact point, alongside their corporate superior and the compliance officer. The compliance officer maintains regular contact with the Managing Board and assists as well as advises the Board with respect to preventive measures. All subsidiaries of the Allane Mobility Group are regularly inspected regarding their compliance with all laws and adherence to the Code of Conduct.

Conceptual chart: Corporate Governance und Compliance

Objective	Measures	Performance indicator
Sensitising employees, franchise and cooperation partners to compliance	Integration of further compliance requirements into the Code of Conduct Obliging employees, franchise and cooperation partners to adhere to the Code of Conduct	./.

Moreover, Allane has formulated clear expectations concerning its employees' correct behaviour and makes it clear that business relations can only be maintained with customers, service providers and business partners whose business activities comply with statutory stipulations and whose financial means have a lawful origin. Within the framework of legislative and regulatory requirements, an anti-money-laundering officer has been instituted with a clear, brief mandate. Besides, organisational guidelines to prevent money laundering, terrorist financing and other criminal activities were drawn up. Every employee has to sign and accept the relevant guidelines. In addition, all employees have to receive regular training relating to this thematic complex. Their successful participation in these training sessions is recorded and filed. In accordance with section 9 (1) and (2) no. 1 to 4 of the Money Laundering Act, Allane has initiated ongoing risk-based measures to assess reliability. For example, appropriate assessments take place in the case of employment or employment relationships as well as risk-oriented during the existence of a relationship by the supervisor.

As an internationally active company, Allane is unreservedly committed to respect human rights and corresponding legal rules at home and abroad. The Group has undertaken to respect and promote human rights and to report in a transparent fashion about the results of its actions. In addition, Allane follows the ILO core labour standards and adheres to the four fundamental principles: freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labour, the abolition of child labour and the elimination of discrimination in respect of employment and occupation. In addition, Allane also obliges its franchise partners who are active in other countries to comply with strict social standards and to respect human rights. To ensure this, the expectations are contractually fixed and the partners are encouraged to run their business in accordance with ethical principles and to act with integrity.

2.2 Climate Protection

As a provider of mobility solutions, Allane is aware of its responsibility for climate protection and has set itself the target of continually lowering the average CO_2 emissions of its customer fleet. It realises this through a series of measures, such as the continuous utilisation of the latest vehicle models that have state-of-the-art powertrains in its fleet as well as by providing leasing offers for electric and hybrid vehicles.

Conceptual chart: Climate protection

Objective	Measures	Performance indicator
Reduction of the average CO_2 emissions of the fleet	Continuous renewal of vehicle fleet with cars equipped with state-of-the-art technology	Average CO_2 emissions of the fleet

For years, Allane has been assisting and following the developments in electric mobility and alternative vehicle powertrains as it promotes these by events for employees, fleet managers and media representatives, by cooperating with manufacturers, dealers and electric utility suppliers as well as by promotional offers for private customers. The Company has expertise in the selection and deployment of hybrid and electric vehicles and is therefore capable of giving interested customers competent advice and can optimise corporate fleets with regard to its sustainability aspects. This includes for example the use of e-car pools, improving pollutant emissions and introducing a CO_2 bonus-malus system.

In the 2021 financial year, Allane offered leasing agreements to private, commercial and corporate customers for new vehicles with terms anywhere between twelve and 72 months. As per 31 December 2021 the contracts had an average term of around 44 months. Consequently, the leasing fleet is continually being renewed with the more modern vehicles carrying more efficient technologies. This results in a reduction of average CO_2 emissions per vehicle within the Leasing business unit over time.

Another example of Allane's ecological commitment is the “You car – we tree” campaign, under which autohaus24 plants a tree for every used car sold. In 2021, over 2,800 trees were planted in this way.

Average CO_2-emissions of the Leasing business unit

in g/km	2021	2020
	123	126

2.3 Utilisation of Resources

The protection of the environment and responsible utilisation of resources are taken for granted by Allane. In its own sphere of influence, the Company keeps its energy and water consumption as low as possible. With the assistance of its environmental management systems, Allane regularly monitors its consumption of resources and strives to achieve continuous improvements in efficiency.

Conceptual chart: Utilisation of Resources

Objective	Measures	Performance indicator
Continual improvement of energy efficiency	Implementing and monitoring energy efficiency measures Conducting energy audits Sensitising employees to energy-saving measures	./.

Allane pursues the objective of continually improving its energy efficiency and cutting its energy consumption. Next to the implementation and monitoring of the concrete energy efficiency measures, it also conducts energy audits and heightens the awareness of employees for measures to utilise energy in a way that saves resources. According to the last energy audit conducted in the 2017 financial year for the calendar year 2016, the consumption ratings for the corporate headquarters are within the normal parameter range, while the heating requirements are below average.

2.4 Employer attractiveness

Allane attaches greatest importance to its workforce’s customer focus and quality of service to ensure entrepreneurial success. The Group therefore considers its responsibility to develop its workforce, promote its health, integrate it into decisions and to provide equal opportunities for all. In addition, the Group-wide working climate and the interaction between all employees is characterised by mutual respect, fairness and the prohibition of any form of discrimination.

Allane is a well-known employer with a good reputation. In order to remain an attractive employer, the Company has set its sights on improving the work-life balance of its members of staff. To this end, flexible working time programmes will be extended. Since 2015, employees in the central and administrative functions, as well as executives, enjoy working time arrangements based on trust. As of December 2021, around 50% of all employees of the Allane Mobility Group in Germany had working time arrangements based on trust (2019: 45%). All other employees record their working hours. Furthermore, against the background of the COVID-19 pandemic, the Company enabled its employees to carry out their work independently of their place of work ('Mobile Work') to a significantly expanded extent also in the 2021 financial year.

Allane aims to keep employee satisfaction at a high level. To this end, the Company conducts regular employee surveys, from which it then deducts further measures. In addition, Allane relies on an active feedback culture with 360-degree feedback and customised development and promotion programmes.

Conceptual chart: Employer attractiveness

Objective	Measures	Performance indicator
Improving employees' work-life balance	Expanding the programmes to strengthen work-life balance	Number of employees in time arrangements based on trust
Maintaining high satisfaction levels among employees	Regular execution and evaluation of surveys on employee satisfaction Deducing potential action requirements from the survey findings	./.

Further information on strategic personnel development and the relevant KPIs can be found in the section 'Human resources report' of this annual report.

2.5 Staff development and promotion

Allane's entrepreneurial success is vitally dependent on the knowledge, skills and commitment of its employees. Qualified employees are the most important building block for the Group in order to be able to act as a premium supplier on the market and generate 'customer excitement'. The Company is therefore committed to a culture that has the people at its centre who work for Allane. It is the claim to consistently encourage and promote the talents of its workforce, adequately remunerate their commitment and apply uniform principles in salaries and wages which exclude any form of discrimination.

Conceptual chart: Staff development and promotion

Objective	Measures	Performance indicator
Further development of employees' professional expertise	Demand-oriented intensification of on-site training and e-learning units	./.
Further development of performance-based remuneration models	Regular evaluation of variable remuneration models and their KPIs	Share of employees with performance-based remuneration

Finding and promoting talents goes hand in hand with further developing professional expertise. To this end, Allane is intensifying the number of on-site trainings and e-learning sessions in training facilities wherever there is demand for them as well as interlocking these forms of training. The training units are offered to employees of all ranks and cover a wide range of topics.

In order to foster the individual commitment of its employees to the Company's success and to honour it accordingly, Allane has introduced a performance-based remuneration system for certain groups of employees. At the end of 2021, 37% of all employees of the Allane Mobility Group in Germany received variable remuneration in addition to their fixed salary. In order to honour the individual performance of each employee even more than before, Allane has set itself the goal of further developing the existing performance-related compensation models. To this end, the existing variable remuneration models are regularly evaluated and the quota of employees is determined using performance-based remuneration components.

Further information on the employee promotion programme and the key features of the remuneration can be found in the section 'Human resources report' of this annual report.

2.6 Social commitment

Allane considers it to be its duty to contribute towards society’s well-being. Assuming social responsibility is a firm component in its entrepreneurial policy and corresponds with Allane’s identity, principles and values. The Company has set itself the goal of expanding on its social commitments, especially in issues referring to energy and the environment, as well as non-profitable work and its commitment in the charitable sector.

In 2021, Allane supported the independent Regine Sixt Children’s Aid Foundation 'Drying Little Tears', which is under the supervision of the government of Upper Bavaria. The foundation supports measures to improve the health conditions and living conditions of children and young people worldwide. In addition, facilities for care, education and vocational training as well as social welfare institutions are supported. The Regine Sixt Children’s Foundation receives proposals and applications from Allane employees to support projects and initiatives that benefit children worldwide. The selection and implementation of the projects are carried out in close coordination between the Company and the foundation.

Conceptual chart: Social commitment

Objective	Measures	Performance indicator
Expanding social commitment	Drying Little Tears Days	./.
Continuing the cooperation with the ‘Regine Sixt Children’s Aid Foundation’	Supporting foundation projects to improve the health conditions and living conditions of children and young people worldwide and promoting institutions for care, education and vocational training as well as social welfare institutions	./.

Management report on the situation of the group and the company

B.1 – Group Fundamentals

1. Business Model of the Group

1.1 Group structure and management

Allane SE, Pullach (previously: Sixt Leasing SE), is a European Stock Corporation (Societas Europea) and the parent company of the Allane Mobility Group, which mainly conducts its business under the business names of 'Sixt Leasing', 'Sixt Mobility Consulting', 'Sixt Neuwagen', 'autohaus24' and 'Flottenmeister'. The Company has its registered offices in Dr.-Carl-von-Linde-Straße 2, 82049 Pullach/Germany, and is registered in the Commercial Register of Munich Local Court under docket number HRB 227195. The Company has been established for an indefinite period.

As a financial services company, Allane SE is supervised by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – Federal Financial Supervisory Authority) and has to comply with the minimum requirements for risk management of banks and financial services institutions (MaRisk).

The Company was founded 1975 in Munich as 'Central Garagen CG GmbH' and has been trading since 2003 under the name 'Sixt Autoland GmbH' with its registered offices in Garching close to Munich. Sixt Group's operative leasing business has been overseen by 'Sixt Leasing GmbH' since 1988 and after its change of legal form into a stock corporation under the name 'Sixt Leasing AG'. In 2004 'Sixt Leasing AG' merged with the previous 'Sixt Autoland GmbH'. In the following 'Sixt Autoland GmbH' changed its legal form to a stock corporation and continued under the name 'Sixt Leasing AG'. The Company's shares have been listed on the regulated market (Prime Standard) of the Frankfurt Stock Exchange since its IPO on 7 May 2015. By approval of the Annual General Meeting on 1 June 2016 the Company was transformed by way of changing the legal form according to Art. 2 (4) in conjunction with Art. 37 SE-Reg to Sixt Leasing SE.

On 16 July 2020, Sixt Leasing SE was acquired to approximately 92% by Hyundai Capital Bank Europe GmbH (HCBE), a joint venture of Santander Consumer Bank AG and Hyundai Capital Services Inc. as part of a voluntary public takeover offer. In the process, HCBE also acquired the approximately 42% stake held by the former main shareholder Sixt SE. As part of the separation from Sixt SE, the Annual General Meeting of Sixt Leasing SE resolved on 29 June 2021 to change the Company's name to 'Allane SE'. The new company name 'Allane SE' was entered in the commercial register on 5 August 2021.

The Managing Board of Allane SE manages the Company under its own responsibility and currently consists of Mr. Donglim Shin, Chairman of the Management Board (CEO) since 1 July 2021, and Mr. Álvaro Hernández, CFO since 1 December 2021. Previously, these offices were held by Mr Michael Ruhl (CEO) until 30 June 2021 and by Mr Björn Waldow (CFO) until 30 September 2021.

The Supervisory Board of Allane SE, which consists of six members, appoints, monitors and advises the Managing Board and is directly involved in decisions of fundamental importance for the Company and the Group.

Allane SE acts as an operative leasing company and is the parent company of the Allane Mobility Group. It has directly or indirectly 100% shareholdings in the following subsidiaries, which also operate in the leasing or fleet management businesses of their respective countries:

- Allane Location Longue Durée S.a.r.l., Rueil-Mailmaison/France (previously: Sixt Location Longue Durée SARL)
- Allane (Schweiz) AG, Urdorf/Switzerland (previously: Sixt Leasing (Schweiz) AG)
- Allane G.m.b.H., Vösendorf/Austria (previously: Sixt Leasing G.m.b.H.)
- autohaus24 GmbH, Pullach/Germany
- Allane Mobility Consulting GmbH, Pullach/Germany (previously: Sixt Mobility Consulting GmbH)
- Allane Mobility Consulting S.a.r.l., Rueil-Mailmaison/France* (previously: Sixt Mobility Consulting SARL)
- Allane Mobility Consulting AG, Urdorf/Switzerland (previously: Sixt Mobility Consulting AG)
- Allane Mobility Consulting Österreich GmbH, Vösendorf/Austria* (previously: Sixt Mobility Consulting Österreich GmbH)
- Allane Mobility Consulting B.V., Hoofddorp/Netherlands (previously: Sixt Mobility Consulting B.V.)

- Allane Services GmbH, Rostock/Germany* (previously: SXT Leasing Verwaltungs GmbH)
- Allane Services GmbH & Co. KG, Rostock/Germany (previously: SXT Leasing Dienstleistungen GmbH & Co. KG)

* not consolidated

In addition, the company Isar Valley S.A., Luxembourg (share of 0%, however, control according to IFRS 10) is fully consolidated.

Between Allane SE and Allane Mobility Consulting GmbH, a profit and loss transfer agreement is in place.

As of reporting date 31 December 2021, the Company's share capital amounted to EUR 20,611,593.00 divided up into 20,611,593 ordinary bearer shares. The shares are no-par value shares with a notional interest in the share capital of EUR 1.00 per share. The shares are fully paid up.

As of the reporting date, Hyundai Capital Bank Europe GmbH, Frankfurt am Main (‘HCBE’), was the largest shareholder with 92.07% of the shares and voting rights is.

In the context of the sale of the stake in Allane SE by Sixt SE to HCBE, Allane SE and Sixt SE also concluded a number of agreements with regard to the temporary continued use of the ‘Sixt’ brand and the Carve-Out of the IT structure.

Further agreements concluded between Allane SE and HCBE and its respective parties are described in the notes to the consolidated statements under 'related party disclosures'. The previous year's figures presented in the notes to the consolidated financial statements under ‘Related party disclosures’ also include further agreements concluded between Allane SE and Sixt SE or its related parties (until 15 July 2020).

1.2 Group activities and services portfolio

The Allane Mobility Group is organised into the two business units (segments) Leasing and Fleet Management.

1.2.1 Leasing business unit

Through its Leasing business unit, Allane SE acts as a non-bank, vendor-neutral leasing company in Germany. In addition, the business unit is also represented by its operative subsidiaries in France, Switzerland, Austria and the Netherlands.

The Leasing business unit comprises the two business fields Fleet Leasing (corporate customer leasing) and Online Retail (private and commercial customer leasing).

In the Fleet Leasing business field, the Group offers lease financing and associated services (so-called full-service leasing) to corporate customers.

Target customers for this business field are, on the one hand, companies with a fleet size of more than 100 vehicles, whose fleets are made up of different manufacturers and have a certain complexity. Allane SE supports these mid-sized and large customers through individual fleet solutions. On the other hand, smaller corporate customers with a fleet size of around 20 to 100 vehicles are also served. The approach in this customer segment is to use standardised products and processes to professionalise fleet purchasing and management.

Next to the classic finance leasing, the offering includes a variety of services such as multi-brand online configuration, consulting on the vehicle selection, online approval procedure according to individual company guidelines, price-optimised vehicle procurement, maintenance of the vehicles over the total contract period, tire changing, damage assistance and management incl. insurance handling as well as the management of fuel cards, vehicle taxes and broadcast contribution. The ratio of contracts which combine finance leasing with service components of various scope accounted for around 87% of the total contract portfolio of the Fleet Leasing business field at the end of 2021.

Allane SE operates its Online Retail business field via the websites *sixt-neuwagen.de* and *autohaus24.de*. The platforms give private and commercial customers (with up to 20 vehicles) the opportunity to configure vehicle models from about 35 different car manufacturers, to request their individual leasing offer and to order online. In addition, a large number of immediately available storage cars can be selected. With the online-based vehicle leasing for private and commercial customers, the Company addresses a market that is growing strongly in Germany.

The Online Retail business field also offers additional services such as a wear and tear, an inspection or an insurance package, which can be booked online to the leasing contract and included in the lease instalment. At the end of 2021, around 42% of private and commercial customer contracts contained at least one service component.

1.2.2 Fleet Management business unit

The Allane Mobility Group operates its Fleet Management business unit via the Allane Mobility Consulting GmbH, which was founded in 2011, and further direct and indirect subsidiaries of Allane SE. So, the expertise in managing larger customer fleets can also be offered to customers, who purchased their vehicles or leased them from other providers. The target group for this service ranges from mid-sized businesses to international corporations.

As bank- and manufacturer-independent fleet manager, the aim of Allane Mobility Consulting is to advise and support companies in the procurement and operation of leasing and purchasing fleets. To this end, just as in the Fleet Leasing business field, proprietary developed online-based IT tools like the Multibid Configurator, and the ‘Fleetintelligence’ analysis tool are used. The Multibid Configurator offers functions such as freely configuring fleet vehicles, comparing them with possible alternative vehicles and carrying out tenders for desired vehicles among different leasing companies. In June 2021, Allane Mobility Consulting developed and launched the digital analysis tool 'FleetIntelligence' for fleet customers and managers as well as for internal analyses. The new application is based on (cloud) technology and enables the fleet to be analysed in terms of key parameters such as stock, costs, sustainability and damage. In addition, Allane Mobility Consulting supports the company car users of the corporate clients in all topics related to the vehicle, from ordering to accident management to wheel changes. The self-service app 'The Companion' makes it possible to perform vehicle-related tasks such as booking workshop appointments via smartphone and supports digital communication between fleet managers and company car users.

1.3 Significant external influencing factors

As an internationally active leasing group with a stock-listed parent company, the business activities of the Allane companies are exposed to the influence of a number of different legal systems and stipulations/requirements. These include road traffic and public order stipulations, as well as tax and insurance laws, and capital and financial market regulations.

Economically, the Group is dependent on general economic conditions, which particularly affect the consumption behaviour of private customers and companies’ willingness to invest as well as the development of the used car market. Next to these, changes in interest rates or in tax frameworks are key external factors that can have an impact on Allane SE’s business. Likewise, social trends can also affect the demand for mobility services, as for example the increasing willingness to pay for the provision of mobility in form of a time-dependent using fee rather than for owning a vehicle

2. Business management

The long-term business success of the Allane Mobility Group is measured by using predefined financial and operative control parameters. In addition, non-financial performance indicators play a role for the Allane Mobility Group, particularly in the fields of climate protection, employer attractiveness as well as staff promotion and development.

The following financial and operative control parameters (financial performance indicators) are particularly relevant for the Allane Mobility Group:

- Group contract portfolio,
- consolidated operating revenue (leasing revenue (finance rate), other revenue from leasing business and fleet management revenue (without revenue from the sale of returned vehicles) as well as
- consolidated earnings before taxes (EBT).

In addition, the following key figures support the management of the Group (no forecasts and therefore no target-actual comparisons are made for these key figures):

- contract portfolio of the business fields,
- consolidated revenue (operating revenue and sales revenue),
- consolidated earnings before interest, taxes, depreciation and amortization (EBITDA),
- operating return on revenue of the Group (EBT/operating revenue) and
- equity ratio of the Group (equity/total assets).

3. Research and development

Allane SE did not pursue any significant research and development activities in the 2021 financial year. In order to drive the digitalisation of the business model, Allane SE develops new products, applications and digital business processes itself. In doing so, Allane SE makes use of external services depending on project requirements, capacity needs and relevant expertise. In the financial year 2021, production costs of EUR 4.5 million were activated for development projects in progress. Amortization of EUR 4.8 million occurred in the financial year for completed and commissioned in-house developments.

B.2 – Business Report

Due to rounding, it is possible that selected figures in this report cannot be added up to the amount recorded and that the year figures listed do not follow from adding up the individual quarterly figures. For the same reason, the percentage figures listed may not always exactly reflect the absolute numbers to which they refer.

1. Economic environment

Allane Mobility Group with its subsidiaries operates in its domestic market in Germany as well as in France, Switzerland, Austria and the Netherlands. The Group's business activities in these markets are affected by a number of different factors, above all the investment activities of businesses, the spending propensity of commercial and corporate customers, the consumer behaviour of private customers and the development of the used car market.

The global economy recovered in 2021 after a decline in the previous year. According to the International Monetary Fund (IMF), the global gross domestic product (GDP) increased by 5.9% compared to the previous year. According to the Kiel Institute for the World Economy (IfW), it rose by 5.7%. However, according to the IfW, the recovery of the global economy has slowed since mid-2021. The reason for this is again increasing corona infections, supply bottlenecks as well as growth problems in China. The impact of the new Omicron variant of the coronavirus on the economy is great.

The German economy also returned to growth in 2021. According to calculations by the Federal Statistical Office (Destatis), GDP increased by 2.8%. Economic output recovered despite the ongoing pandemic and supply bottlenecks in almost all areas. This applies in particular to gross fixed capital formation as well as exports and imports. Private consumer spending stabilized at the low level of 2020. The average number of people in employment in 2021 was 44.9 million, about the same as in the previous year. Government budgets again ended 2021 with a financing deficit – the second highest since German reunification.

Sources
IMF, World Economic Outlook Update, January 2022;
IfW, Kiel Economic Reports No. 85, December 2021;
Destatis, Gross domestic product in the 4th quarter of 2021 down 0.7% on the previous quarter, 28 January 2022;
Destatis, Gross domestic product up 2.7% in 2021, 14 January 2022.

2. Group business performance overview and comparison with forecast of the year

Overview of key performance indicators:

	31 December 2020	Outlook	Adjustment	31 December 2021
Group contract portfolio (number of contracts)	*129,900*	*Slight increase*	*Slightly below previous year's level*[1)]	*128,800*
Operating revenue (in EUR million)	*423.3*	*At previous year's level*	*Significantly below previous year's level*[1)]	*386.0*
Earnings before taxes (in EUR million)	*9.1*	*Higher single-digit million euro amount*	-	*6.1*

[1] Ad hoc announcement of 8 December 2021

The Allane Mobility Group's business performance in 2021 was basically in line with the adjusted expectations (does not refer to the supporting key figures). Despite the uncertainties and constraints from the COVID-19 pandemic as well as the transaction-related expenses, the Allane Mobility Group has a solid foundation, as the results of operations, financial position and net assets show. Consolidated revenue, which includes operating revenue and sales revenue, fell by 1.0% year-on-year to EUR 740.4 million (2020: EUR 747.7 million). Consolidated operating revenue (excluding sales revenues) decreased by 8.8% to EUR 386.0 million (2020: EUR 423.3 million). This is mainly due to the significantly reduced vehicle utilisation as a result of the COVID-19-related contact restrictions and the associated decline in utilisation-related revenues as well as a declining contract portfolio. In March 2021, the Managing Board had expected consolidated operating revenue in the range of the previous year's figure. In December 2021, the forecast was adjusted so that the Managing Board henceforth expected a figure significantly below the previous year's figure. The main reasons for the deviation from the forecast are the weaker-than-expected current business development, due in particular to the below-expected recovery of the overall economic situation, as well as the worsening COVID-19 situation, which continues to have a significant impact on mobility behaviour due to the government measures introduced. Sales revenues for lease returns and marketed customer vehicles in Fleet Management increased by 9.2% to EUR 354.4 million (2020: EUR 324.4 million). This is mainly due to an increase in the unit prices of the vehicles sold as a result of the high demand for used cars, especially caused by the supply shortages of new cars. Due to this opposing development, consolidated revenue declined only slightly.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) declined by 13.0% to EUR 184.0 million in the reporting year (2020: EUR 211.4 million). Consolidated earnings before taxes (EBT) fell by 32.7% to EUR 6.1 million (2020: EUR 9.1 million). As a result, the operating return on revenue (ratio of EBT to operating revenue) was 1.6% (2020: 2.2%). The lower EBT is in line with expectations.

The equity of the Allane Mobility Group increased to a total of EUR 220,192 thousand compared to the previous year (2020: EUR 212,851 thousand). The group equity ratio was thus 18.4% as of the balance sheet date (2020: 16.4%).

As of 31 December 2021, the Allane Mobility Group's contract portfolio was 0.8% below the previous year's level at 128,800 contracts (2020: 129,900 contracts). In its forecast of March 2021, the Managing Board had expected a slight increase in the Group's contract portfolio. From December, it expected a figure slightly below the previous year's figure. The main reasons for the adjustment were the weaker than expected business development as well as the COVID-19 situation worsening again in the fourth quarter of 2021.

In the Online Retail business field, the contract portfolio as at 31 December 2021 of 36,500 contracts was 5.4% below the level of the previous year (2020: 38,600 contracts).

In the Fleet Leasing business field, the contract portfolio decreased by 11.9% to 33,300 contracts at the end of the year (2020: 37,800 contracts).

The declines in both business field are due in particular to the economic effects of the COVID-19 pandemic and the supply bottlenecks for new cars.

The contract portfolio of the Fleet Management business unit developed very positively. Compared to the previous year, it increased by 10.3% to 59,000 contracts (2020: 53,500 contracts) and thus reached a new all-time high. The main reason for this was the acquisition of new customers and the expansion of existing customer relationships.

Contract portfolio[1]

in thousands	2021	2020	Change in %
Allane Mobility Group	128.8	129.9	-0.8
thereof Online Retail	*36.5*	*38.6*	*(5.4)*
thereof Fleet Leasing	*33.3*	*37.8*	*(11.9)*
thereof Fleet Management	*59.0*	*53.5*	*10.3*

[1] Incl. Leasing contracts, fleet management contracts, service contracts and order book (contracts, for which the vehicle has not yet been delivered).

3. Contract and revenue performance of the business units

3.1 Leasing business unit

In the Leasing business unit, the contract portfolio at the end of the reporting year totalled 69,800 contracts, which was 8.6% below the figure as of 31 December 2020 (76,400 contracts). At the same time, the contract portfolio in the Online Retail business field declined by 5.4% to 36,500 contracts (2020: 38,600 contracts). The contract portfolio in the Fleet Leasing business field fell by 11.9% to 33,300 contracts (2020: 37,800 contracts).

Total revenue in the Leasing business unit fell by 2.7% to EUR 625.1 million in the reporting year (2020: EUR 642.1 million). Operating revenue (segment revenue excluding proceeds from the sale of lease returns) decreased by 10.8% to EUR 332.8 million (2020: EUR 373.2 million). Revenue from the sale of used leasing vehicles increased by 8.7% to EUR 292.3 million (2020: EUR 268.9 million).

3.2 Fleet Management business unit

In the Fleet Management business unit, the contract portfolio at the end of 2021 increased by 10.3% year-on-year to 59,000 contracts (2020: 53,500 contracts), a new record since the business unit was established.

The business unit's total revenue increased by 9.2% to EUR 115.3 million in 2021 (2020: EUR 105.6 million). Operating revenue increased by 6.4% to EUR 53.2 million (2020: EUR 50.0 million). Revenue from the sale of customer vehicles increased by 11.8% to EUR 62.1 million (2020: EUR 55.6 million). The marketing of customer vehicles as an additional service is eliciting differing responses from customers, depending on their needs. Consequently, the development of revenue from vehicle sales is more volatile in the Fleet Management business unit than in the Leasing business unit.

4. Earnings development

Consolidated income statement (condensed)

in EUR million	2021	2020	Absolute change	Change in %
Consolidated revenue	740.5	747.7	(7.2)	(1.0)
Thereof consolidated operating revenue[1]	386.0	423.3	(37.3)	(8.8)
Fleet expenses and cost of lease assets	473.1	473.8	(0.7)	(0.1)
Personnel expenses	50.1	42.9	7.2	16.6
Net losses from financial assets	4.0	4.0	0.0	0.0
Net other operating income/expense	(29.3)	(15.6)	(13.7)	87.8
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	184.0	211.4	(27.4)	(13.0)
Depreciation and amortisation expense	171.0	191.2	(20.2)	(10.6)
Earnings before interest and taxes (EBIT)	13.0	20.2	(7.2)	(35.7)
Net finance costs	(6.9)	(11.1)	4.2	38.1
Earnings before taxes (EBT)	6.1	9.1	(3.0)	(32.7)
Operating return on revenue (%)	1.6	2.2	(0.6 points)	
Income tax expense	0.3	6.9	(6.6)	(95.8)
Consolidated profit	5.8	2.2	3.6	168.7
Earnings per share[2] (in EUR) - basic and diluted	0.28	0.11	0.17	

[1] Leasing revenue (finance rate), other revenue from leasing business and fleet management revenue (without revenue from the sale of returned vehicles).
[2] Based on 20.6 million shares

Fleet expenses and cost of lease assets decreased by 0.1% to EUR 473.1 million (2020: EUR 473.8 million). Adjusted by expenditure incurred in connection with the sale of lease assets, fleet expenses and cost of lease assets recorded a decline of 7.0%, slightly less than the decline in Group operating turnover.

Personnel expenses increased by 16.6% to EUR 50.1 million (2020: EUR 42.9 million), in particular due to the increase in IT resources as a result of the IT carve-out from Sixt SE.

The balance of other operating income and expenses increased by 87.8% to EUR -29.3 million (2020: EUR -15.6 million), due to costs in the IT, legal and consulting areas, whereby other operating income decreased less than other operating expenses increased.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) decreased by 13.0% to EUR 184.0 million (2020: EUR 211.4 million).

Depreciation and amortisation decreased by 10.6% to EUR 171.0 million (2020: EUR 191.2 million).

Earnings before interest and taxes (EBIT) totalled EUR 13.0 million, which was 35.7% less than the year before (2020: EUR 20.2 million).

Net finance costs in the year under review improved significantly once again, up by 38.1% to EUR -6.9 million (2020: EUR -11.1 million). The improvement in the financial result is due to the decrease in the financing volume and the more favourable refinancing of the bond issued in the 2017 financial year and repaid in December 2020.

Earnings before taxes (EBT) of Allane Mobility Group for the 2021 financial year amounted to EUR 6.1 million, which is 32.7% down on the previous year's figure of EUR 9.1 million.

Consequently, the operating return on revenue (ratio of EBT to operating revenue) came to 1.6% (2020: 2.2%).

Income taxes decreased by 95.8% to EUR 0.3 million (2020: EUR 6.9 million). The main reason for this development is deferred tax expenses in the previous year, which are offset by deferred tax income in the financial year from the recognition of deferred tax assets due to the non-recognition of a provision in the tax balance sheet. This was the main reason for the 168.7%

increase in consolidated profit to EUR 5.8 million (2020: EUR 2.2 million) in the reporting year.

Overall, the 2021 financial year fell short of the expectations for the contract portfolio and operating revenue set out in the previous year's management report. The expectations of both financial performance indicators were already adjusted in December 2021. The result from ordinary activities was within expectations in the 2021 financial year.

5. Net assets

As of 31 December 2021, the total assets of the Allane Mobility Group came to EUR 1,194.8 million, EUR 100.7 million or 7.8% less than on 31 December 2020 (EUR 1,295.6 million).

Non-current assets, which decreased year-on-year by EUR 80.0 million to EUR 1,051.6 million (2020: EUR 1,131.6 million; -7.1%) are still dominated by lease assets. By reference date comparison, lease assets fell by EUR 97.1 million or 8.9% to EUR 995.4 million (2020: EUR 1,092.5 million). As a proportion of total assets, its share decreased slightly to 83.3% (2020: 84.3%). Among the other items of non-current assets, above all intangible assets as well as property and equipment increased. Intangible assets rose by EUR 5.5 million or 29.2% to EUR 24.2 million (2020: EUR 18.7 million) due to further investments in internally generated software in the reporting year. Property and equipment increased by EUR 10.8 million or 75.0% to EUR 25.1 million, mainly due to a new right of use from a lease agreement for a new used car marketing location in Berlin.

Compared with the same reporting date of last year, current assets decreased by EUR 20.7 million or 12.6% to EUR 143.2 million (2020: EUR 163.9 million). This was largely the result of the decrease in inventories, which mainly include lease fleet vehicles held for sale and customer vehicles, as well as the decrease in other receivables and assets. Inventories fell by EUR 14.0 million or 26.7% to EUR 38.5 million (2020: EUR 52.5 million) due to the decline in vehicle returns compared to the previous year. Other receivables and assets fell by EUR 10.8 million or 28.8% to EUR 26.7 million (2020: EUR 37.5 million). This is mainly due to the decrease in receivables from finance leases by EUR 5.1 million and the decrease in receivables from value added taxes and other taxes by EUR 2.4 million. In contrast, trade receivables increased by EUR 6.0 million or 8.7% to EUR 75.2 million (2020: EUR 69.2 million) due to the balance sheet date.

Income tax receivables as of the reporting date decreased EUR 0.2 million or 25.0% to EUR 0.7 million (2020: EUR 0.9 million).

Consolidated balance sheet (condensed)

Assets

in EUR million	2021	2020
Non-current assets		
Intangible assets	24.2	18.7
Lease assets	995.4	1,092.5
Other	32.0	20.4
Current assets		
Inventories	38.5	52.5
Bank balances	1.7	2.4
Other	103.0	109.0
Assets	**1,194.8**	**1,295.6**

5.1 Equity

As of 31 December 2021, the Allane Mobility Group's equity amounted to EUR 220.2 million. The increase by EUR 7.3 million or 3.4%, compared to the same reporting date of the previous year (2020: EUR 212.9 million), is essentially the result of the generated consolidated profit minus the cash outflow for the dividend of EUR 0.4 million paid out in the reporting year for the 2020 financial year. The equity ratio increased from 16.4% to 18.4% of the balance sheet total, mainly due to the decrease in the balance sheet total as a result of lower leasing assets.

As of the reporting date, the share capital of Allane SE was unchanged at EUR 20.6 million.

Consolidated balance sheet (condensed)

Equity and liabilities

in EUR million	2021	2020
Equity	**220.2**	**212.9**
Non-current liabilities and provisions		
Financial liabilities	314.7	671.7
Miscellaneous	45.3	50.8
Current liabilities and provisions		
Financial liabilities	490.1	264.2
Miscellaneous	124.5	96.0
Equity and liabilities	**1,194.8**	**1,295.6**

5.2 Liabilities

As of 31 December 2021, the Group reported non-current liabilities and provisions of EUR 360.0 million (2020: EUR 722.5 million; -50.2%). This was mainly due to the decrease in non-current financial liabilities by EUR 357.0 million to EUR 314.7 million (2020: EUR 671.7 million; -53.2%). This is mainly due to the bond issued in the 2018 financial year maturing in 2022, which was no longer reported under non-current financial liabilities as at 31 December 2021, but with EUR 249.7 million under current financial liabilities. In addition, the required financing volume has generally decreased due to the decline in leasing assets.

Current liabilities and provisions as of 31 December 2021 amounted to EUR 614.6 million (2020: EUR 360.2 million). The increase by EUR 254.4 million or 70.6% was essentially due to increasing current financial liabilities by EUR 225.9 million or 85.5% to EUR 490.1 million (2020: EUR 264.2 million) to refinance the repaid 2017 bond and from the above-mentioned reporting of the 2018 bond under current financial liabilities. Current other provisions increased by EUR 3.4 million or 122.4% from EUR 2.9 million to EUR 6.3 million. This is mainly due to legal disputes against Allane SE from revocation actions for leasing contracts with regard to the second instance. In this context, the further course of some of the open cases depends on the timing of outstanding rulings by the Federal Supreme Court and / or the European Court of Justice on individual cases of Allane SE. For these open cases, Allane SE is subject to an other financial obligation in the amount of EUR 1.9 million, which was not recognised in the provisions. At present, the Allane Mobility Group considers it unlikely that it will be called upon in this regard.

Trade payables rose by EUR 17.9 million or 37.3% to EUR 65.7 million (2020: EUR 47.8 million).

6. Financial position

6.1 Financial management and financial instruments

The financial management of the Allane Mobility Group is centralised within the finance department on the basis of internal guidelines and risk policies as well as a monthly Group finance planning. The key tasks overseen include safeguarding liquidity, cost-oriented long-term coverage of financing requirements of the consolidated companies, managing interest rate and credit risks as well as maturity-matching refinancing. Operative liquidity control and cash management are effected centrally by the Group's Finance department for all consolidated companies.

The financing instruments mainly consist of an asset backed securities (ABS) programme, a bond, loans from Santander Consumer Bank AG as well as bilateral credit lines with other banks. The sale-and-lease-back transactions (purchase loans) that still existed in previous years have expired as of 31 December 2021.

As at the end of 2021 the Allane Mobility Group was primarily financed by the following instruments:

- Bond with a nominal value of EUR 250 million maturing in 2022, coupon of 1.5% p.a. (the bond was already repaid early on 2 February 2022 and refinanced by loans from Santander Consumer Bank AG),
- Current and non-current drawings from the ABS programme with variable market interest rates, maturing up to 2027 as well as
- Current and non-current drawings from bank loans with variable market interest rates, in particular from Santander Consumer Bank AG. Of these committed bank credit lines, EUR 558.7 million have not been drawn down as of 31 December 2021.

6.2 Liquidity position

Consolidated cash flow statement (condensed)

in EUR million	2021	2020
Gross Cash flow	138.7	198.5
Cash inflow from operating activities	157.9	41.1
Cash outflow from investing activities	(16.1)	(11.2)
Cash outflow from financing activities	(142.2)	(30.6)
Cash-effective change in cash and cash equivalents	(0.4)	(0.8)

For 2021, the Allane Mobility Group reports a gross cash flow of EUR 138.7 million, which is EUR 59.8 million less than the figure for the preceding year (2020: EUR 198.5 million). Adjusted for changes in lease assets and net working capital, this results in net cash flows from operating activities of EUR 157.9 million (2020: cash inflow of EUR 41.1 million). The change is essentially due to higher income from disposals of lease assets and significantly lower expenses for investments in lease assets.

Net cash used in investing activities amounted to EUR 16.1 million (2020: cash outflow of EUR 11.2 million), essentially due to the investments made in intangible assets.

Financing activities resulted in a cash outflow of EUR 142.2 million (2020: cash outflow of EUR 30.6 million). Payments received of EUR 35.4 million were offset by dividend payments as well as, in particular, the repayment of financial liabilities in the total amount of EUR 177.2 million.

After changes relating to exchange rates, total cash flows as of 31 December 2021 resulted in a reduction in cash and cash equivalents, down by EUR 0.4 million (2020: decrease of EUR 0.8 million). Cash and cash equivalents of EUR -0.4 million correspond to the item ‘bank balances’ in the amount of EUR 1.7 million in the balance sheet, netted with negative overdraft facilities reported under current financial liabilities in the amount of EUR 2.1 million.

6.3 Investments

In 2021, the Allane Mobility Group added vehicles with a total value of EUR 315.8 million (2020: EUR 430.3 million; -26.6%) to the leasing fleet. This is mainly due to the above-mentioned recovery of the overall economic situation, which fell short of expectations, as well as the worsening COVID-19 situation, which continues to have a significant impact on mobility behaviour due to the government measures introduced. Investments were also negatively affected by delivery bottlenecks for new vehicles.

7. Segment reports

7.1 Leasing segment

7.1.1 Industry development

During the first half of 2021, the European leasing industry recovered after a decline of 14.2% in the full year 2020. According to the industry association Leaseurope, the new business volume for leasing companies increased by 32.1% to EUR 152.9 billion compared to the same period in the previous year. At the same time, new business in vehicle and equipment leasing increased by 39.4% and 24.7% respectively.

The German leasing market, the second biggest in Europe after the UK, also recovered slightly after the severe decline in 2020 caused by the pandemic. According to the Federal Association of German Leasing Companies (BDL; Bundesverband Deutscher Leasing-Unternehmen), the industry recorded growth in acquisition values of 2% (incl. leasing and hire purchase). The leasing segment (excluding hire purchase) increased by 0.6%.

Sources
Leaseurope, Market overview in 2020 and H1 2021 results, 12 October 2021;
BDL, First forecast for business development in the leasing industry 2021, 26 January 2022.

7.1.2 Business development

The Leasing business unit comprises the business fields of Fleet Leasing (corporate customer leasing) as well as Online Retail (private and commercial leasing customers).

In the 2021 financial year, the business unit generated total revenue of EUR 625.1 million, a decrease of 2.7% (2020: EUR 642.1 million). The segment's operating revenue (excluding sales revenues) fell by 10.8% to EUR 332.8 million (2020: EUR 373.2 million). At the same time, leasing revenue (finance rate) decreased by 7.9%

to EUR 199.4 million (2020: EUR 216.5 million). Other revenue from the leasing business, comprising mainly revenues from services, decreased by 14.9% to EUR 133.4 million (2020: EUR 156.8 million). Revenue from the sale of vehicles increased by 8.7% to EUR 292.3 million (2020: EUR 268.9 million).

The segment's contract portfolio as of 31 December 2021 totalled 69,800 contracts, a decrease of 8.6% compared to the figure recorded on the same date the year before (2020: 76,400 contracts).

In the Fleet Leasing business field, the number of contracts deceased by 11.9% to 33,300 contracts (2020: 37,800 contracts). The decline is mainly due to the below-expected recovery of the macroeconomic situation and the economic impact of the COVID-19 pandemic.

In the Online Retail business field, the contract portfolio decreased by 5.7% to 36,500 (2020: 38,600 contracts). Again, this was mainly due to the lower than expected recovery of the overall economic situation and the economic impact of the COVID-19 pandemic.

The main expense item is fleet expenses and cost of lease assets in the amount of EUR 369.1 million (2020: EUR 380.7 million).

The business unit's earnings before interest, taxes, depreciation and amortisation (EBITDA) fell in the reporting year, in line with the lower contract portfolio and the decline in usage-related revenues, by 12.0% to EUR 183.4 million (2020: EUR 208.3 million). Earnings before taxes (EBT) went down 8.1% to EUR 5.7 million (2020: EUR 6.2 million). The segment's operating return on revenue (EBT/operating segment revenue) thus amounted to 1.7% (2020: 1.7%).

Key figures Leasing business unit

in EUR million	2021	2020	Change in %
Leasing revenue (finance rate)	199.4	216.5	(7.9)
Other revenue from leasing business	133.4	156.8	(14.9)
Sales revenue	292.3	268.9	8.7
Total revenue	625.1	642.1	(2.7)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	183.4	208.3	(12.0)
Earnings before interest and taxes (EBIT)	12.4	17.1	(27.5)
Earnings before taxes (EBT)	5.7	6.2	(8.1)
Operating return on revenue (%)	1.7	1.7	0.0 points

Online Retail business field

Marketing and sales activities: During the period under review, Allane carried out several marketing and sales campaigns in the Online Retail business field. These included, in particular, the sales cooperation with Vehiculum and Lidl in March 2021, in which the Kia Stonic and various other vehicles were marketed to private customers at special conditions. The contracts were concluded with Allane.

In addition, during the reporting year Allane again ran the ‘HotCars’ and ‘Black Leasing Friday’ special promotions via sixt-neuwagen.de to offer private and commercial customers a limited contingent of selected new car models at discounted prices. Customers also received special discounts on the entire offer as part of the ‘Sparathon’ promotion.

Digitalisation of sales: In the reporting year, Allane introduced a completely digital ordering process on sixt-neuwagen.de. The process enables private customers to order leasing vehicles online. The identity check and signing of the contract is carried out with the help of the partner IDnow. In addition, the website was revised in particular with regard to user-friendliness, clarity and mobile applicability.

Personnel changes: In July of the reporting year, Mr. Patrick Kischkel took over the management of autohaus24 GmbH. His predecessor Mr. Josef Finauer left the Company. Mr. Patrick Kischkel is responsible for the online business at autohaus24.de. He also shares the management with Mr. Werner König, who has been responsible for the offline business with the used car locations in Berlin, Munich and Frankfurt since October 2020. A common focus of the managing directors is on expanding the product portfolio.

Promotion of customer satisfaction: At regular intervals, private and commercial customers are asked about their satisfaction with the Company's offers and service at various touchpoints, from configuration means on the website to the return of the vehicle. At the end of 2021, this resulted in a Customer Satisfaction Score (CSS) of around 3.8 (previous year: 3.7), with a maximum value of 5.0.

The websites sixt-neuwagen.de and autohaus24.de were awarded the consumer award ‘Germany's Best Online Portals 2021’ in the category ‘New Car Portals’ by the news channel n-tv and the German Institute for Service Quality (DISQ) in the reporting year. sixt-neuwagen.de is thus among the winners for the fifth time in a row and autohaus24.de for the third time in a row. For this year's consumer award, around 45,000 customer opinions were collected and over 640 providers were evaluated. In addition, autohaus24.de received a ‘high customer recommendation’ as part of a study by the BILD newspaper and the rating agency ServiceValue. For this purpose, more than 900,000 consumers were surveyed and a total of 2,340 companies and providers from 204 industries were considered.

Fleet Leasing business field

Digitalisation of fleet leasing: In January 2021, the Sixt Leasing app, which was fundamentally revised and relaunched in December 2020, received its first software update. Further updates followed during the course of the year. Several new functions were added in the process. The application offers company car drivers the opportunity to manage their leasing contract via smartphone and to use many useful functions. These include, for example, workshop searches, appointment bookings, damage reports or contacting the Assistance. The app will continue to be developed in the future.

In February 2021, Allane also optimised vehicle handover and collection at its locations in Frankfurt, Berlin and Munich. Since then, all logistics processes have been digitally recorded in the already launched SML software solution (Service Module Logistics): from the delivery of the new leased vehicle by truck and the handover to the corporate or private customer to the return and collection by the freight forwarder.

In addition, in June 2021, Allane completely redeveloped its digital analysis tool ‘FleetIntelligence’ and launched it for fleet customers and managers as well as for internal analyses. The new application is based on (cloud) technology and thus enables fleet managers to analyse their fleet in terms of parameters such as inventory, costs, sustainability and damage. In this way, ‘FleetIntelligence’ enables fleet managers to identify optimisation potential at an early stage and to initiate appropriate measures.

Expansion of business with smaller corporate customers*:* Smaller corporate customers with 20 to 100 vehicles generally offer Allane a higher margin potential per contract than larger fleet customers. In addition, the competitive situation is less intense than in the key account business. In the year under review, Allane therefore expanded its activities in this customer segment in line with its strategy and thus further diversified its customer portfolio.

Promotion of customer satisfaction: Allane customers are regularly interviewed on their satisfaction. To this end, the Company deploys a special CSI tool (Customer Satisfaction Index). With the help of this tool, the users of leasing vehicles as well as the fleet managers can provide detailed feedback on service quality. Allane uses these data to continually optimise the service range to satisfy customer wishes and requirements. In 2021, the CSI tool once more indicated a high degree of customer satisfaction. 83% indicated that they planned to continue using Allane's solutions in future (2020: 94%).

7.2 Fleet Management segment

7.2.1 Industry development

According to Allane, the general demand for fleet management services remains high. This also applies to the willingness of companies to outsource the management of their vehicle fleets to external specialists. The decisive factors include cost and planning security, individually tailored solutions and specialised know-how. In addition, by outsourcing, companies aim to conserve their personnel resources and to use their own capacities more for their core business.

According to Dataforce, around 786,000 new passenger cars were registered in the relevant fleet market (new commercial registrations excluding vehicle construction, trade and car rental companies) in 2021, 4.4% less than in 2020 (822,000 passenger cars). The share of the total market of passenger car registrations rose to a record figure of 30%. For 2022, Dataforce expects passenger car registrations in the relevant fleet market to increase by 5%. In this context, manufacturers are likely to start working off the 'immense order backlog" in the second half of the year as global supply chains pick up again.

While interest in fleet management is growing, customers' expectations are also increasing. According to Allane, fleet management is becoming increasingly complex. This means that fleet managers have to develop tailor-made mobility solutions and combine integrated fleet management with individual advice. In the course of digitisation, it is also necessary to develop interfaces for the increasing exchange of data.

Sources
Dataforce, Dataforce résumé 2021: Historic low of new PC registrations – Opportunities for car dealers, 21 January 2022;
bfp Fuhrpark + Management, From 2025, electric vehicles will take the lead in the vehicle fleet, 17 November 2021.

7.2.2 Business development

Within the Allane Mobility Group, the Fleet Management business unit is operated by Sixt Mobility Consulting GmbH and other direct and indirect subsidiaries of Allane SE.

In the year under review, total revenue of the business unit amounted to EUR 115.3 million, an increase of 9.2% on the previous year figure of EUR 105.6 million. The segment's operating revenue (excluding sales revenues) increased by 6.4% to EUR 53.2 million (2020: EUR 50.0 million). Revenue from the sales of customer vehicles increased in 2021 by 11.8% to EUR 62.1 million (2020: EUR 55.6 million). The marketing of vehicles as an additional service is eliciting differing responses from customers, depending on their needs. Consequently, the development of revenue from sales is more volatile in the Fleet Management business unit than in the Leasing business unit.

The segment's contract portfolio as of 31 December 2021 totalled 59,000 contracts and was thus 10.3% higher than the corresponding figure on the same date the year before (2020: 53,500 contracts).

The main expense item is fleet expenses and cost of lease assets in the amount of EUR 104.1 million (2020: EUR 93.1 million).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) for the reporting year decreased by 79.1% to EUR 0.7 million (2020: EUR 3.1 million). Earnings before taxes (EBT) fell by 84.6% to EUR 0.5 million (2020: EUR 2.9 million). The development of earnings in the 2021 financial year was particularly affected by consulting expenses in connection with the application for a permit to provide payment services under the German Payment Services Supervision Act Zahlungsdiensteaufsichtsgesetz – ZAG), which affects Allane Mobility Consulting GmbH, as well as increased expenses for software products. Consequently, the segment's operating return on revenue (EBT/operating segment revenue) came to 0.8% compared to 5.8% the year before.

Key figures Fleet Management business unit

in EUR million	2021	2020	Change in %
Fleet management revenue	53.2	50.0	6.4
Sales revenue	62.1	55.6	11.8
Total revenue	115.3	105.6	9.2
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	0.7	3.1	(79.1)
Earnings before interest and taxes (EBIT)	0.6	3.1	(80.6)
Earnings before taxes (EBT)	0.5	2.9	(84.6)
Operating return on revenue (%)	0.9	5.8	(4.9 points)

Digitalisation of fleet management: In July 2021, Allane Mobility Consulting GmbH expanded its smartphone app 'The Companion' with the electronic driving licence check 'DriversCheck'. The application fulfils all legal requirements for driving licence checks and enables the company car drivers of fleet customers to check their driving licence independently and in real time. Drivers and fleet managers are automatically notified by 'DriversCheck' when a check is due. And all other control processes are also automatically recorded in the background. Fleet managers can view the data via a portal and create reports.

Change of company name and personnel changes: In July 2021, Sixt Mobility Consulting GmbH was renamed

Allane Mobility Consulting GmbH. The two Managing Directors Mr. Michael Poglitsch and Mr. Christian Braumiller left the Company during the reporting year. From June 2021 until her departure at the end of December 2021, Mrs Silke Kuhnlein took over the management of the Company.

With effect from 1 January 2022, Mr. Ömer Köksal was appointed Managing Director and Spokesperson of the General Management. The General Management is to be filled by a second person.

B.3 – Human Resources Report

1. Strategic human resources work

Allane Mobility Group attaches great importance to all its employees focusing strongly on providing services with a clear service mentality. This applies to the development of customised and demand-oriented product solutions as well as competent, comprehensive, committed and customer-friendly service. For this reason, Allane attaches strategic importance to its human resources work. The holistic approach covers the extensive recruitment process, apprenticeships and further training as well as the employees' professional and personal development.

When searching and selecting employees Allane puts great stress on making sure the candidates are a match for the Company and its culture. By the same token, the Company must also suit the future member of staff. This is of special significance when searching for and above all during the interview with the candidate. The same approach applies already to those new to the profession. Whenever a new member of staff begins to work for Allane, a very individually prepared onboarding process gets started. It includes both the professional as well as the personal introduction to the respective work department and the entire Company.

During the employment term, the Company engages in a pro-active feedback culture and makes sure superiors and employees meet for regular appraisal interviews that go in both directions. Feedback tools such as the regularly employee satisfaction surveys as well as supporting 360-degree feedback (manager assessments, which compare employee self-assessments with those of superiors, colleagues and employees) serve both the employees and Allane as indicators and bases for future development and promotion programmes tailored to the respective employee. Further to these, all employees have access to a portal integrated to the internet where they can choose from a variety of seminars for further training, which can then be selected in agreement with the executive superior and attended.

Thus, a continuous personnel development geared to the individual requirements and needs of the employees shall be achieved. Human resources work aims to enable employees to act autonomously and responsibly, seeking to continually improve Allane's products and services and not only meet the changing (mobility) needs of their customers but also support them actively.

Talent promotion, employee development and leadership training of Allane are integrated into the central human resources management of the Allane Mobility Group.

Traineeship

Allane offers graduates a General Management trainee programme, running for 18 months. During this time, trainees pass through various core business areas. Furthermore, they have the opportunity to gather working experience in foreign subsidiaries. Trainees who perform well get offered a take-over contract into a permanent employment within the Allane Mobility Group at the end of their training. No new trainees started in 2021.

Promotional programmes

Allane offers its employees many different national and international career paths. In addition, employees can use a variety of options for their professional and personal development. Key elements in the executive development are the promotion programmes entitled 'Team Leader' and 'Supervisor'. They serve, among other things, to identify colleagues with particular development potential, offer them structured promotion and thus train future top performers and executives.

2. Number of employees

Number of employees per segment (average)	2021	2020
Leasing	630	606
Fleet Management	85	87
Total	**715**	**693**

The Allane Mobility Group employed 715 people on average in 2021, an increase of around 4% over the previous year (2020: 693 employees).

3. Key features of the remuneration system

3.1 General remuneration policy of the Allane Mobility Group

The Managing Board of Allane SE is responsible for the appropriate structure of the employees' remuneration systems and informs the Supervisory Board of Allane SE regularly on the actual structure of the remuneration systems, taking due account of the requirements of the Remuneration Regulation for Institutions (InstitutsVergV – Institutsvergütungsverordnung). Arranging the remuneration system for the Managing Board of Allane SE, in turn comes under the responsibility of the Supervisory Board of Allane SE. The control units (especially internal audit, compliance, human resources and risk management) are integrated into the arrangement and monitoring of the remuneration systems in accordance with the stipulations of the InstitutsVergV.

The remuneration policy is a key component of the corporate policy of the Allane Mobility Group. Its primary purpose is to be able to attract new employees to the Company, as well as to motivate the existing workforce by means of suitable incentives and to bind them to the Group in the long term. Furthermore, compliance with all legal requirements is an important part of the remuneration policy. The following general conditions apply for our remuneration policy:

- It is derived from the business and risk strategy.
- It is transparent and comprehensible for executives and employees.
- It includes measures to avoid conflicts of interest.
- It supports the future economic development and performance of the Allane Mobility Group.

3.2 Remuneration system of employees

The Allane Mobility Group is not bound to any collective wage bargaining agreements.

The components of the remuneration system outlined in the following do not essentially differ between the different business units and are therefore presented as a whole. In case of deviations in individual cases, these will be explicitly referenced.

For the employees, the total remuneration consists of a non-performance-related basic remuneration, a variable salary component (bonus or commission) and so-called benefits (fringe benefits), whereby not all employees receive a variable salary component.

Non-performance-related basic remuneration

All employees receive a fixed annual salary to be paid out in 12 equal instalments monthly after each month (basic remuneration). Key parameters determining the remuneration unrelated to performance are the function as well as the scope of assignments and responsibilities held and the associated decision-making powers.

Variable salary component

Besides their basic remuneration, a part of the employees receives a variable remuneration pro-rated for the year and contingent on the Company's success and/or their personal target attainments. The variable remuneration component depends on the functional role, the hierarchical as well as the personal target attainment level. The ratio between the basic and the variable remuneration component can vary anywhere between around 60:40 through to around 95:5 (in each case assuming a 100% target attainment). The personal targets are deduced over the various functional levels from the overall corporate objectives. Consequently, any personal target attainment takes due consideration of the target attainment of the individual employee's organisational unit. Usually in September, employees receive a down-payment on the expected variable salary payment, as far as variable salary payment for the current financial year is expected. The final payment will be made with the salary payment after the close of the financial year but no later than three months after the end of the financial year.

In derogation of the foregoing, the variable remuneration (commission) in sales is calculated monthly (Online Retail business field) or quarterly (corporate customer business) and paid in arrears. In Online Retail, the ratio of the basic remuneration to variable remuneration can go up to 1:2, depending on the personal degree of target achievement. This group of employees achieves its sales performance within a very narrow framework. This group does not decide independently if a contract is concluded, but such approval is given or denied by Operational Credit Management within the framework of the competence regulations. This ensures that the actions of the sales team are in line with the business and risk strategy.

Benefits

Besides their basic and variable remuneration, employees of Allane Mobility Group can receive the following fringe benefits:

- Capital-forming benefits (German "Vermögenswirksame Leistungen"),
- Company pension scheme, offered through a Partner,
- Company car and fuel card, depending on function,
- Mobile phone and
- Employee leasing.

As determined by the Managing Board of Sixt SE, the wholly-owned parent company until the IPO in May 2015, selected employees had the opportunity to participate in an employee stock ownership programme (Matching Stock Programme) until the IPO. For the last existing tranche for Allane SE employees with exercise in 2021, no distribution was made in the 2021 financial year, as the exercise conditions were not met.

The structure of remuneration and of the remuneration systems is based on the requirements of section 5 of the InstitutsVergV. Above all, the combination of the existing strategies, the business model, the organisational set-up and competence rules with the existing remuneration structure do not provide incentives to take on disproportionately high risks and do not conflict with the monitoring function of the control units. In addition, there is no significant dependence on a variable remuneration. Entitlements established in individual contracts to benefits in the event of termination of activities are not created in an amount which remains unchanged despite any negative individual performance contributions. The structure of the remuneration runs not counter to the control function of the control units. Special attention was given to ensure that the structure of the variable remuneration systems for the employees in the control units are not concurrent with the departments controlled and the organisational units monitored by them so that there is no threat of a conflict of interest.

Moreover, the requirements of section 10 of the InstitutsVergV are also recognised. In addition, the emphasis of the remuneration structure regarding the control units' staff is on their fixed remuneration (section 9 (2) of the InstitutsVergV).

3.3 Remuneration system of the Managing Board

The Supervisory Board has determined the remuneration for 2020 and 2021 on an individual basis as follows[1]:

Remuneration

in EUR	Michael Ruhl 2021 actual	Michael Ruhl 2020 actual	Björn Waldow 2021 actual	Björn Waldow 2020 actual
Basic remuneration	200,000	400,000	314,589	400,000
Taxable pecuniary benefits and other fringe benefits	6,812	20,811	14,589	20,884
Total fixed remuneration	**206,812**	**420,811**	**329,178**	**420,884**
Multi-year variable remuneration 1	200,000	848,460	66,667	498,460
Total remuneration	**406,812**	**1,269,271**	**395,845**	**919,344**

[1] Will be paid out on a stretched basis until 2024.

Remuneration

in EUR	Donglim Shin 2021 actual		Álvaro Hernández 2021 actual	
Basic remuneration	290,971		100,000	
Taxable pecuniary benefits and other fringe benefits	79,428		34,530	
Total fixed remuneration	**370,399**		**134,530**	
Multi-year variable remuneration 1	94,570		37,600	
Total remuneration	**464,969**		**172,130**	

[1] Will be paid out on a stretched basis until 2024 in the case of Donglim Shin.

The remuneration system for the Managing Board of Allane SE is determined by the Supervisory Board. The legal requirements as well as the recommendations and suggestions of the German Corporate Governance Code are duly taken into account and essentially followed. The structure of the remuneration system is regularly reviewed to test its appropriateness. This is intended to ensure that remuneration is commensurate with the tasks and performance of the Managing Board.

The total remuneration of the Managing Board consists of a fixed basic remuneration and a variable salary component (bonus), which is determined and set by the Supervisory Board for each financial year on the basis of individual objectives and the Company rating (MBODs). The bonus payment is subject to the Company's current remuneration principles.

In particular, under certain circumstances, 70% of the variable remuneration must be deferred over a retention period of up to four years.

In addition, the members of the Managing Board, as well as other senior executives of the Allane Mobility Group, receive non-cash benefits such as company cars, fuel cards, mobile phones and accident insurance contributions. Furthermore, a D&O insurance policy has been taken out for individual members of the Managing Board. There are no pension commitments for the members of the Managing Board.

3.4 Remuneration system of the Supervisory Board

The remuneration paid to members of the Supervisory Board is governed by the Articles of Association of Allane SE. These provide solely for a non-performance-related component and therefore do not specify any variable performance-based components. In accordance with the Articles of Association, the members of the Supervisory Board are entitled to a fixed remuneration of EUR 40,000 in each financial year. The Chairman is entitled to EUR 50,000. If a member and/or the Chairman of the Supervisory Board holds office for less than a full financial year, the above remuneration is paid pro rata for the actual time the individual is a member of the Supervisory Board or holds the office of Chairman. The remuneration is payable after the end of each financial year. In addition, the members of the Supervisory Board are reimbursed for their expenses and the value added tax payable on their remuneration and expenses. D&O insurance policies have also been taken out for members of the Supervisory Board. There are no pension obligations towards members of the Supervisory Board. In addition, the members of the Supervisory Board of the Company who are related to the current majority shareholder have waived their claims to remuneration.

3.5 Adjustments to the remuneration of the managing board during the year

As a result of the acquisition of the majority of shares and voting rights in Allane SE by Hyundai Capital Bank Europe GmbH, the Company has to observe special banking supervisory regulations. Due to the fact that the provisions of the InstitutsVergV for major institutions now apply to Allane SE, there is a need to adjust the regulations on variable remuneration. For members of the Managing Board, the stricter regulations already apply retroactively from 1 January 2020.

As so-called risk takers pursuant to section 18 InstitutsVergV, sections 19 to 22 InstitutsVergV in particular apply to variable remuneration. This means in particular that under certain circumstances 40% of the variable remuneration must be spread over a retention period of up to five years.

At the moment, the so-called deferral instrument for stretching the bonus payments of risk takers over several years is still being processed and is expected to be finalised in the course of the second quarter of 2022.

B.4 – Disclosures in accordance with sections 289a and 315a of the HGB

Composition of subscribed capital, share categories

As of 31 December 2021, the share capital of Allane SE amounted to EUR 20,611,593.00 in total and was composed of 20,611,593 ordinary bearer shares. The Company's shares are no-par value shares with a notional interest in the share capital of EUR 1.00 per share. All shares have been fully paid up. The shareholders' rights and obligations are governed by the provisions of the German Stock Corporation Act (Aktiengesetz – AktG), in particular by sections 12, 53a et seq., 118 et seq. and 186 of the AktG.

Restrictions on voting rights or the transfer of shares

Each ordinary share entitles its holder to one vote at the Annual General Meeting and determines the shareholder's portion in the Company's profit. Exempted are any treasury shares held by the Company, which do not confer any rights onto the Company. In cases of section 136 of the AktG, the voting right for the concerned shares is excluded by law.

The Company's Articles of Association do not impose any restrictions on the voting rights. Equally, they do not impose any restrictions on the transfer of shares. The Managing Board is not aware of any agreements between shareholders aimed at restricting voting rights or the transfer of shares.

Shareholdings in Allane SE

Hyundai Capital Bank Europe GmbH, with its registered office in Frankfurt am Main, Federal Republic of Germany, continues to hold 18,976,123 ordinary voting shares in the share capital of the Company pursuant to the latest voting rights announcement published in connection with the acquisition as of 16 July 2020, accounting for 92.07% of the voting rights. The Company has not received any information about, and the Managing Board is not aware of, any further direct or indirect interests in the share capital exceeding 10% of the voting rights as at 31 December 2021.

Shares with special rights

As of 31 December 2021, there are no shares conveying special control rights.

Employee participation and their control rights

The Company is not aware of any employees holding shares in the Company's capital where the employees' control rights are not exercised directly.

Appointment and dismissal of Managing Board members, amendments to the Articles of Association

Allane SE has a two-tier management and monitoring system, made up of a management body (Managing Board) and a supervisory body (Supervisory Board). The legal stipulations and conditions of the Articles of Association governing the appointment and dismissal of Managing Board members are defined in article 39 (2), sent. 1 of the SE Regulation (SE-VO), article 46 SE-VO, section 16 of the SE Implementation Act (SEAG), article 9 (1) lit. c ii of the SE-VO, sections 84, 85 AktG and section 7 of the Articles of Association.

In accordance with these, the Managing Board comprises one or more members. The Supervisory Board determines the number of Managing Board members, as it appoints a chairperson or speaker as well as a deputy chairperson or deputy speaker for the Managing Board. Furthermore, the statutory provisions of section 84 and section 85 of the AktG apply for the appointment and dismissal of Managing Board members.

Amendments to the Articles of Association of Allane SE are resolved by the Annual General Meeting. In accordance with article 16 of the Articles of Association, amendments to the Articles of Association that only concern the formal wording may also be resolved by the Supervisory Board. Mandatory statutory provisions require resolutions to amend the Articles of Association to be adopted by a majority of three-quarters of the share capital represented at the adoption of the resolution (article 59 (1) SE-VO, section 179 (2) sent. 1 of the AktG).

However, the law also provides for the possibility that the Articles of Association allow for a smaller majority providing that at least half of the subscribed capital is presented. This possibility does not apply though to a change of the Company's purpose, relocation of the Company's seat into another member state of the

European Union, or for cases where a higher majority of capital is mandatory under statutory provisions (article 59 (2) SE-VO, section 51 SEAG).

Allane SE has made use of the option of specifying different majority requirements by means of a provision in the Articles of Association that is common among listed companies. According to section 20 (2) of the Articles of Association, decisions of the Annual General Meeting can be adopted by a simple majority of votes cast, insofar as this does not conflict with any mandatory statutory provisions or the Articles of Association. According to section 20 (3) of the Articles of Association, amendments to the Articles of Association can be adopted by a simple majority of the submitted valid votes if at least half of the voting share capital is represented and insofar as this does not conflict with any mandatory statutory provisions.

Powers of the Managing Board with regard to the issue and buyback of shares

Conditional capital

In accordance with section 4 (4) of the Articles of Association, by resolution of the Annual General Meeting of 1 June 2016, the Company's share capital is conditionally increased by up to a total of EUR 4,122,318.00 (Conditional Capital 2016). The Conditional Capital 2016 serves the purpose of granting shares to the holders and/or creditors of convertible bonds as well as the holders of option rights from option bonds. Further details follow from the aforementioned article of the Articles of Association.

In addition, the Company's share capital has been conditionally increased by a total of up to EUR 1,000,000.00 (Conditional Capital 2017) in accordance with section 4 (5) of the Articles of Association by resolution of the Annual General Meeting on 29 June 2017. Conditional Capital 2017 is used to service the stock option programme 2017 and will only be effected to the extent that subscription rights are issued under the stock option programme 2017 and the holders of the subscription rights make use of their exercise rights. Further details follow from the aforementioned article of the Articles of Association.

Authorisation to issue convertible bonds and/or bonds with warrants

By resolution of the Annual General Meeting of 1 June 2016, the Managing Board was authorised, with the consent of the Supervisory Board, to issue bearer and/or registered convertible bonds and/or bonds with warrants on one or more occasions up to and including 31 May 2021 for a total amount of up to EUR 200,000,000.00 with a limited or unlimited term and to grant the holders or creditors of bonds conversion or option rights to subscribe to a total of up to 4,122,318 new no-par value bearer shares of Allane SE with a total proportionate amount of the share capital to a total of up to EUR 4,122,318.00 in accordance with the terms and conditions of the convertible bonds or bonds with warrants. A corresponding issue and granting did not take place in the 2021 financial year.

Significant agreements by the Company that are subject to a change of control as a result of a takeover offer

Bonds

In case of a change of control event, including the case of a takeover offer, the respective creditors of the bond 2018/2022 (ISIN: DE000A2LQKV2) issued by Allane SE in the amount of EUR 250.0 million are entitled to demand the issuer repay them in full or in parts the bonds held by them. According to the bonds' terms and conditions, a ‘change of control event’ only occurs, if there is a change of control and an existing rating is lowered during the period the change of control occurs or no rating agency has assigned an investment grade rating during this period (120 days beginning from the announcement and occurrence, respectively, of the change of control). Such a bondholder right constitutes a creditor right commonly encountered on the capital markets and in lending transactions. The bond was repaid early on 2 February 2022. The notice to the creditors regarding the early repayment was published in the Federal Gazette (Bundesanzeiger) on 30 December 2021.

Agreements with Sixt SE and subsidiaries

As part of the agreement of 21 February 2020 regarding the sale of Sixt SE's investment in the Company to Hyundai Capital Bank Europe GmbH ('HCBE'), the Company and Sixt SE concluded an agreement relating to the continued usage of the existing trademark rights for a period of five years from the date of the closing of the transaction (the 'Trademark Agreement').

This Trademark Agreement may be terminated extraordinarily by the licensor Sixt SE if the shareholding of HCBE (or that of an affiliated company) falls below a threshold equal to the shareholding of approximately 41.9% acquired from Sixt SE or if a third party acquires a shareholding in Allane SE that is greater than the shareholding of HCBE and affiliated companies. It can also be terminated extraordinarily, if HCBE or its shareholders directly or indirectly transfer shares in the Company to competitors of Sixt SE, which are listed exhaustively in detail.

The Company and Sixt Autovermietung GmbH & Co. KG, which is a 100% subsidiary of Sixt SE, have agreed on such a corresponding special right of termination in the 'IT Carve-Out Agreement' which was also concluded as part of the sale of Sixt SE's investment in the Company to HCBE.

Finally, the rental agreement concluded in the context of the sale of Sixt SE's shareholding in the Company to HCBE for the properties used by the Company at its registered office, which are owned by a subsidiary of Sixt SE, also provides for a corresponding special right of termination.

Compensation agreements between the Company and members of the Managing Board or employees in the case of a takeover offer

The Company has no agreements with members of the Managing Board or employees that would entitle them to compensation in the case of a takeover offer.

B.5 – Report on Outlook

1. Economic environment

The International Monetary Fund (IMF) expects the global economy to continue growing in 2022, albeit at a slower pace. In its January 2022 outlook, the IMF expects global gross domestic product (GDP) to increase by 4.4% (2021: 5.9%). It has thus reduced its estimate by 0.5 percentage points compared to its forecast from autumn 2021. This is due in particular to reintroduced mobility restrictions following the spread of the Omicron variant of the coronavirus, as well as rising energy prices and supply bottlenecks, which have led to higher-than-expected inflation. In addition, the outlook is burdened by a tightening of monetary policy in the USA, the problems in the Chinese real estate market and a slower than expected recovery of private consumption.

For the euro area, the IMF expects GDP growth of 3.9% (2021: 5.2%). The autumn forecast has thus been corrected downwards by 0.4 percentage points. The main reasons for this are the pandemic-related mobility restrictions and supply bottlenecks. For Germany, the IMF assumes economic growth of 3.8% (2021: 2.7%). The autumn forecast had been 0.8 percentage points higher.

The Kiel Institute for the World Economy (IfW) had expected the global economy to grow by 4.5% in 2022 according to its projections published in December 2021, thereby reducing its September 2021 forecast by 0.5 percentage points. The pandemic and supply bottlenecks would continue to dampen the economy, but would lose influence, according to the IfW. Although new waves of infections are expected, the impact is likely to become increasingly smaller due to high vaccination rates and a high proportion of recoveries. At the same time, the IfW estimates for supply bottlenecks to be gradually overcome in the wake of increased adjustments made to production capacities and value chains.

For the euro area, the IfW projected economic growth in its December 2021 outlook to come to 3.5% in 2022. The institute thereby downscaled its September 2021 forecast by almost one percentage point. According to the IfW, the recovery should pick up speed again in the spring of 2022 after the setback in winter 2021. In the process, supply bottlenecks that significantly impaired industrial activity in the winter should gradually dissipate and enable strong value-added growth in the manufacturing sector over the course of the year. Price pressures from energy prices are expected to ease, while the upward pressure on prices of industrial goods could increase. The unemployment rate should continue to decline.

For Germany, the IfW forecasts GDP to grow by 4.0%. Accordingly, its December 2021 forecast falls 1.1 percentage points below the outlook from September 2021. However, the IfW reckons that the economic recovery will be slowed down once again. As in previous waves, the infection rate in winter is hampering particularly activities in the contact-intensive service sectors. Therefore, there will likely be a setback in private consumer spending and probably also a slight decline in GDP. If the burdens of the pandemic ease in the spring, a strong recovery is likely to set in, similar to 2021, according to the IfW. Economic activity should then develop a particularly strong momentum as supply bottlenecks, which are currently burdening industrial production Beverly, are expected to ease.

Both the IMF and the IfW published their forecasts before the start of the war in Ukraine. Therefore, they do not take into account the potential impact of the war on the future economic development in the regions mentioned above.

Sources
IWF, World Economic Outlook Update, January 2022;
IfW, Kiel economic reports No. 85 and 86, December 2021.

2. Projected industry development

The German leasing industry expects new business activities to grow in 2022. The Bundesverband Deutscher Leasing-Unternehmen e.V. (BDL – German Association of Leasing Companies) provisionally expects an increase in acquisition values (including hire purchase) of between 5 and 7%. The association justifies this assessment above all strength of the forecasts by the economic research institutes. The BDL identifies risks in a longer-than-expected shortage of intermediate products, persistently high energy costs and an escalation of the Ukraine war.

The German Association of the Automotive Industry (VDA – Verband der Automobilindustrie e.V.) expects the global passenger car market to grow by 4% in 2022, similar to the growth rate of 2021. This means that in 2022 the market would still be just under 13% below its peak level of 2017. Car markets in the USA and China are expected to grow by 2%. According to the VDA, Europe is currently much further away from pre-crisis levels and is therefore projected to grow by 5% due to catch-up effects among other things. For Germany, the VDA expects a market growth of 7% up to 2.8 million passenger cars. Domestic production is expected to increase by 13% to 3.5 million units, which would correspond to the production level of 2020. Foreign production is expected to increase by 5% to 9.9 million units.

The VDA forecasts presented above were published before the outbreak of the war in Ukraine and have not been changed since. However, at the beginning of March, shortly after the outbreak of the war, the VDA announced that a reliable outlook was difficult due to the 'very dynamic situation' and that there would be 'further impairments' in vehicle production in Germany. The VDA was not yet able to quantify the extent of this, according to its own information.

It is the view of Allane that providers of fleet management services will continue to register solid demand even in strained economic conditions, as corporations especially in this situation are relying on lowering their internal efforts and fleets' total operating costs. By outsourcing the fleet management, they benefit from service providers' expertise in the purchasing and remarketing of vehicles, as well as their maintenance and repair networks, which will allow them to protect their own human resources and focus on their own core business.

Sources
BDL, First forecast for business development in the leasing industry 2021, 26 January 2022.
VDA, “More progress. More speed. More investments. More infrastructure. Germany must lead the way worldwide and set the standards!”, 9 February 2022.
VDA, Support for sanctions – significant impact of war, 3 March 2022.

3. Expected general development

The Allane Mobility Group intends to further expand its position in online direct sales of new vehicles and as specialist in the management and full-service leasing of corporate fleets.

The current strategy is to be continued. The focus will continue to be on digitalisation, internationalisation as well as contract and earnings growth. Allane’s goal is to become the leading multi-brand provider of comprehensive mobility solutions in Europe.

In 2022, the Company plans to further set course for future strong and profitable growth, above all in the Online Retail and Fleet Management business fields. The focal point will be especially on digitalising the business model.

Furthermore, measures to improve processes and cost optimisation will positively impact the productivity and earnings performance of the Group. The aim is to make internal processes even more efficient by driving forward the digitisation and automation of business processes. In addition, it is planned to optimise the cost structure by making even better use of the synergies between the business fields.

Further growth opportunities and synergy possibilities could arise from the cooperation with the majority owner of Allane SE, Hyundai Capital Bank Europe GmbH.

3.1 Online Retail business field

The online retail market in Germany offers the Company an attractive growth potential. Allane expects new car sales to shift more and more towards online channels in the near future. This is also shown by numerous studies (see ‘Opportunities Report’ in this Annual Report).

The Allane Mobility Group has made it its goal to conquer the relatively new online leasing market for private and commercial customers. Further market shares are expected to be won above all by launching suitable marketing activities as well as campaigns and cooperations. To access further sales channels, the Company is permanently reviewing the possibilities of acquisitions.

The Company is continually working to further develop the product and service range of the business field to address new customer groups and generate additional growth. In particular, sales cooperations for the marketing of new cars as well as the introduction of leasing offers for used vehicles are to support the growth in contracts. In addition, the focus is on extending the range of services by severing the ties between leasing contracts and service products.

Alongside the expansion of its product and service range, Allane is attaching significant importance to further developing its IT systems and optimising its customer processes. The objective is the continuous improvement of the customer experience by gearing the websites as well as the order, delivery and return processes much more to user-friendliness. All of this is intended to have a positive impact on customer satisfaction and thereby foster and promote the conclusion of new and follow-up contracts.

In view of this growth perspectives and the ongoing digitalisation, the Online Retail business field continues to be seen as the Group's biggest growth and earnings driver.

3.2 Fleet Leasing business field

In the Fleet Leasing business field, Allane is operating in a competitive market, dominated in Germany by the large vendor-neutral leasing companies. Consequently, in its key account segment Allane is focusing in particular on strengthening long-standing customer relationships and on convincing existing customers with individual solutions and consistent high levels of service quality.

Given the intense price competition in the segment with large and medium-large corporate customers, Allane intends to further expand the business with smaller corporate customers (20 to 250 vehicles). This segment is addressed and serviced by a local Business Account Manager. Thereby, interesting margin potentials as well as a further diversification of the corporate customer portfolio shall be achieved.

Based on this, the Managing Board expects that share of customers with smaller fleets will increase within the business field’s contract portfolio.

In addition, fleet customers shall be convinced by proactive contract monitoring as well as consulting on flexible and optimal duration and mileage changes while taking into concern the actual COVID-19 and purchase situation.

3.3 Fleet Management business unit

In the Fleet Management business unit, the Allane Mobility Group will continue to exploit the trend among larger corporations to outsource their fleet management so as to win over new customers. To this end the coming years will see the expansion of business in existing home markets, especially by using existing customer relationships.

In addition, Allane will continue to focus on intelligent IT solutions and continuously invest in the further development of the digital infrastructure and the digitalisation of the business model. The aim is to further improve the level of service for corporate customers and the user experience for company car drivers through digital solutions. The self-service app for company car drivers, ‘The Companion’, launched in the second half of 2019 and continuously expanded, is to be rolled out to more customers and users in the 2022 financial year. More widespread use of the app could reduce staff time spent on user support and shift it to other activities such as advisory services. The Company expects this to have a positive impact on productivity and customer satisfaction.

In the long term, the Fleet Management business unit is to develop into a full-service provider of corporate mobility. This is because the mobility needs of employees have recently changed significantly, especially in large cities. Although the company car will probably remain a key component of corporate mobility, the demand from employees for flexible and individual mobility offers that integrate all means of transport is increasing. Allane is therefore preparing to manage the entire range of corporate mobility across all suppliers and providers in the Fleet Management business unit: from classic company cars to further mobility solutions within the B2B business segment.

4. Financial outlook 2022

For the financial year 2022, the Managing Board expects a contract portfolio in a range between 130,000 and 150,000 contracts (2021: 128,845 contracts) and consolidated operating revenue in a range between EUR 350 million and EUR 400 million (2021: EUR 382.6 million). With regard to EBT, the Managing Board expects a higher single-digit million euro amount (2021: EUR 6.1 million).

The reasons for this forecast are, in addition to the operating business development in the current financial year to date, the ongoing COVID-19 situation, the new car supply restrictions due to the semiconductor’s shortage, and the potential impact the Ukraine war might have on the automotive market as described in the report on risks. In this context, the Company expects that the market and business environment for new contracts and usage-based revenues will continue to be negatively impacted by the aforementioned elements. However, for the second half of 2022, the company expects a recovery in the business development of new contracts and usage-based sales due to a normalisation of the Corona pandemic and an improved supply of new cars after the summer, while the impact of the Ukraine situation on European economies remains uncertain. With regard to EBT for the first quarter of 2022, the Managing Board expects the figure to be higher than the corresponding figure for the previous year (Q1 2021: EUR 1.0 million) due to the strong vehicle recycling business. The recycling business is not expected to match the results achieved in previous months during the rest of the year. In addition, the Group's overall result in the 2022 financial year will continue to be burdened by transaction-related costs in connection with the takeover of the company by Hyundai Capital Bank Europe GmbH (HCBE).

Overall statement on future development

Overall, the year 2022 is fraught with great uncertainties. In particular, the further course of the COVID-19 pandemic, the supply bottlenecks in the automotive industry and the geopolitical developments in Ukraine are to be mentioned here. In order to master these challenges, the Allane Mobility Group will continue to work on increasing the efficiency and digitalizing the products and processes, as well as completing the IT carve-out. Due to the solid asset, financial and earnings position as well as the cooperation with Hyundai Capital Bank Europe GmbH, a joint venture of Santander Consumer Bank AG and Hyundai Capital Services Inc, the Allane Mobility Group looks forward to the year 2022 with confidence.

B.6 – Report on Risks and Opportunities

1. Risk situation

As a company operating across Europe, Allane Mobility Group is exposed to a variety of risks which could have a significant impact on the Group's business performance, assets, financial situation and operating results.

1.1 General market risks (economic, social and regulatory risks)

The Allane Mobility Group is primarily engaged in the two business units Leasing and Fleet Management, both of which are focused mainly on Germany.

Both segments are dependent to a large degree on general economic conditions in Europe and especially in Germany, because these influence particularly customer readiness to invest and spend, and correspondingly the demand for leasing and fleet management services.

In periods of economic weakness, the demand for leasing and fleet management services on the part of companies and private households can decline as a result of austerity measures. In addition, higher default risks (e.g. sector-specific risks and counterparty default risks) can be expected during these phases. A weakening of the overall economy can therefore have a negative impact on demand for leasing and fleet management products and on their profitability.

Demand for classic leasing and fleet management services could also be adversely affected by the emergence of alternative mobility solutions that are offered by established and new car manufacturers and market players, by the increasing trend away from the combustion engine as well as new mobility offerings.

The Allane Mobility Group regularly develops new product ideas and business models in order to respond appropriately to these rapidly changing market conditions and customer requirements, and to maintain the Group's claim for innovation leadership while acquiring additional market share. Launching these new products on the market and ensuring market penetration can generate high initial costs. In spite of the corresponding market analysis and planning, it cannot be guaranteed that the products will, in the form offered, meet with the market acceptance and level of demand which are expected. This may have a negative impact on the profitability of the Group.

In addition, the business development of the Allane Mobility Group may be affected by unforeseeable external factors such as natural and environmental disasters, terrorist attacks or epidemics or pandemics. Such events could have negative effects both directly on operations and on general demand and supply. As a result of these external events, there may be defaults by customers in the inventory portfolio, by dealers/manufacturers on vehicle sales, especially via buy-back agreements, and by service providers. As a result of the ongoing pandemic, there are currently resource shortfalls in the new car business, primarily due to supply shortages in semiconductor technology. Correspondingly, prices in the used car segment are rising disproportionately.

With the invasion of Russian troops into Ukraine on 24 February 2022, the Russian war against Ukraine has become a new risk factor for Allane SE, the automotive industry and the macroeconomic environment. As at the end of March 2022, when this risk report was finalised, it was not possible to accurately assess the full economic impact of the conflict. However, the war had already caused a significant increase in fuel prices among other things at that particular point in time. These higher prices could lead to a decline in mobility demand and therefore burden the Company's business development in the 2022 financial year, especially in the Online Retail business field. Moreover, the war could further exacerbate supply shortages and therefore limit the availability of new cars. This could have a further negative impact on the Online Retail and Fleet Leasing business fields. The Company will closely observe the future development. In particular, the Managing Board has convened a bi-daily meeting of the key areas (Sales, Remarketing, Purchasing, Risk, IT, Information Security, Human Resources, Treasury). In this meeting, current developments are discussed and possible effects on the business of the Allane Mobility Group are analysed. The first significant measures were to strengthen IT security requirements, to examine the portfolio for potentially impaired industries and customers, and to analyse the current stress scenarios with regard to possible effects due to the application of tightening assumptions. In addition, larger customers and suppliers were contacted directly regarding possible impacts. Based on these initiated measures, there is currently no further acute need for action. Clients potentially directly affected by the crisis have been placed on a watch list to monitor their payment behaviour more closely. In the medium to long term, effects are expected due to rising energy prices and further supply bottlenecks for the business. However, the extent of these effects cannot be quantified at this time.

The business of the Allane Mobility Group is subject to numerous laws and regulations, under which the Group is active. There is a risk that Allane fails to meet all legal and regulatory requirements or to react timely to changes in the legal or regulatory environment. In addition to the existing requirements under the German Stock Corporation Act (AktG) and the German Banking Act (KWG) within the Group, Allane Mobility Consulting GmbH, a wholly-owned subsidiary of Allane SE, submitted an application for permission under the German Payment Services Supervision Act (Zahlungsdiensteaufsichtsgesetz; ZAG) in order to obtain a licence to execute payment transactions. The Allane Mobility Group has installed a project team which ensures that the required licence specifications are met on time. Fulfilment of the necessary requirements under the licensing process is expected to be completed in the first half of 2022.

1.2 Specific risks in the Leasing and Fleet Management business units

In both business units, the focus of business activities is on corporate customers. The development of the business units is accordingly among others dependent on corporate investment behaviour. This investment behaviour can – apart from general cyclical influences – be affected by economic, accounting, regulatory, and fiscal conditions, in particular when it comes to commercial vehicle leasing. Higher taxes on leasing transactions and company cars or the possibility of adverse changes in international accounting regulations relating to contracts of lease can also reduce the attractiveness of solutions based on leased fleets.

The leasing market in Germany continues to be dominated by leasing companies tied to specific manufacturers or banks. They either enjoy good purchasing conditions and remarketing opportunities due to their close connections with the manufacturers or good refinancing conditions because of their affiliation with a bank. For this reason, there is fierce competition on the market for vehicle leasing in terms of price and conditions, which could have a negative impact on margins.

In the Fleet Leasing business field, the Allane Mobility Group focuses on full-service leasing which, in addition to pure financial leasing, also provide a variety of additional services for corporate customers. Due to the consistent orientation as a full-service leasing provider, the Allane Mobility Group aspires to reduce its dependency on pure finance leasing, which is under constant price pressure. In addition, the continuous development of new, mostly internet-based products provides an opportunity for the Group to differentiate itself from the competition. Allane Mobility Groups' Online Retail business field offers attractive leasing solutions to private and commercial customers, particularly on its websites sixt-neuwagen.de and autohaus24.de. In addition, a new business field, captive leasing, is currently being established and will form the third pillar of Allane in the future. It offers both, both private and commercial customers vehicle models from the manufacturers Hyundai and KIA at the point of sale via the dealer network. This business segment is currently in the pilot phase and is scheduled to be put into productive operation in the middle of the 2022 financial year. In the Fleet Management business unit, the Company benefits from its many years of experience in the management of vehicle fleets and from its position as a major fleet operator.

Alongside the fleet customer business, the Online Retail with private and commercial customers is already important and is to be further expanded in the future as well as the new Captive Leasing business field with private and commercial customers. The related diversification of the Group's customer portfolio shall contribute to counteract risk concentrations which could arise, among others, from the economic, accounting, regulatory and fiscal conditions for commercial vehicle leasing in the fleet customer business.

Allane procures the vehicles it leases to corporate, commercial and private customers from car manufacturers and dealers. Consequently, the Company is dependent on the adequate supply of popular car models, their purchase at competitive conditions as well as an attractive and high-quality product range. The same dependence exists in relation to third-party providers, from whom the Company procures for example tyres, insurance and services such as repairs. To limit these risks, Allane negotiates long-term framework contracts and rebate agreements with these respective suppliers.

2. Internal control and risk management organisation

2.1 Risk management system

The risk management system supports the management of the Allane Mobility Group in implementing the business and risk strategy and monitors all relevant risks at home and abroad.

The risk assessment and control systems established by Allane SE as well as the organisation of credit risk management orientate themselves towards the minimum requirements for risk management of banks and financial services institutions (MaRisk) imposed by BaFin (Bundesanstalt für Finanzdienstleistungsaufsicht).

During the reporting period, Allane SE considered the measures required by MaRisk relating to the adequacy of risk management as well as the measures required to ensure the correctness of the business organisation, taking into account the complexity and scale of the risks assumed by the Company.

Allane SE only takes risks if they are calculable and consistent with the principles enshrined in the policy objectives and strategy of the Company or Group as well as the previously defined risk appetite.

Based on the risk strategy determined by the management, essential components of the risk management system are the identification, systematic documenting and analysis, assessment and prioritisation of risks, as well as an analysis of the effects and impact of risks on the Company. The risk management system has its components embedded into the organizational structure which follows the 'Three Lines of Defence' model and intends a clear separation of duties between the business and operating units, risk management, the control and monitoring functions, as well as process-independent auditing. On this basis, measures to avoid, reduce or transfer risks can be initiated.

Risk management is based on the risk-taking capability calculation, which is established quarterly as part of the risk report and which lists all material risks of the Company. Taking into account any outsourced processes, Allane SE has installed a risk management system for the monitoring of all relevant risks incurred, which is continuously developed further on the basis of the Company's own business needs and in line with the requirements of a stock listed company. Allane SE has established internal policies and controls to comply with the minimum requirements for risk management of banks and financial services institutions (MaRisk) and is constantly reviewing and developing these. The existing risk management systems within the departments of controlling, accounting, compliance, risk controlling, operative credit management, receivables management, IT governance and internal audit orientate themselves towards the stipulations of the MaRisk.

The following function was partly outsourced as part of outsourcing arrangements to Sixt GmbH & Co. Autovermietung KG as of the end of the reporting period:

- IT administration

In addition, two other IT services classified as material were outsourced to various IT providers.

Allane SE has made adequate provisions for contingent and exposure risks and other risks arising from its business activities.

For the short-term receivables from leasing and full-service payments as well as fleet management services, a risk provision is created as of the reporting date in the form of a value adjustment on the outstanding receivables. For this purpose, the customer receivables are divided into risk classes and the value adjustment rates are applied based on historical defaults. Future-oriented assumptions play only a subordinate role in the valuation due to the short-term nature of the receivables portfolio.

For risks from residual values of the leased assets, a risk provision is made in the form of a value adjustment on the leased assets as at the reporting date. The risk provision is calculated from the difference between the residual value from the initial lease calculation and the residual values expected at the end of the lease on the respective reporting date, which the Allane Mobility Group receives from an external market provider. The residual value forecasts of the external market provider are adjusted by historical additional revenues compared to the residual values of the external market provider of the Allane Mobility Group as well as marketing expenses of the Allane Mobility Group.

The Allane Mobility Group recognises provisions for legal disputes if a financial burden is more likely than not. The expected judgement and settlement costs as well as other legal costs are estimated on the basis of experience.

Depreciations and value adjustments in the financial statements have been made at an appropriate level.

2.2 Internal control and risk management system for (Group) accounting (disclosures in accordance with sections 289 (4), 315 (4) of the HGB – German Commercial Code)

The internal control and risk management system for the Group's and the Company's accounting contains organisational provisions and technical requirements to manage the risk associated with accounting. Key elements here are the clear and appropriate separation of functions with regard to the Managing Board and leadership responsibilities including management control processes, the central accounting and reporting organisation for all consolidated companies, the technical stipulations contained in guidelines, manuals, process descriptions and Group-wide principles, the recording of business transactions with the so-called 'four eyes principle' (two man rule), the implementation of quality assurance processes and effectiveness checks by the internal audit function and external audit procedures and consulting, systems-based security measures, manual control measures and regular comparisons with planning and controlling processes taking the form of target to actual comparisons and analyses of deviations. To guarantee the safety of data the accounting-related systems have access restrictions and access rules. Employees receive appropriate instruction and regular training on information security as well as data protection rules and regulations.

The Supervisory Board examines the annual financial statements and the consolidated financial statements together with the management report on the Group's and the Company's situation as well as the Dependent company report and discusses these with the Managing Board and the auditors.

3. Risk identification

In addition to the monitoring of risks in the planning, reporting, controlling and early warning systems which are established, as part of risk control processes, persons in charge within the organisational units document – as part of a risk inventory – all business-relevant and significant risks throughout the Group on a regular basis. To this end the estimates made by the responsible managers and other relevant information are analysed and aggregated. Relevant changes in the risk assessment and new risks are communicated to the management immediately within the framework of the presentation of the risk inventory result.

The identified individual risks are categorised into different loss levels and defined into risk types by their probability of occurrence and the potential loss level in the case of occurrence. The central risk controlling unit of the Allane Mobility Group then agglomerates these decentralised registered individual risks and the identified individual risks are assessed according to their materiality. This forms the basis for the risk inventory, which is integral part of the reporting system to the Managing and Supervisory Board of Allane SE.

The internal audit regularly monitors risk management as part of its audit mandate and reports directly to the Managing Board of Allane SE.

The following provides an aggregate overview of the material risk factors.

3.1 Counterparty default risk

The counterparty default risk arises if lessees and fleet management clients do not meet their payment obligations during the term of the contract or only partly or if vehicle suppliers cannot fulfil their buyback agreements towards Allane SE, resulting in payment defaults. This counterparty default risk in customer business generally increases with a deterioration in the economic situation, resulting in increased payment defaults by leasing and fleet management customers or a vehicle supplier subject to a buyback obligation.

The established credit management identifies the risks of counterparty default on receipt of the leasing or fleet management agreement. When setting up an overall framework for leasing contracts with customers and vehicle buyback agreements with manufacturers and dealers, when certain thresholds are exceeded – these are usually the amount of the present value of the leasing contracts or, in the case of vehicle repurchase agreements, the sum of those agreed with the respective credit union buyback prices – the approval or information of certain boards and bodies, respectively, is required according to the given order of competences. Likewise, prior to the conclusion of fleet management and leasing contracts, the resulting risks and margins are identified and prepared for the relevant decision makers prior to their approval of the conclusion of the contract. In the case of larger commitments, the Managing Board also informs the Supervisory Board if certain threshold values for leasing and vehicle buyback agreements are exceeded.

The counterparty default risks are monitored on a regular basis and actively managed. In addition, there is a regular review of the customer's creditworthiness in the fleet customer business during the term of the lease or fleet management contract. The approved general frameworks are subject to regular prolongation and credit assessment processes in keeping with the competency structure.

Also, when selecting car suppliers, which provide buyback commitments to Allane Mobility Group, the Allane Mobility Group therefore places great emphasis on their economic stability. As with leasing and fleet management customers, vehicle suppliers are subject to regular strict credit checks.

As a result, any negative changes in the relationship to leasing and fleet management customers as well as vehicle suppliers can be identified immediately and early, and the appropriate countermeasures can be taken promptly if necessary. Commitments with higher levels of risk or potential default risks are monitored regularly by the receivables management.

Counterparty default risk may give rise to risks that may ad-adversely affect the risk profile of Allane SE due to concentrations of similar and dissimilar risk factors. Here, portfolio-specific concentrations can arise both for individual customers and for individual sectors. In order to avoid risk concentrations, the Company has set up suitable risk monitoring measures to be able to identify any concentrations in relation to individual customers or sectors at an early stage.

3.2 Market price risk

The market price risk describes the danger of a loss caused by changes to market prices. For Allane SE it is especially the residual values of leasing vehicles as well as the refinancing interest rates that are subject to the market price risk.

3.2.1 Residual value risk

Residual value risks result from the marketing of vehicles at the end of the leasing contract, if at this point in time the selling price which can be achieved is below the calculated residual value at the beginning of the contract. To counteract the risks involved in the disposal of vehicles within the Leasing business unit, the residual values of the vehicles included in the calculation of the leasing contract are covered partly by buyback agreements with dealers or manufacturers depending on market conditions. This applies in particular to a visible part of vehicles in the Fleet Leasing business, the residual values of which are covered by buyback agreements. As of 31 December 2021, on the basis of the lease assets and inventories as well as orders, approximately 19% (2020: 26%) of the existing residual value volume of Allane SE were covered by buyback agreements.

Especially when it comes to the marketing of used leasing vehicles, the Allane Mobility Group is also dependent on developments on the used-car market, particularly in Germany. The vehicles to be directly disposed by the Allane Mobility Group on the used-car market undergo regular valuation tests, which are based on the Group's own experience and monitoring of the market.

The remarketing of these vehicles is executed via a multistage process. Vehicles that are not sold under a buyback agreement to a manufacturer, dealer or the lessee at the end of their leasing contract, are generally offered via an online auction platform to registered dealers. If after the end of an auction period Allane reckons from its own sales experiences that a specific vehicle could achieve a price above the highest offer from the auction if it was offered on the used vehicle stations operated by itself, this vehicle will be transferred to these stations. Operating under the brand name 'Autohaus24' at three sites across Germany, the Company's own sales experts are responsible for marketing the vehicles to end customers. In several cases, leasing returns are also directly handed over to one of the Autohaus24 stations for remarketing.

The Managing Board is closely monitoring developments in the context of increasing registrations of vehicles with innovative drive technologies compared to conventional combustion engines. As at 31 December 2021, vehicles with electric or hybrid drive technologies accounted for 7.8% (2020: 3.5%) of the total number of vehicles in the Allane Mobility Group's portfolio. For some of the affected vehicles in the Allane Mobility Group's portfolio, there are no buy-back agreements with dealers or manufacturers. The management is also observing the general political discussion on new emission requirements in accordance with the Euro-7 standard as well as government subsidy measures for electric or hybrid drive technology and their impact on future business. Due to the introduction of new drive technologies, there is a higher potential for uncertainty in the determination of residual vehicle values. In connection with the ongoing discussion about the Euro-7 standard, the Allane Mobility Group could be exposed to an increased residual value risk and lower than expected sales revenues in the future.

3.2.2 Interest rate risk

Interest rate risks comprise potential losses due to changes in market interest rates. They can arise when fixed-interest periods between the asset and liability sides of the balance sheet are not congruent. A variable interest rate for financing instruments can also lead to an interest rate risk in the event of market changes.

The Allane Mobility Group pursues the goal of obtaining refinancing funds with largely matching maturities in order to avoid maturity mismatches and will occasionally enter into derivative contracts to hedge against interest rate risks. However, no guarantee can be given that such hedging will be fully effective or that losses will be completely avoided.

Rising interest rates for refinancing instruments could result in higher refinancing costs and have a negative impact on earnings.

3.3 Liquidity risk

The liquidity risk is the risk that existing financial reserves are not sufficient to service the financing of the Group's financial liabilities at maturity. Through its financial planning, the Allane Mobility Group seeks to ensure that sufficient liquidity is available to pay the due liabilities under both normal and stress conditions.

Refinancing of the Allane Mobility Group is essentially dependent on self-financing through operative cash flows or the ability to borrow external funds from banks or on the debt capital markets. Due to the change in the ownership structure implemented in the financial year 2020, the Group will increasingly strive for refinancing with matching maturities within the Group in the future in order to reduce potential uncertainties due to external debt financing options.

Furthermore, a range of asset-based financing opportunities (e. g. forfeiting or securitisation of leasing receivables) is available to Allane Mobility Group. The Allane Mobility Group made use of this for the first time in the year 2016 and set-up an asset backed securities (ABS) programme, which was prolongated until the end of 2021 and will be amortised continuously until the financial year 2027. The leasing and residual value receivables supplied into the ABS programme are refinanced with matching terms through additional swap transactions. Nevertheless, the risk generally remains that an increase in refinancing costs could have a significant impact on the cost basis and that the Group is potentially not able to pass on higher refinancing costs to its customers.

3.4 Operational risks

Operational risk is the risk of a loss particularly caused by human behaviour, technological failure, inadequate or faulty processes, or by external events. Regulatory, legal and tax related risks are also included in this definition of operational risk.

The Allane Mobility Group follows a decentralized approach to the management of operational risks, with specially trained coordinators receiving their nomination from the individual departments. The Risk Controlling department is responsible for measuring and monitoring operational risks.

The Allane Mobility Group is exposed to operational risks from legal disputes. In particular, this includes legal disputes arising from revocations of leasing contracts. In order to prevent revocations, the standard leasing contracts and the general terms and conditions are reviewed on an ongoing basis. There is a department for the processing, handling and monitoring of appeals, which is located in the Legal Division. Further information on current revocations can be found in the economic report under item 5.2 Liabilities.

The success of the Allane Mobility Group's business depends to a high degree on the recognition and reputation of the Sixt brands, trademarks and domain names owned by Sixt SE. As a result of the completed change of ownership, the Allane Mobility Group is entitled to use the Sixt brands and domain usage rights for a limited period of time. In order to counteract potential reputational and strategic business risks, Allane SE has established an internal project team to prepare the brand change within an appropriate timeframe and to ensure awareness of the newly introduced brand through suitable marketing measures.

A complex and high-performance IT system is essential for the implementation of the leasing and fleet management business. Hardware and software-related system faults or system failures can have a significant impact on operational processes and, as a worst-case scenario, even lead to their total breakdown. If new, replacement or supplementary software is introduced, the high level of complexity of the IT system can create increased demands in terms of compatibility with existing systems when it comes to ensuring the smooth progress of operations.

Alongside these internal operational risks, there is also the risk of targeted external attacks from criminals aiming at the IT infrastructure and corporate data inventory (Hacking, DDoS attacks, etc.). To address these risks accordingly, the Allane Mobility Group maintains its own IT department, IT resources and IT infrastructure since the implementation of the IT carve-out project. Their task is permanent monitoring, maintenance, continuous development and protection of the Group's IT systems. In addition, Allane SE has increased the number of employees in the area of information security in the year under review.

The personal skills and knowledge of its employees are an important success factor for the Allane Mobility Group. If there is an increased rate of fluctuation and a corresponding loss of know-how, this could impact on service quality in leasing or fleet management operations. The Allane Mobility Group prevents these risks by increased commitment to basic and advanced training, anchoring personnel development in corporate culture and the use of incentive systems. Furthermore, when key positions are vacated, emphasis is placed on filling these positions with our own employees.

The business of the Allane Mobility Group is associated with a variety of different contracts. This is for the most part only possible using standardised agreements, which have to be reflected within the operational management systems. Even minor wording inaccuracies or changes in the legal or contractual framework can therefore have a significant impact on the Company's business. The Allane Mobility Group counteracts the resulting risks by means of contract management with the involvement of legal experts and wide-ranging system controls.

Further regulatory, legal and tax related risks associated with the operation of a financial service institution will be mitigated by a compliance structure in accordance with MaRisk and the corresponding control and prevention mechanisms. Any regulatory, legal or tax-related changes are constantly monitored by the respective departments of Allane SE, communicated to the management and implemented promptly and on time within the framework of projects.

The outsourcing risk primarily related to the outsourced IT services. By means of corresponding outsourcing agreements, the envisaged audit and control rights against the respective outsourcing unit were carried out on an ongoing basis. The IT administration, which is partly still outsourced at present, is to be incorporated into the Allane Mobility Group in the middle of the coming financial year 2022 as part of the ongoing IT carve-out project.

3.5 Investment Risk

According to Allane SE, investment risk is the risk of unexpected losses resulting from a decline in the market value of the investments below their carrying amount. In addition, there is a direct earnings impact risk in the case of Allane SE's 100% shareholding in Sixt Mobility Consulting GmbH, as a profit and loss transfer agreement has existed between Allane SE and its shareholding since the 2015 financial year. Losses incurred by Sixt Mobility Consulting GmbH would have a direct impact on the earnings situation of Allane SE.

The risk management and risk controlling system of Allane Mobility Consulting GmbH is largely outsourced to Allane SE due to the existing outsourcing agreement. The risk methods and procedures to be applied at Allane SE are also used for Allane Mobility Consulting GmbH. In this respect, Allane Mobility Consulting GmbH is closely integrated into the risk management and risk monitoring processes of Allane SE. Thus, negative risk and earnings developments at Allane Mobility Consulting GmbH can be identified at an early stage and suitable countermeasures can be initiated.

4. Assessment of the overall risk profile by the Managing Board

Allane SE has installed a Group-wide internal control and risk management system for the purpose of proactive identification and active management of any developments at an early stage which could lead to significant losses or jeopardise the continued existence of the Company or the Group. As part of the Group's established risk management system, all identified risks are regularly documented, reviewed, analysed and evaluated for their probability of occurrence and potential impact. The Managing Board and the Supervisory Board are informed about the results, so that the necessary countermeasures can be taken if the need arises.

In the course of the change in ownership, the Allane Mobility Group is also integrated into the internal control and risk management system of the German Santander subgroup. This ensures in particular the adequacy of the risk management and risk controlling processes.

In addition, leasing companies are obligated to meet the qualitative requirements for a proper business organisation pursuant to section 25a of the German Banking Act (KWG), which are substantiated by the minimum requirements for risk management of banks and financial services institutions (MaRisk). In this context, leasing companies have to ensure that they are invested at all times with adequate funds to shoulder the risk they have entered into (principle of risk bearing capacity). The corresponding risk bearing capacity statement is therefore key component of the quarterly risk reporting system of Allane SE. According to this statement, the unexpected loss from those risks deemed to be material is compared with the risk cover amount available. Risk capacity is given, if the material risk can be continually covered by a corresponding risk cover amount. As of 31 December 2021, Allane SE has a risk potential for counterparty default, market price (residual value and interest rate risk), liquidity and operational risk as well as equity investment risk in the amount of EUR 151 million.

The material risk types are distributed as at 31 December 2021 as follows:

Risk type	Risk share in total risk In EUR million*
Residual value risk	72.3 [84.5]
Counterparty default risk	45.6 [26.4]
Operational risk	11.7 [10.2]
Interest rate risk	5.2 [3.3]
Investment risk	2.1 [2.1]
Liquidity risk	0.1 [0.2]
Other risks	13.7 [12.7]

* Previous year's figures are shown in brackets

The main changes compared to the previous year's reporting date relate to the risk types of residual value risk and counterparty default risk. The residual value risk declined due to the change in the quantification methodology during the year, in which the expected risk was eliminated. The counterparty default risk increased disproportionately as of the reporting date due to the increase in vehicle orders at the end of the year.

To determine the residual value risk, the negative deviations between the assessed residual value at the beginning of the contract and the expected market value at the expected marketing date of the vehicle after the end of the leasing contract are compared. Counterparty default risks are quantified using a CVaR approach based on the Gordy model. Operational risk is calculated on the basis of both an economic approach as well as the regulatory basic indicator approach. The higher value of these two approaches is decisive in the consideration of the risk-bearing capacity calculation. Interest rate risks are simulated using a historical loss distribution based on interest rate changes since the 2008 financial year. The quantification of investment risk is also carried out on the basis of a scenario calculation. Liquidity risks are determined on the basis of a historical loss distribution. Liquidity risks are measured using the liquidity value-at-risk, which calculates the monetary impact of changes in refinancing costs. A lump sum is formed for the other relevant risks. The adjustments made during the year in the context of quantifying market price risks (interest rate risk and direct residual value risk), liquidity risks and operational risks serve to ensure the Group-wide adequacy of methods.

The internal capital (risk coverage potential) according to the net asset value approach amounts to EUR 350 million. This results in a coverage of the material risks of around 209%. During the entire reporting period, the risk-bearing capacity was ensured at all times, both at the overall risk level and at the risk type level. Limit overruns were not identified.

In addition to the presentation of the risk-bearing capacity calculation, various risk appetite metrics are calculated to depict the dimensions of solvency, earnings volatility, concentrations, liquidity and non-financial risks. These metrics are used for early risk detection. In the reporting period, no limit overruns of the total of 24 risk appetite metrics were identified.

The worldwide spread of the Coronavirus (SARS-CoV-2) and the Coronavirus disease (COVID-19) have a profound social and economic impact. In Germany and many European countries, lockdowns and in some European countries even curfews have been imposed to further contain or at least slow down the spread of the virus and any virus variants. Public life is repeatedly brought to a halt. Some industries such a non-food retailers, tourism, restaurants and the hotel industry often had to partially or completely shut down their operations. It is still likely that companies' revenues and earnings will remain at a low level across a wide range of sectors and that supply chains will remain disrupted. In conclusion, the affected companies reacted to this development by using state bridging aid, applying for short-time work and in individual cases even laying off employees. The extent of the consequences of the continuing restrictions are still not foreseeable in its entirety at the present time. It is recognisable that the measures to restrict the pandemic and the economic consequences resulting from the pandemic have had an impact on consumer behaviour and the economic situation of private households in particular. Allane SE has already taken the resulting consequences into account in the adverse scenarios of the capital planning.

With the internal control and risk management organisation outlined above, the Allane Mobility Group believes to be in an adequate position to monitor and control the Allane Mobility Group in view of the of the ongoing Corona crisis. The Company's risk situation has been very stable and inconspicuous since the beginning of the pandemic in March 2020. Given the continued dynamics of current developments and the lack of experience of research and industry with such an exogenous shock for societies and economies worldwide, the Allane Mobility Group has significantly intensified its early warning, monitoring and control measures and increased their frequency.

As part of these measures, the Allane Mobility Group has increased the frequency of meetings and the intensity of the work overseen by the internal credit committee, particularly with regard to the topics of monitoring the creditworthiness of its customers and buyback partners and receivables management. Furthermore, the Allane Mobility Group has integrated the sectors particularly affected by the pandemic more strongly into its risk monitoring processes, expanded the risk inventory to include the risks of the ongoing pandemic and strengthened the assumptions for the existing stress tests accordingly or set up new stress tests. Moreover, the risk appetite is adjusted to the current risk situation.

With the onset of the first lockdown in spring 2020 as well as the reimposed home office requirement at the end of the reporting year, the majority of the activities to be performed were duly carried out remotely from the employees' home office. No adjustments to the existing operating model were necessary to implement the services. An increased incidence of external fraud during remote operation was not observed.

In order to more closely monitor and control the stationary used car sales in particular, the Allane Mobility Group has further expanded its inventory monitoring and increased its focus on alternative sales channels. To secure liquidity, the Allane Mobility Group uses existing credit lines as well as refinancing from the Group. On the basis of the short- and medium-term liquidity forecast, the Allane Mobility Group closely monitors the utilisation of the financing instruments and derives any necessary measures.

Due, above all, to the long-term contracts and customer diversification, in particular in terms of industry and size (from large corporations to private customers), as well as the market opportunities, especially in the context of digitisation and innovation and two strong partners within the ownership structure, the Allane Mobility Group believes that the overall risk as well as the risk profile of the Allane Mobility Group will be negatively affected temporarily, but otherwise at a comparable level to the previous year. At present no risks have been identified, which, alone or in their entirety, could endanger the Group's or the Company's continued existence.

5. Opportunities report

Opportunities are understood to be possibilities arising from events, developments or actions that allow a company to secure and/or outperform the scheduled targets. It is the operative business field's responsibility to identify and utilise opportunities as part of the corporate strategy.

The studies referred to in the following are in each case the most recent studies relevant to the opportunities report that can be obtained with reasonable effort. It should be noted that none of the studies contain a reference to direct or indirect effects of the current war in Ukraine. In principle, the short- and long-term effects on the opportunities of the Allane Mobility Group can hardly be reliably determined at present.

5.1 Market opportunities

Opportunities from general economic developments

The Allane Mobility Group is highly dependent on general economic conditions in Europe and in particular in Germany. Improving economic conditions can result in a higher corporate investment willingness for fleet vehicles and fleet management services and stronger investment propensity from private and commercial customers for new and used vehicles. This in turn could have a positive effect on the demand for offers and services provided by Allane.

The Group operates its business primarily in Germany. German gross domestic production (GDP) grew continuously before the outbreak of the COVID-19 pandemic and affected demand for new vehicles.

According to preliminary calculations of the German Federal Statistical Office (Destatis), GDP increased by 2.8% in 2021. At the same time, the number of new vehicle registrations dropped by around 10% year-on-year to 2.6 million vehicles according to the German Association of the Car Industry (VDA – Verband der Automobilindustrie e.V.). For 2022, the Kiel Institute for the World Economy (IfW) expects a GDP growth of 4.0%. This also could invigorate demand for new passenger cars.

In its plans for financial year 2022, the Allane Mobility Group takes due account of economic analysts' assessments for the business cycle, as the report on outlook outlines. In the event that the economy should develop better than these projections, it could also result in stronger demand for the products and services offered by the Allane Mobility Group.

Sources
Destatis, Gross domestic product in the 4th quarter of 2021 down 0.7% on the previous quarter, 28 January 2022;
VDA, German car market 2021: recovery slowed down, 5 January 2022;
IfW, Kiel economic reports No. 86, December 2021.

Opportunities from a positive leasing business cycle

After the UK, the German leasing market is the second biggest in Europe and has since 2013 been characterised by a stable upward trend. This was interrupted for the first time in 2020: Thus, the German Association of Leasing Companies (Bundesverband Deutscher Leasing-Unternehmen e.V. – BDL) recorded a 9.5% year-on-year decline in new lease investments in the first year of the COVID-19 pandemic.

In 2021, the leasing industry recorded growth in acquisition values of 0.6% (excl. hire purchase) and 2% (incl. hire purchase). For 2022, the BDL expects an increase of between 5 and 7% (incl. hire purchase).

The German Council of Economic Experts (Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung) forecasts an increase in equipment investment of 6.8% for 2022 (2021: 5.1%) and attributes this to positive impulses from the expected recovery of the global economy.

According to Allane's assessment, an economic recovery can have a positive effect on investment sentiment and thus also on the leasing business.

Sources
BDL, Leasing in Germany and Europe, bdl.leasingverband.de, accessed on 3 December 2021;
BDL, The German Leasing market 2020; 18. June 2021
BDL, First forecast for the business trend in the leasing industry in 2021, 26 January 2022;
German Council of Economic Experts, Annual Report 2021/22, December 2021.

Opportunities from market changes

Experts are agreed that the mobility market and customer needs will continue to change strongly over the coming years. This shift is often explained by such trends as using instead of owning, flexibilisation, individualisation, car subscription, new mobility, urbanisation, autonomous driving, digitisation, interlinking, sustainability, alternative powertrains, electro-mobility and customer focus. Some of these trends, such as flexibilisation, digitisation and electro-mobility, are in the view of experts, going to be accelerated by the COVID-19 pandemic. Leasing providers such as Allane SE can benefit from current and future developments by developing appropriate products and services.

According to the business consultancy McKinsey, the above-mentioned changes could mean for the European leasing market that it could reach a volume of EUR 31 to 34 billion by 2025 (2019: EUR 25 billion). This would equal an average annual growth rate of around 4 to 5%, or a total gain of 24 to 36%.

According to Dataforce, vehicle leasing is 'indispensable' for commercial fleets in Germany as 59.8% of all passenger cars in Germany are leased. In the view of the BDL, numerous reasons speak for leasing for companies, as well as for the self-employed and freelancers. These include, in particular, planning security, liquidity protection, tax advantages and favourable conditions, as well as modern technology and the associated higher environmental friendliness.

Leasing has also become established in the private sector. According to the Deutsche Automobil Treuhand (DAT), the leasing rate for new car purchases by private customers was 22% in 2020, an increase of eight percentage points compared to 2018. According to the DAT, private leasing could become even more important in the future, especially due to interesting leasing offers for e-cars, as this form of use would offer end consumers the advantage of switching to an e-car without risking a major loss in value. The most important reasons for private new car leases are the 'convenient, calculable manner of using the vehicle', the 'not ownership but (merely) usage' factor and the potential avoidance of value depreciation as well as low instalment rates.

The Allane Mobility Group can benefit in particular from the market change described above with its leasing offer on sixt-neuwagen.de, as the online platform enables private customers, among other things, to configure and digitally order leased cars.

Sources
McKinsey, Subscribed to Future Auto Finance yet?, November 2020;
Dataforce, Leasing: still the measure of all things?, 29 November 2021;
BDL, Always drive the latest model by leasing, bdl.leasingverband.de, accessed on 7 December 2021;
DAT, Topic of the Month: Financing and Leasing, 1 August 2021.

5.2 Competitive opportunities

Growth through brand independence

Allane is a vendor-neutral leasing company (non-captive) and thus has key competitive advantages over vendor-tied leasing companies (captive). They have plentiful expertise on the life cycle of vehicles and the marketing of used vehicles. Furthermore, they operate business models that are already geared to future customer requirements, for example through brand-independent full-service leasing and direct marketing.

In a study, Deloitte estimates that car manufacturers will change their previous brand strategy and will integrate cross-brand solutions into their offer by the year 2035 in order to be able to address a larger target customer group and better serve the changing mobility requirements. This underlines the increasing importance of brand independence in automotive sales.

Against this backdrop, the Allane Mobility Group can take advantage of further growth opportunities in both corporate and private customer business.

Sources
Deloitte, Future of Automotive Sales and Aftersales, June 2020.

Growth from ‘first mover’ approach

Especially online retail leasing holds growth potential for Allane, as this market is still much undeveloped in Germany. According to Dataforce, merely 7% of private leasing customers concluded their contract online in 2019. The potential though is enormous. However, the potential is high: Figures provided by the Porsche subsidiary MHP have online leasing as purchase variant of choice being as much in demand with customers (50%) as one-off payments and online financing (53% each).

According to McKinsey, direct online sales to private customers will gain more and more significance and by 2025 will have highest strategic priority with executives in the area of vehicle financing (incl. leasing). At the same time, executives expect that the proportion of online sales will climb significantly in this segment to between 20 to 25% by the year 2025. That would mean a tripling compared to their share in 2020.

Allane positioned itself early on as a provider of new vehicles on the online market for private and commercial customers with the launch of its online platform sixt-neuwagen.de in 2012 and further improved its position by acquiring the online platform autohaus24.de in 2016. The company aims to continue to benefit above average from the development of the online vehicle market in the future.

Sources
Dataforce, VMF Private Leasing – Results Report, January 2020;
MHP, Online Car Sales 2020, October 2020;
McKinsey, Subscribed to Future Auto Finance yet?, November 2020.

Accelerated growth through acquisitions

The Allane Mobility Group pursues the objective of driving forward its foreign expansion primarily through organic growth. In addition, there is also a possibility of accelerating the Group's growth through acquisitions at favourable conditions of other providers or leasing portfolios. To this end, Allane is permanently reviewing relevant market opportunities. When examining potential take-over candidates, the Managing Board and Supervisory Board apply strict criteria regarding earnings situation, risk profile and enterprise culture as well as compatibility with Allane's business model.

Growth through internationalisation

The Allane Mobility Group permanently monitors the expansion of its international presence to unearth new growth potential.

In the Fleet Leasing business field, the Allane Mobility Group is active in Germany as well as through its own national subsidiaries in France, Switzerland, and Austria. Moreover, Allane counts on its collaboration with established franchise and cooperation partners, with whom it currently maintains a network of around 30 countries.

In its Online Retail business field, Allane is present on the German market and since 2016 also in Switzerland. The perspective here is to capitalise on the 'first mover' advantages so as to expand online-based business with private and commercial customers in other countries as well.

In the Fleet Management business unit, the Allane Mobility Group is active on the German market as well as through its own national subsidiaries in Switzerland, France, Austria and the Netherlands. This business pursues above all the objective of overseeing fleets of its international customers across national boundaries. Through the Sixt Mobility Consulting brand, Allane can reveal to its customers potential cost savings in individual countries and provide them with optimisation proposals. Important tools for this are the Group's self-developed digital applications, such as smartphone apps for company car drivers and analysis programmes for fleet managers.

Growth through complementary services

Over the last few years, the trend continued among customers to utilize additional services next to their leasing financing. According to Dataforce, more and more fleet customers switch from finance to full-service leasing. Thus, the full-service share of fleets in Germany with more than five passenger cars increased from 47 to 55% between 2016 and 2020. According to the BDL, the trend toward full-service leasing opens up 'great opportunities' for leasing companies. Thus, they can differentiate themselves from traditional financing, because the latter in particular keeps labour-intensive areas of fleet management inside the company. Moreover, companies wanted to continue working with partners that offer services and packages as a 'one-stop shop' in addition to financing.

Within the scope of full-service-leasing, the Allane Mobility Group offers its fleet customers an all-in package and assumes all administrative work associated with the fleet. On top of this, Allane is developing incentive models that will allow corporations to improve their appeal on the labour market and to reward committed employees.

Figures from Dataforce show that particularly mid-sized fleet with 10 to 49 vehicles have seen a continuous increase in the usage of service leasing agreements. Accordingly, 43% of these leasing fleets use exclusively service leasing contracts for their vehicles. With large leasing fleets, this share goes up to 61%, with workshops (95%) and tyre services (56%) being utilized most frequently.

Against this background, the Allane Mobility Group seeks to increase its share of complementary services in individual fleet business contracts step by step and so raise the profitability of the contract portfolio. This is done because the quantity and quality of services constitute a key differentiating feature on this market. With its decades of know-how and close network of cooperation partners, Allane considers itself to be in a good position to benefit from a general upturn in the demand for services.

The Online Retail business field is also witnessing the increasing importance of additional service contracts for customers. Thus, according to Dataforce, almost every second private leasing agreement contains service components. McKinsey is of the opinion that these services will gain in significance over the coming years.

On its online platform sixt-neuwagen.de, the Allane Mobility Group offers private and commercial customers service packages for damage management, inspection as well as wear and tear, among other things. McKinsey expects that the significance of such bundled and modular services will increase substantially over the coming years.

The declared aim of the Allane Mobility Group is to enhance the service portfolio continuously, as an increased service ratio offers in particular the opportunity to improve profitability in the contract portfolio.

Sources
Dataforce, German fleet owners like to be pampered, 9 August 2021;
BDL, Always drive the latest model with leasing, bdl.leasingverband.de, accessed on 7 December 2021;
Dataforce, Leasing and Vehicle Procurement 2021, dataforce.de, 24 November 2021;
Dataforce, VMF Private Leasing – Results Report, January 2020;
McKinsey, Subscribed to Future Auto Finance yet?, November 2020.

Marketing campaigns and cooperation agreements as growth drivers

In its Online Retail business field, Allane uses marketing campaigns to raise the name and awareness of the online platforms sixt-neuwagen.de and autohaus24.de and increase the number of contracts concluded. Marketing events can be held both in cooperation with a marketing partner or fully independently using the brand name 'Sixt Neuwagen'.

In 2021, Allane ran promotions in which limited contingents of new cars in particularly high demand were marketed to private and commercial customers at special conditions.

Growth through remarketing

Remarketing vehicles holds significant opportunities for leasing providers to attain a leading position on the used vehicle market. In Germany, this market has grown continually over the last few years. According to Statista, revenues in 2020 amounted to EUR 103.4 billion, a gain of around 15% over the previous year (EUR 89.7

billion). Volume grew at an annual rate of around 7% and doubled overall since 2009 (EUR 51.7 billion).

Fleet leasing and fleet management providers could benefit from this development as they are already the biggest re-sellers within Europe and therefore enjoy a high degree of customer trust. They are also able to offer their clients not only purchase, leasing and rentals but also a wide network of repair and maintenance services. Moreover, the providers also stand the chance to maximise the re-sale value of their vehicles by marketing them across numerous countries.

Remarketing vehicles is an established element in Allane's business model and is especially conducted via the Group-owned online B2B auction platform as well as the local used car stations. As part of the group strategy, the Company started to connect more and more international dealers to the platform in 2018 to intensify the marketing of used leasing vehicles outside Germany and thereby reduce dependence on the German used vehicle market. The overriding aim of this measure was to improve the Allane Mobility Group's risk-return profile through pro-active risk management. Allane currently operates three of its own locations in Germany for the remarketing of vehicles.

Sources
Statista, Turnover on the Used Car Market in Germany from 2000 to 2020, statista.de, accessed on 8 December 2021.

5.3 Opportunities from digitalisation

Digitalising services

The digitalisation is of vital importance for the growth of Allane, above all in the Online Retail and Fleet Management business fields. With the launch of the online platform sixt-neuwagen.de in 2012 and the introduction of digital offers and the fully digital ordering process in 2021, Allane has reached significant milestones in the digitalisation of new car sales. In addition, the Company has built up a portfolio of digital applications for company car drivers and fleet managers. Allane thus sees itself prepared for future developments in these areas.

Increasing significance of the internet as information and sales channel

The vehicle market for private and commercial customers is mainly served by station-tied car dealers with a limited geographic reach. This means, that often they have vehicles from one or a few OEM, which for customers translates into a market with little transparency, as cars, options and prices are hard to compare on site. In addition, megatrends such as digitalisation and new mobility needs are leading to an increasing shift of automobile sales to the internet. Therefore, the importance of the internet as an information and sales channel is growing.

A McKinsey survey on consumer behaviour of car and mobility customers has found that 44% of all consumers in in Europe can imagine ordering a car entirely online. According to DAT, more than 87% of new vehicle buyers in Germany inform themselves online prior to their purchase in 2020, seven percentage points more than in the previous year (2020: 80%). Of these people, 68% also visited new vehicle portals. Overall, 10% of all private new vehicle buyers made their car purchase via a new vehicle portal.

This change in user behaviour can have a positive impact on Allane SE's business model, as the Group operates two online platforms, sixt-neuwagen.de and autohaus24.de, which are geared towards these needs.

Sources
McKinsey, Car buying is on again, and mobility is picking up, 27 August 2021;
DAT, Press release for DAT report 2021, 10 February 2021.

Individual digital customer service

A study by the business consultancy Capgemini found that the future of mobility will be very much determined by the so-called Generation Z. This generational group was born between 1995 and 2015, has a very strong affinity to technology and is very demanding. Thus, Generation Z is not only expecting mobility service providers to offer them simple and flexible solutions plus constant availability, but also personalised services as well as a ‘seamless’ online experience with access to all products and services from on platform of their choosing.

According to MHP, personal consultancy services continue to play vital role for car customers. 56% of customers surveyed accorded personal advice provided during their online purchase the score ‘important’ to ‘very important’. Younger survey participants (18 to 34 years) found such personal consultancy services to be significantly more important at 59% than it was for customers aged 35 or older (46%). At the same time, 64% of car dealers are of the opinion that the consultancy phase can also be provided online.

The Allane Mobility Group offers its customers individual digital customer services, such as the workshop search on the Allane website. In addition, the Company conducts regular customer surveys both in its business with private as well as with commercial customers. The company takes these findings to derive suitable measures for optimising its customer services.

Sources
Capgemini, From Financial Services Provider to Mobility Powerhouse, September 2020;
MHP, Online Car Sales 2020, October 2020.

5.4 Opportunities from innovations

Individualised online and mobile solutions

It is the view of Allane that digitisation will expand customer solutions across all business fields. Fleet Leasing and Fleet Management will see that, on top of personal assistance, companies are attaching increasing importance to aspects such as automation, efficiency and process safety. In this context, a trend towards outsourcing fleet management services can be observed, as companies are focusing on their core business and at the same time want to make sure that their fleet is optimally managed. For the Online Retail business field, the focus will increasingly be on aspects such as transparency, individuality and convenience.

The Allane Mobility Group puts great emphasis on the development of modern online and mobile services. In the business with corporate customers, leasing and administration processes are to be optimized especially in the form of reporting and apps. In its business with private and commercial customers, the leasing process should be facilitated above all through the use of an online configurator and digital ordering steps.

Growth market electric mobility

Worldwide electric mobility is gaining traction. Factors for this are, among other things, the accelerated climate change, a stronger environmental awareness, new mobility requirements, a bigger choice of vehicles, falling production and acquisition costs, better charging infrastructure, new battery technologies as well as higher performance and mileage range. Of particular importance in Europe are also such factors as legislative regulations, CO2 stipulations as well as governmental subsidy programmes. In Germany, the topic receives added attention through the debate over bans on Diesel-powered vehicles. In all of this, it is not only environmental aspects that are being debated, but also the growth opportunities for the automotive industry.

Experts are agreed that over the coming years the worldwide market for electric mobility will grow substantially and that Europe will take up a trailblazer role in the electrification of powertrains. The management consultancy McKinsey reckons that in 2030 Europe will lead the transformation with a 75% market share for e-cars in all newly registered passenger cars. It will be ahead of China, the largest e-car market in absolute terms that will have a 70% share, and the USA with a 65% share. Accordingly, by 2030 a total of more than 70 million vehicles on the roads of the European Union could thus already have an electric drive. The consultancy firm PwC reckons that the share of e-vehicles and plug-in hybrids for new vehicle sales in Europe will climb strongly to 36% by 2025 (2021: 16%). For 2030, PwC projects a share of 66% and for 2035 are share of 91%.

In Germany electric mobility enjoys a high acceptance even if that is not yet adequately reflected in the vehicle stock. At the same time, vehicles with electric powertrains are witnessing strong growth in the number of new registrations. A study conducted by Aral in 2021 saw signs for a paradigm shift in the type of drivetrains car customers are preferring. In the 2019 survey, for example, two-thirds of motorists were still relying on diesel or gasoline engines. Meanwhile though, the balance of power between conventional and alternative drive systems is almost even. One in four car buyers would like to buy a hybrid vehicle, and interest in electric vehicles has also more than doubled to 15% within two years. 62% of car buyers would purchase an electric car even without government subsidies, according to the Aral study. According to the German Federal Motor Vehicle Office (Kraftfahrtbundesamt; KBA), around 681,000 passenger cars with electric powertrain were newly registered in 2021, which equals a share of 26% of all new passenger car registrations. The number of newly registered plug-in hybrids climbed by 62.3% to around 325,000, while the pure electric cars gained 83.3% to around 356,000 units.

Leasing customers are also open to alternative drives. According to Dataforce, half of all future private lessees would like to drive a corresponding drive. Among company car drivers who currently use a leased vehicle, the share is 59%.

The leasing industry can benefit from this development. According to a survey by McKinsey among executives responsible for vehicle financing (incl. leasing), it is above all regulatory changes that could boost demand for electric leasing vehicles in Europe. Thus, around 95% of executives considered offers for electric vehicles to be ‘important’ or ‘extremely important’. This indicates that electric vehicles have highest strategic and financial priority among executives, even ahead of new and used vehicles.

Allane promotes electromobility, for instance, through cooperations with manufacturers and electric power suppliers as well as consulting services, for example with a view to improving the pollutant emissions balance. Technological advances in electric vehicles, manufacturer's initiatives to promote this drive type, for example in setting up a nation-wide charging infrastructure, government subsidies as well as increasing corporate interest in optimising their fleets for ecological considerations open up additional opportunities for the Allane Mobility Group.

Sources
McKinsey, Three quarters of new cars in Europe will be electric in 2030, 6 September 2021;
PwC, Digital Auto Report 2021 – Volume 1, August 2021;
Aral, Car Buying Trends 2021, August 2021;
KBA, Press Release No. 01/2022, 5 January 2022;
Dataforce, Leasing Analysis 2021, December 2021;
Dataforce, Which drive should your next company car have?, 29 November 2021;
McKinsey, Subscribed to Future Auto Finance yet?, 9 November 2020.

5.5 Assessment of the overall opportunities profile by the Managing Board

Allane SE considers itself well positioned to take advantage of the growth opportunities described above. The recovery of the global economy expected by experts in the course of the 2022 financial year is likely to have a positive impact on the leasing economy, as companies' willingness to invest is influenced in particular by the overall economic situation. This may also have a positive impact on the business development of the Allane Mobility Group.

Although the ongoing COVID-19 situation has burdened the business development of Allane so far and also in the short term, it could also provide positive impulses in the medium to long term according to industry observers. Accordingly, it could strengthen the shift towards new mobility needs and requirements to the extent that acceptance of products and services from leasing companies such as Allane increases further.

In terms of competitive opportunities, the Allane Mobility Group has a competitive business model that can address the changing mobility needs of customers due to its brand independence and its early positioning in the online direct sales of new leased vehicles. The company reserves the right to accelerate its growth also through targeted acquisitions. Further opportunities arise from the organisation's focus on future national and international growth. In addition, Allane can expand its position as a full-service provider by introducing further complementary services. Marketing campaigns and sales cooperations also play an important role and can help to raise awareness of Allane, expand the contract portfolio and generate additional revenues, for example in the area of services. With its online auction platform and the expansion of its used car locations, the company is also in a position to benefit from the continuous growth of the used car market.

The expansion of the digital product and service portfolio enables the Allane Mobility Group to exploit the growth potential in the area of digitalisation. This applies in particular to the Online Retail business field. The digitalisation of the business model should also contribute to process and cost optimisation and thus have a positive impact on productivity and earnings development. In addition, the development towards electromobility opens up additional opportunities for Allane.

The overall opportunity profile of Allane SE can also be assessed as good with regard to the new major shareholder, Hyundai Capital Bank Europe GmbH. The partnership puts the Allane Mobility Group in a position to continue to successfully pursue its strategy and to jointly exploit new growth opportunities in the future. In addition, Allane intends to be able to further optimise its refinancing structure from the integration into the group of the two international and financially strong groups Santander and Hyundai.

B.7 – Non-financial declaration in accordance with sections 289b to e and 315b and c of the HGB

Pursuant to section 289b (2) and section 315b (2) of the HGB, Allane SE is exempt from the obligation to add a non-financial declaration to the management report on the situation of the Group and the Company, as it is included in the non-financial consolidated declaration of Banco Santander S.A., which is contained in the management report on the situation of the Group and the Company for the financial year 2021 of Banco Santander S.A.. Banco Santander S.A. is the controlling shareholder of Santander Consumer Bank AG, which in turn is the majority shareholder of Hyundai Capital Bank Europe GmbH. Information on the sustainability of Allane SE can also be found in the chapter 'Sustainability' of the Allane SE Annual Report 2021 and is made generally available on the internet at ir.allane-mobility-group.com in the 'Financial Reports' section.

B.8 – Dependent company report

HCBE is the largest shareholder of Allane SE with 92.07% of the ordinary shares and voting rights. Thus, Allane SE had a relationship of dependence within the meaning of section 17 of the AktG with Hyundai Capital Bank Europe GmbH, Frankfurt am Main, and its affiliated companies in the 2021 financial year.

Due to the indirect majority shareholding of Banco Santander S.A., Santander, Spain, in Allane SE, there was thus a relationship of dependence of Allane SE within the meaning of section 17 of the AktG with Banco Santander S.A., Santander, Spain, and its affiliated companies in the 2021 financial year.

Hyundai Motor Company, Seoul, Korea, holds a majority stake of 59.70% in Hyundai Capital Services Inc, Seoul, Korea. Hyundai Capital Services Inc., Seoul, Korea, on the other hand, does not hold a majority stake in HCBE with 49.00% of the shares. Due to the joint venture structure and the equal composition of the Supervisory Board of HCBE with members of Hyundai and Santander, there was nevertheless a relationship of dependence within the meaning of section 17 of the AktG with Hyundai Motor Company, Seoul, Korea, and its affiliated companies in the 2021 financial year.

Therefore, pursuant to Article 9 (1) lit. c) (ii) SE Regulation, section 49 (1) SEAG in conjunction with section 312 of the (AktG), a report is prepared containing the following concluding declaration by the Managing Board: "According to the facts and circumstances known to the Managing Board at the time legal transactions subject to disclosure requirements were conducted, Allane SE received appropriate consideration in each case. Actions subject to disclosure requirements taken or actions omitted did not exist in the period under review."

B.9 – Additional information for Allane SE (pursuant to the HGB)

Fundamentals and business performance

Allane SE has its registered offices in Pullach and is the parent company of the Allane Mobility Group. It assumes central management tasks and is responsible for the strategic and financial management of the Group. At the same time, Allane SE is also the operative company for the leasing business within Germany. In this function Allane SE is essentially responsible for results of operations, net assets and financial position as well as the opportunities and risks of the Allane Mobility Group. The above explanations in the economic report on the Allane Mobility Group and the Leasing business unit also apply to Allane SE, unless otherwise stated below.

The annual financial statements of Allane SE are prepared in accordance with the provisions of the German Commercial Code (HGB) in conjunction with the Ordinance on Accounting for Banks and Financial Services Institutions (RechKredV) and, in addition, in accordance with the provisions of the German Stock Corporation Act (AktG) and form the basis for the appropriation of the net retained profits for the financial year to be resolved by the Annual General Meeting.

The above explanations refer to the Allane Mobility Group and are the subject of the capital market communication of Allane SE. The following explanations comply with the requirements of the German Commercial Code for the management report of Allane SE. They are not directly relevant for the capital market communication relating to the consolidated financial statements according to IFRS.

The most significant financial performance indicator for Allane SE is the pay-out ratio (pay-out of Allane SE in relation to the consolidated profit of the Allane Mobility Group according to the International Financial Reporting Standards [IFRS]). The most significant non-financial performance indicators are essentially identical and concurrent with those of the Allane Mobility Group. These are described in detail in the economic report of the combined management report.

Differences between the accounting and valuation methods according to the HGB in conjunction with RechKredV and IFRS arise primarily in the following circumstances: Vehicles held for sale that have been returned from the leasing contract are not reported in inventories as under IFRS, but in other assets. Liabilities from advance payments received from full-service contracts are not reported under contract liabilities as under IFRS, but under other liabilities. The liabilities from the ABS transaction are not reported under current and non-current financial liabilities as under IFRS, but under other liabilities. Furthermore, the discount as well as costs in connection with the issuance of the bonds are not deducted from the carrying amount of the bonds, but are reported in prepaid expenses. Certain leases classified as finance leases under IFRS 16 will be reported under other receivables and assets in the IFRS financial statements, while they will continue to be reported under leased assets in the HGB financial statements. For these contracts, the lease payment in the IFRS consolidated financial statements is divided into repayment of receivables and interest income. In the HGB financial statements of Allane SE, the leasing instalments for these contracts are reported under leasing income. Furthermore, depreciation on the leased assets is reported in the HGB financial statements. In accordance with IFRS 16, rights of use are reported under property, plant and equipment and lease liabilities under financial liabilities in the consolidated financial statements for the rental agreements for office space and land. This results in depreciation on the rights of use in the IFRS consolidated financial statements, whereby the rental interest payments are divided into the repayment of the lease liabilities and interest expenses. In the HGB financial statements of Allane SE, only the rental payments are reported under other administrative expenses. The goodwill arising in the 2020 financial year from the acquisition of significant parts of the business operations of SL Car Sales GmbH, Garching, is amortised over ten years under HGB, whereas under IFRS there is no scheduled amortisation, but an annual impairment test is carried out.

The general economic and industry-related conditions of Allane SE are essentially the same as those of the Allane Mobility Group and are described in the economic report of the combined management report.

Results of operations, net assets and financial position

As shown in the combined management report for the key financial performance indicators according to IFRS, the 2021 financial year fell short of the expectations for the sales portfolio and the operating revenue as presented in the management report of the previous year. Both financial performance indicators were already adjusted in December 2021. The result from ordinary business activities in the 2021 financial year was within expectations. Despite the uncertainties and constraints from the Corona pandemic as well as the transaction-related expenses, Allane SE has a solid basis, as the operations, assets and financial situation shows.

While the significant financial performance indicators mentioned in the previous paragraph refer to the IFRS financial statements of the Allane Mobility Group, the following explanations refer to the financial statements of Allane SE according to HGB in conjunction with RechKredV.

In the 2021 financial year, Allane SE generated a result (leasing income less leasing expenses) of EUR 224.0 million (2020: EUR 233.7 million) from the operating leasing business. In addition, interest income and expenses resulted in a net charge of EUR 4.8 million (2020: charge of EUR 8.9 million). This was offset primarily by personnel and administrative expenses of EUR 77.9 million (2020: EUR 59.1 million) and expenses from depreciation, amortisation and impairments, particularly on lease assets, of EUR 147.2 million (2020: EUR 170.2 million). Personnel expenses increased in particular due to the increase in resources in the IT area as a result of the IT carve-out from Sixt SE. Administrative expenses increased mainly due to higher legal and consulting expenses as well as higher IT costs in the context of the IT carve-out.

Profit from ordinary activities amounted to EUR 1.5 million in 2021 (2020: EUR 6.2 million). The Company shows a net profit for the year of EUR 2.6 million (2020: EUR 0.8 million) and – with the addition of a profit carried forward from the previous year and less the transfer to other revenue reserves – a balance sheet profit of EUR 23.1 million (2020: EUR 22.2 million).

As at 31 December 2021, the main assets of Allane SE consist of leased assets in the amount of EUR 894.6 million (2020: EUR 1,005.5 million). The decrease is mainly due to the lower number of new contracts and the further scheduled depreciation of the existing leasing assets. As at 31 December 2021, receivables from customers amount to EUR 24.4 million (2020: EUR 31.0 million) and receivables from banks amount to EUR 0.5 million (2020: EUR 0.1 million). In addition, other assets, mainly receivables from affiliated companies, of EUR 254.6 million (2020: EUR 281.3 million) are reported. This mainly includes receivables from Isar Valley of EUR 82.2 million (2020: EUR 94.7 million). These consist primarily of the sub-loan as part of the ABS transaction. The decrease corresponds to the decrease in the general financing requirement due to the decline in leasing assets.

The share capital of Allane SE remained unchanged at EUR 20.6 million on the balance sheet date.

A total of EUR 193.7 million (2020: EUR 191.5 million) is reported in equity.

Significant liabilities are other liabilities in the amount of EUR 550.4 million (2020: EUR 645.5 million). In addition to trade payables of EUR 21.5 million (2020: EUR 19.3 million), other liabilities mainly include liabilities to Isar Valley in connection with the ABS transaction of EUR 496.7 million (2020: EUR 595 million). The liabilities to Isar Valley have decreased mainly due to the decline in general financing requirements. Furthermore, there are liabilities to banks of EUR 122.7 million (2020: EUR 170.0 million) and securitised liabilities of EUR 250 million (2020: EUR 250 million). Other provisions increased to EUR 28.8 million (2020: EUR 19.0 million). The main reason for this is the provisions made for outstanding invoices for consulting services and settlements reached. Furthermore, provisions for legal disputes were increased by EUR 2.4 million to EUR 2.8 million in other provisions. This is mainly due to legal disputes against Allane SE arising from revocation actions for leasing contracts with regard to the second instance. For some of the related open cases, the further course depends on the timing of pending rulings by the BGH and / or EUGH on individual cases of Allane SE. For these open cases, Allane SE has an other financial obligation of EUR 1.9 million, which was not recognised in the provisions.

For the 2021 financial year, the Managing Board of Allane SE is considering proposing a dividend of EUR 0.06 per share for distribution. Subject to approval by the Supervisory Board and the Annual General Meeting on the appropriation of profits, this would result in a distribution of EUR 1.2 million (2020: EUR 0.4 million). This corresponds to a pay-out ratio of just under 21% (2020: around 20%) based on the consolidated net income.

Opportunities, risks and forecast

As the parent company and operating leasing company, Allane SE has a significant influence on the opportunities and risks of the Allane Mobility Group. In this respect, reference is made to the overall assessment in the report on risks and opportunities of the Allane Mobility Group. Allane SE also has a significant influence on the economic development of the Allane Mobility Group.

Allane SE operates the group-wide risk management system as well as the internal control system and is thus an integral part thereof.

For the 2022 financial year, Allane SE expects a pay-out ratio (pay-out of Allane SE in relation to the consolidated profit of the Allane Mobility Group according to IFRS) in the corridor of 30% to 60% (2021: 21%).

Investments

As the operative leasing company, Allane SE oversees as part of its normal business activities the investments in lease assets, intangible assets and property and equipment. As part of its financing function within the Allane Mobility Group, Allane SE will provide consolidated companies with loans and funds in the form of equity if so required. Potential company start-ups or acquisitions could require investments to be made by Allane SE.

B.10 – Corporate governance declaration in accordance with sections 289f and 315d of the HGB

For Allane SE, good and responsible corporate governance is an important way of securing and enhancing the trust of the capital market in the Company. Responsible management geared to long-term value creation has a high job value for the Company. The fundamental characteristics of good corporate governance are efficient and trustful cooperation between the Managing Board and Supervisory Board, respect for the interests of shareholders and openness in corporate communications both externally and internally. The Supervisory and Managing Board report on important aspects of corporate governance in accordance with the provisions of sections 289f and 315d of the Handelsgesetzbuch (HGB – German Commercial Code). The report is also available on the website of Allane SE under ir.allane-mobility-group.com under ‘Corporate Governance’.

6. Corporate governance declaration in accordance with sections 289f and 315d of the HGB

The corporate governance declaration is part of the Company's management report. Pursuant to section 317 (2) sentence 6 of the HGB, the disclosures made in accordance with sections 289f and 315d of the HGB are not included in the audit.

6.1 Compliance with German Corporate Governance Code and declaration of conformity

The recommendations of the Government Commission on the German Corporate Governance Code are an established benchmark for corporate management at German listed companies. The Managing Board and Supervisory Board of Allane SE have therefore dealt in detail with the requirements of the German Corporate Governance Code and issued the following declaration of conformity in February 2022.

Declaration of conformity in accordance with section 161 of the AktG

The recommendations of the “Government Commission on the German Corporate Governance Code” in the version of 16 December 2019 (hereinafter referred to as “**Code**”) announced in the official section of the Federal Gazette (Bundesanzeiger) on 20 March 2020 have been complied with by Allane SE (the “**Company**”) in the period since the last Declaration of Conformity of 10

December 2020, and will be continued to be complied with, to the extent not otherwise indicated below:

- The Corporate Governance Statement (Erklärung zur Unternehmensführung) does not contain statements on the approach to the long-term succession planning regarding the Managing Board (section B.2 half-sentence 2 of the Code). As the Company is part of the Hyundai Group as well as the Santander Group, it has access to internationally experienced and highly qualified management personnel, which is the reason why the Company is of the opinion that a reporting on the approach to the long-term succession planning regarding the Managing Board would not benefit to any greater extent the information interests of shareholders and investors.

- The Supervisory Board routinely assesses effectivity and efficiency of its work and performance (self-assessment) but, however, refrains from reporting on such self-assessment within the Corporate Governance Statement (section D.13 sentence 2 of the Code). The Supervisory Board is of the opinion that the actual structure of the Supervisory Board (composition of five members as well as non-existence of committees) does not have a degree of complexity which would require a reporting on self-assessment by the Supervisory Board in accordance with the recommendation in section D.13 sentence 2 of the Code.

- The report of the Supervisory Board (Bericht des Aufsichtsrats) does not contain statements as to training and professional development measures for the members of the Supervisory Board (section D.12 of the Code). The Supervisory Board is of the opinion that a reporting on training and professional development measures for the members of the Supervisory Board does not constitute essential information for shareholders or investors.

- The Supervisory Board decides on a case-by-case basis how to take into account the age of candidates when appointing Managing Board members or proposing Supervisory Board candidates for election, as the Supervisory Board believes that specifying a general age limit and, thereby, imposing a general restriction on selection, would not be in the interest of the Company. Therefore, a specified age limit for Managing Board Members or Supervisory Board members has not been determined and is not reported in the Corporate Governance Statement (section B.5 and C.2 of the Code).

- The rules of procedure of the Supervisory Board are not published on the Company's website (section D.1 of the Code). The Company does not consider the rules of procedure of the Supervisory Board to be an essential information for shareholders or investors which needs to be publicly available in addition to the information made available in the Corporate Governance Statement.

- Due to the current size of the Supervisory Board, which allows efficient work of the entire body (Gesamtgremium), the formation of committees has not been deemed necessary to date. Therefore, none of the recommendations regarding committees of the Supervisory Board and their members have been implemented (cf. sections C.10, D.2, D.3 sentence 1, D.4, D.5, D.11, D.13 and G.17 of the Code). However, the Supervisory Board intends to establish an Audit Committee with effect from 16 December 2021 and to implement the recommendations of the Code with regard to the Audit Committee and its members with an exception only regarding the recommendation in section G.17 of the Code to provide for special remuneration for committee work (see below for more details).

- The Managing Board members' variable remuneration is not granted predominantly as share-based remuneration (section G.10 sentence 1 of the Code). The Supervisory Board takes the view that also by the current structure of the variable remuneration an incentive is created that is effectively geared towards a sustainable and long-term development of the Company.

- The remuneration for Supervisory Board members provided for in the Company's Articles of Association only takes account of the larger time commitment of the chairperson of the Supervisory Board, but neither of the deputy chairperson of the Supervisory Board nor of the chairperson or members of committees (section G.17 of the Code). With the exception of the additional time commitment required for the service as chairperson of the Supervisory Board, the Company, for the time being and subject to ongoing review of the required time commitment in the individual case, considers service in other functions within the Supervisory Board as regular part of the duties of the Supervisory Board members.

Furthermore, Supervisory Board members related to the current majority shareholder of the Company have waived their remuneration claims.

- The Company discloses all price-sensitive information equally to analysts and all shareholders. However, the Company takes the view that disclosure to all shareholders also of non-price-sensitive information provided to financial analysts and similar parties (section F.1 of the Code) would not benefit to any greater extent the information interests of shareholders.

- The annual consolidated financial statements and the annual report of the Company are published within the statutory periods. Interim reports are published within the periods stipulated by stock exchange rules. The Company takes the view that compliance with the shorter publication deadlines recommended by section F.2 of the Code does not benefit to any greater extent the information interests of investors, creditors, employees and the public.

Pullach, 11 February 2022

For the Supervisory Board of Allane SE	For the Managing Board of Allane SE
Jochen Klöpper Chairman	Donglim Shin Chairman

6.2 Relevant disclosures on corporate governance practices

The practices used for managing Allane SE and the Allane Mobility Group fully comply with the statutory provisions.

Strategic and operational management of the Group is per-formed on the basis of planning policies and regular comprehensive reports to the Managing Board. Reporting covers the risk management system, the internal control system as well as the internal audit system.

The risk management system, the functioning and extent of which is documented in the risk manual, specifies several types of reports to support management with the identification, assessment and control of risks. Among other things, the Managing Board and the Supervisory Board receive a comprehensive risk report each year. In addition, the Managing Board is regularly informed about relevant issues by the Company's functional units. The internal control system consists of measures and controls, for example, to ensure compliance with statutory provisions and corporate guidelines. It specifies regular reports by the Company's business units, audit reports and regular working meetings relating to different topics. The internal audit system relates to measures such as planned audits and other audits, the results of which are documented in the respective audit and activity reports to the Managing Board.

6.3 Compliance within the Allane Mobility Group

As a financial services company, in accordance with section 1 (1a) no. 10 KWG, Allane SE is subject to the provisions of MaRisk and section 25a (1) sentence 3 no. 3 KWG. This results in requirements for the implementation and design of a compliance function.

The Managing Board of Allane SE has appointed a central compliance officer who, in cooperation with the internal audit department and the legal department of Allane SE, is responsible for coordinating and monitoring all compliance measures and compliance processes within the Allane Mobility Group.

The success of the Allane Mobility Group is not only driven by its excellent business policy, but also by the harmonisation of business principles with the highest moral and ethical standards, and the trust that customers, suppliers, shareholders and business partners place in. In order to win and keep this trust, it is a precondition that the Managing Board and the employees of the Company in any situation and continuously comply with the high standards of legislation, ethics and social skills. The Code of Conduct of Allane SE and its affiliated companies, which is mandatory for all employees, contains these behavioural principles for the acting individuals' dealings in relation to third parties and within the Company. The Code of Conduct defines compliance-relevant procedures on the part of management and provides specific instructions for action in the following areas of compliance: corruption and bribery, money laundering, antitrust law, data protection, insider information and conflicts of interest. In addition, all departments are required to coordinate key legal or regulatory processes and procedures with the legal department, the compliance officer and internal audit. The internal audit department carries out plan audits and project-accompanying audits based on risk-oriented audit planning. Within the scope of these rule audits, business processes are examined not only with regard to economic risk aspects but also with regard to possible compliance risks and compliance with the applicable internal (work instructions, processes) and external regulations. At the same time, the audit department supports the compliance function in monitoring the compliance measures implemented by carrying out ad-hoc checks as required.

The compliance function constantly monitors the main defined compliance areas of Allane SE, initiates the necessary measures and accompanies their implementation. To become aware of potential compliance defaults, Allane SE offers its employees different reporting channels via the superior, the compliance officer or the ombudsman. The compliance officer maintains regular contact with the Managing Board and assists as well as advises it with regard to preventive measures.

6.4 Working practices of Managing Board and Supervisory Board

As European Stock Corporation (Societas Europaea) Allane SE is governed by the German Aktiengesetz (AktG – German Public Companies Act), the specific European SE regulations and the German SE Implementation Act. Allane SE has a dualistic management system with a clear division of corporate management and its supervision between the Managing Board and Supervisory Board. The Management Board is therefore strictly separated from the Supervisory Board, which monitors the activities of the Management Board and decides on its composition. Simultaneous membership in both bodies is not permitted.

6.4.1 Managing Board

The Managing Board of Allane SE manages the Company on its own responsibility and represents Allane SE in transactions with third parties. It conducts business in accordance with the legal provisions, the Articles of Association and the rules of procedure for the Managing Board.

As the central task of corporate management, the Managing Board defines long-term goals and strategic orientation for the Company and the Group, agrees these with the Supervisory Board and coordinates their implementation. The Managing Board determines the internal corporate organization, decides on key management positions and manages and monitors the Group's business by planning and determining budgets, allocating resources and monitoring and deciding on key individual measures.

The members of the Managing Board are jointly responsible for the entire management. Without affecting the overall responsibility of all members of the Managing Board, the individual members manage the areas assigned to them within the framework of the Managing Board resolutions on their own responsibility. The distribution of tasks among the members of the Managing Board is set out in a written business allocation plan attached to the rules of procedure of the Managing Board.

The Managing Board as a whole makes decisions on all matters of fundamental and material importance as well as in legally or otherwise binding cases. The rules of procedure of the Managing Board provide for a catalogue of measures that require discussion and decision by the Managing Board as a whole.

In 2021, the Managing Board had two members. Mr. Michael Ruhl, Chairman of the Managing Board of Allane SE, was responsible for group strategy and corporate development, sales, marketing, operations, purchasing, remarketing und human resources, until he resigned from the Managing Board of Allane SE at his request with effect from the end of 30 June 2021. Mr. Donglim Shin was appointed to the Managing Board of Allane SE as the new Chairman of the Managing Board with effect from 1 July 2021 with the same areas of responsibility. Mr. Björn Waldow, CFO of Allane SE, was responsible for accounting, controlling, treasury & financing, investor relations, risk management, internal audit, legal, compliance and IT. With effect from 30 September 2021, Mr. Björn Waldow resigned from the Managing Board of the Company. With effect from 1 December 2021, Mr. Álvaro Hernández was appointed to the Managing Board of the Company with the same areas of responsibility.

6.4.2 Supervisory Board

The Supervisory Board of Allane SE consists of six members following the expansion resolved by the Extraordinary General Meeting of the Company on 10 December 2020 in accordance with article 10 (1) of the

Articles of Association. At present, the Supervisory Board has five members.

All members are elected by the Annual General Meeting in accordance with legal provisions and the provisions of the Articles of Association. The Supervisory Board has formed an Audit Committee at its meeting on 16 December 2021. There were no other committees with decision-making powers as at the reporting date.

The Supervisory Board's main tasks include the appointment of Managing Board members and supervision of the Managing Board. As a general rule, the Supervisory Board adopts its resolutions at meetings. On instruction of the Supervisory Board Chairman, resolutions by the Supervisory Board may also be adopted outside of meetings (or by way of a combined resolution) by casting votes verbally or by telephone, in writing (section 126b BGB - German Civil Code) and/or by using other means of telecommunication or electronic media (article 14 (2) of the Articles of Association). Moreover, a resolution may also be validly adopted by aforementioned means without the instruction of the Chairman of the Supervisory Board if no member objects (article 14 (3) of the Articles of Association). Resolutions of the Supervisory Board require a simple majority of votes cast, unless otherwise mandatorily required by law (article 14 (7) of the Articles of Association). The Supervisory Board's report contains further details on the meetings and activities of the Supervisory Board during the 2021 financial year.

The Managing and Supervisory Board cooperate closely for the benefit of the Allane Mobility Group. The Managing Board in-forms the Supervisory Board regularly, promptly and comprehensively on matters that are relevant to the Company and the Group regarding strategic planning, business development, the risk situation and risk management as well as the results of internal revisions. The Managing Board agrees the Company's strategic orientation with the Supervisory Board and discusses the implementation of strategy at regular intervals. Documents required to make decisions, in particular the annual financial statements of Allane SE, the consolidated financial statements, the management report on the Group's and the Company's situation, including the auditors' reports, are forwarded to the members of the Supervisory Board in good time before the respective meeting. The rules of procedure of the Managing Board provide for a catalogue of measures requiring approval, which must be submitted to the Supervisory Board for approval.

6.5 Objectives of Supervisory Board and implementation status

The Supervisory Board has resolved objectives regarding its composition and developed a competence profile for the entire Supervisory Board.

Accordingly, the Supervisory Board is to be composed in such a way as to ensure qualified supervision and advice of the Managing Board by the Supervisory Board. Overall, its members should have the knowledge, skills and professional experience required to properly perform the tasks of a supervisory board in a capital market-oriented, internationally active company in the business areas of leasing for private and business customers and fleet management.

6.5.1 Profile of competence

Overall, the Supervisory Board shall have the competencies that are considered essential in view of the activities of the Allane Mobility Group. This includes, in particular, in-depth experience in and knowledge of

- the management of a large or mid-sized international company;
- the leasing and fleet management business;
- the fields of marketing, distribution and digitalization;
- the main markets in which the Allane Mobility Group is active;
- bookkeeping and accounting;
- controlling/risk management and
- the area of governance/compliance.

In addition, in compliance with the requirements of section 100 (5) of the AktG, at least one member of the Supervisory Board must have expertise in the areas of accounting or auditing.

6.5.2 Requirements for the composition of the entire board and the individual members

Competence and diversity

First and foremost, the prerequisites for filling the seats on the Supervisory Board are professional qualifications and personal competence. The Supervisory Board will always give priority to these prerequisites, which are indispensable for the fulfilment of its legal obligations, when proposing the election of Supervisory Board members.

Overall, the Supervisory Board pursues the goal of optimally fulfilling its supervisory and advisory functions through the diversity of its members. The diversity includes in particular internationality as well as different horizons of experience and ways of life. In preparing the election proposals or the proposals for dismissals, it should be assessed in each individual case to what extent different, complementary professional profiles, professional and life experience and an appropriate representation of both sexes benefit the work of the Supervisory Board. In addition, the Supervisory Board will support the Managing Board in strengthening diversity within the Company.

In-depth knowledge of work areas relevant for Company

All members of the Supervisory Board shall have in-depth knowledge and experiences in work areas that are important for the Company and they shall meet the other professional and personal requirements from the applicable regulatory stipulations.

Management experience

The Supervisory Board shall have at least two members. These shall be experienced in the management or supervision of a mid-sized to large corporation.

Internationality

At least two members of the Supervisory Board shall have business experience in the main sales markets of Allane SE and be able to provide competent assistance in Allane SE's continued internationalisation.

Number of independent members/no material conflicts of interests

The Supervisory Board shall have a suitable number of independent members. In the view of the Supervisory Board, this is the case against the background of the ownership structure of the Company if at least two of the six Supervisory Board members according to the Articles of Association are independent within the meaning of the section C.1 of the German Corporate Governance Code. The Supervisory Board will be guided by these requirements in its election proposals.

Moreover, no one shall be proposed for election to the Supervisory Board, whose other activities could mean a potentially material and not just sporadic or intermittent conflict of interests.

The current composition of the Supervisory Board is in accordance with aforelisted targets. In view of their different backgrounds and experiences, the members of the Supervisory Board in their entirety with regard to their different lives and horizons of experience represent the necessary diversity to do optimal justice to their supervisory duty. In particular, the Supervisory Board as a whole has the knowledge, skills and professional experience required to properly perform the tasks of a Supervisory Board in a capital market-oriented, internationally active company in the business areas of fleet management and leasing for private and business customers. All members of the Supervisory Board demonstrate specialised industry expertise and experiences in the Company's main sales markets due to their previous professional activities and have experience in the management or supervision of a mid-sized to large corporation. With Mr Dr Julian zu Putlitz, one independent shareholder representative is represented in the Company's Supervisory Board, the Supervisory Board will follow the guidelines of the German Corporate Governance Code when proposing candidates for the other statutory Supervisory Board positions.

6.6 Diversity Concept

6.6.1 Managing Board

Diversity aspects in the composition of the Managing Board

Overall, the Managing Board should have the competencies that are considered essential in view of the activities of the Allane Mobility Group. In the opinion of the Supervisory Board, these include:

- complementary professional profiles and different professional and educational backgrounds;
- highest personal integrity;
- in-depth practical experience in dialogue with the various stakeholders, including in-depth knowledge of capital market requirements;
- profound experience in IT management and understanding of the increasing digitalisation of the business model;

- many years of experience in value-based strategy development and change management;
- many years of experience in the management of large companies;
- knowledge of accounting and financial management;
- solid knowledge of risk management;
- international experience and
- adequate representation of both sexes and different ages.

As a rule, the service contracts of the members of the Managing Board should end when the standard age limit for statutory pension insurance (currently 67 years of age) is reached.

Aims of the diversity concept

In the opinion of the Supervisory Board, complementary professional profiles and different professional and educational backgrounds already result from the duty of proper management. In addition, the different lives and experiences of the individual members of the Managing Board are decisive for analysing current challenges, problems and strategies from different perspectives and thus making a decision for the benefit of the Company.

In view of the increasing digitalisation of the business model and the enormous relevance of modern IT structures for all areas of the Company, profound experience in IT management and a profound understanding of digitalisation are indispensable in order to successfully lead the Company into the future.

Many years of experience in the management of larger companies, strategy development and change management are decisive and indispensable elements of modern top management in the opinion of the Supervisory Board. The Managing Board also requires sound practical experience in dialogue with the various stakeholders, including in-depth knowledge of the requirements of the capital market. In particular, the Supervisory Board is of the opinion that successful corporate management requires consistent communication with the lower management levels by the Managing Board.

The Supervisory Board also strives for an appropriate representation of both genders and different ages on the Managing Board, as it believes that mixed-gender teams achieve the same or better results than teams in which only one gender is represented. However, as the Managing Board currently consists of only two members, the Supervisory Board believes that a strict quota at this point would lead to a significant reduction in the number of suitable candidates on the one hand and on the other would call into question the future cooperation with deserving members of the Managing Board who are familiar with the Company.

Manner of implementation

The Supervisory Board takes into account the diversity aspects described above when appointing members to the Managing Board. In addition, the Managing Board and Supervisory Board regularly exchange information on suitable successor candidates and high potentials from the Group in order to ensure the continuous further development of promising talents.

6.6.2 Supervisory Board

Diversity aspects in the composition of the Supervisory Board

The Supervisory Board has drawn up a comprehensive competence profile for its composition and formulated detailed requirements for the composition of the entire Supervisory Board and its individual members.

Accordingly, the Supervisory Board should have the overall competencies that are considered essential in view of the activities of the Allane Mobility Group.

The most important prerequisites for filling the seats on the Supervisory Board are professional qualifications and personal competence. The Supervisory Board will consider these conditions, which are indispensable for the fulfilment of its statutory obligations, when making nominations for election of members of the Supervisory Board.

The Supervisory Board also pays particular attention to different, complementary professional profiles, professional and life experience and an appropriate representation of both sexes.

The Supervisory Board maintains that it does not define an age limit or a rule limit for membership of the Supervisory Board. The Supervisory Board also maintains that it will not set a target figure for the proportion of women on the Managing Board and Supervisory Board. The Supervisory Board is in the opinion that a strict quota at this point would lead to a significant restriction on suitable candidates on the one hand and on the other would call into question the future cooperation with deserving members of the Supervisory Board who are familiar with the Company. With Mrs Hyunjoo Kim, there is currently already one woman on the Supervisory Board of the Company. The proportion of women is thus 20%.

Aims of the diversity concept

Overall, the Supervisory Board pursues the goal of optimally fulfilling its supervisory and advisory functions through the diversity of its members. The diversity includes in particular internationality as well as different horizons of experience and paths of life. In preparing nominations for election or nominations for secondments, the extent to which different, complementary professional profiles, professional and life experience and an appropriate representation of both sexes benefit the work of the Supervisory Board shall be assessed on a case-by-case basis.

In addition, the different lives and experiences of the individual members of the Supervisory Board are decisive in analysing current challenges, problems and strategies from different perspectives and making a decision for the best of the Company. The Supervisory Board pursues the goal of always being in a position to competently advise and monitor the Managing Board and to adequately acknowledge and accompany new developments in the industry.

Manner of implementation

The Supervisory Board takes into account the diversity aspects described above when proposing candidates of the election of Supervisory Board members. The Supervisory Board also undergoes an annual efficiency review. The audit focuses on the effective performance of the tasks assigned to the Supervisory Board, including the practicability of the procedural rules in the rules of procedure of the Supervisory Board, as well as on the efficiency of the work of the committees. In the future, diversity aspects should also be taken into account to a greater extent.

7. Further disclosures on corporate governance

Notification concerning directors' dealings

In the 2021 financial year, Allane SE has not been notified of any reportable purchase or sale transactions of shares in Allane SE or of financial instruments relating thereto by persons subject to reporting requirements (directors' dealings or managers' transactions). Corresponding notifications are published on the Company's website ir.allane-mobility-group.com under ‘Directors Dealings’.

Determinations pursuant to sections 76 (4) and 111 (5) AktG

In June 2020, the Supervisory Board has set the target figure for the proportion of women on the Supervisory Board and the Managing Board at 0%, and thus no target figure, in accordance with section 111 (5) of the German Stock Corporation Act (AktG) and has decided on an implementation deadline of 30 June 2023.

In 2017, in accordance with section 76 (4) of the AktG, the Managing Board set the targets for the proportion of women in the first management level below the Managing Board to 20% and in the second management level below the Managing Board at 30% and resolved that both targets should be achieved by 30 June 2021. In this context, domestic Group companies of Allane SE were taken into account.

The target proportion of 20% women in the first management level below the Managing Board was missed. This was mainly due to the high fluctuation in the Company, which prevented further women from being placed in the first management level below the Managing Board. However, the target proportion of 30% women in the second management level below the Managing Board was achieved with 36%.

Furthermore, in 2021, the Managing Board again set the target quotas for the proportion of women in the first and second management levels below the Managing Board at 20% (first management level) and 30% (second management level) in accordance with section 76 (4) of the AktG and decided that both targets should be achieved by 30 June 2026.

Disclosures relating to the auditor

The ordinary Annual General Meeting on 29 June 2021 adopted the proposal of the Supervisory Board to appoint PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Munich, as auditor for financial year 2021 for Allane SE and the Allane Mobility Group.

Pullach, 14 April 2022

Allane SE

The Managing Board

Donglim Shin Álvaro Hernández

C

Consolidated financial statements

C.1 – Consolidated income statement and statement of comprehensive income

of Allane SE, Pullach, for the period from 1 January to 31 December 2021

Consolidated Income Statement

in EUR thou.	Notes		2021		2020
Revenue	/4.1/		740,450		747,723
Other operating income	/4.2/		8,018		10,566
Fleet expenses and cost of lease assets	/4.3/		473,091		473,758
Personnel expenses	/4.4/		50,076		42,934
a) Wages and salaries		42,936		37,050	
b) Social security contributions		7,140		5,884	
Net losses arising from the derecognition of financial assets	/4.5/		3,190		6,103
Net impairment losses/gain from financial assets	/4.6/		–788		2,084
Other operating expenses	/4.7/		37,310		26,155
Earnings before interest, taxes, depreciation and amortisation (EBITDA)			**184,013**		**211,422**
Depreciation and amortisation expense	/4.8/		171,019		191,228
a) Depreciation of lease assets		161,773		187,140	
b) Depreciation of property and equipment		4,177		2,478	
c) Amortisation of intangible assets		5,069		1,609	
Earnings before interest and taxes (EBIT)			**12,994**		**20,194**
Net finance costs	/4.9/		–6,861		–11,081
a) Interest income		289		379	
b) Interest expense		–7,305		–11,283	
c) Other net financial income		155		–177	
Earnings before taxes (EBT)			**6,133**		**9,114**
Income tax expense	/4.10/		295		6,941
Consolidated profit	**/4.11/**		**5,838**		**2,173**
Of which attributable to shareholders of Allane SE			5,838		2,173
Earnings per share – basic and diluted (in Euro)	/4.12/		0.28		0.11

Consolidated statement of comprehensive income

in EUR thou.	Notes	2021	2020
Consolidated profit	/4.11/	5,838	2,173
Other comprehensive income (not recognised in the income statement)		1,915	2
Thereof components that could be reclassified to income statement in the future			
Currency translation gains/losses	/4.22/	596	60
Change of derivative financial instruments in hedge relationship		1,670	–112
Related deferred taxes		–373	12
Other change		-	-
Thereof components that will not be reclassified to income statement in the future			
Remeasurement of defined benefit plans	/4.24/	27	56
Related deferred taxes		–5	–13
Total comprehensive income		**7,753**	**2,175**
Of which attributable to minority interests		1,296	–101
Of which attributable to shareholders of Allane SE		6,458	2,276

C.2 – Consolidated balance sheet

of Allane SE, Pullach, as at 31 December 2021

Assets

in EUR thou.	Notes	31 Dec. 2021	31 Dec. 2020
Non-current assets			
Goodwill	/4.13/	4,300	4,293
Intangible assets	/4.14/	24,168	18,709
Property and equipment	/4.15/	25,148	14,374
Lease assets	/4.16/	995,378	1,092,535
Financial assets		26	27
Other receivables and assets	/4.19/	1,777	888
Deferred tax assets	/4.10/	814	797
Total non-current assets		**1,051,612**	**1,131,623**
Current assets			
Inventories	/4.17/	38,488	52,527
Trade receivables	/4.18/	75,222	69,173
Receivables from related parties		490	1,461
Other receivables and assets	/4.19/	26,679	37,499
Income tax receivables		673	897
Bank balances	/4.20/	1,655	2,374
Total current assets		**143,206**	**163,931**
Total assets		**1,194,818**	**1,295,553**

Equity and liabilities

in EUR thou.	Notes	31 Dec. 2021	31 Dec. 2020
Equity			
Subscribed capital	/4.21/	20,612	20,612
Capital reserves		135,045	135,045
Other reserves	/4.22/	63,795	57,750
Minority interests	/4.23/	740	–556
Total equity		**220,192**	**212,851**
Non-current liabilities and provisions			
Provisions for pensions	/4.24/	237	232
Other provisions	/4.25/	226	226
Financial liabilities	/4.26/	314,651	671,693
Other liabilities	/4.29/	10,525	13,962
Deferred tax liabilities	/4.10/	34,343	36,383
Total non-current liabilities and provisions		**359,982**	**722,496**
Current liabilities and provisions			
Other provisions	/4.25/	6,349	2,855
Income tax liabilities		2,303	1,077
Financial liabilities	/4.26/	490,109	264,201
Trade payables	/4.28/	65,675	47,849
Contract Liabilities	/4.30/	15,923	13,977
Liabilities to affiliated companies	/4.27/	23	21
Other liabilities	/4.29/	34,262	30,226
Total current liabilities and provisions		**614,644**	**360,206**
Total equity and liabilities		**1,194,818**	**1,295,553**

C.3 – Consolidated cash flow statement

of Allane SE, Pullach, for the 2021 financial year

Consolidated cash flow statement

in EUR thou.	Notes	2021	2020
Operating activities			
Consolidated profit	/4.11/	5,838	2,173
Income taxes recognised in income statement	/4.10/	2,731	2,917
Income taxes received/paid (net)		–1,280	–1,144
Financial result recognised in income statement[1]	/4.9/	6,861	11,081
Interest received		214	398
Interest paid		–6,469	–12,140
Depreciation and amortisation	/4.8/	171,019	191,228
Income from disposal of fixed assets		–21,012	–1,883
Other (non-)cash expenses and income		–19,175	5,900
Gross cash flow		**138,726**	**198,531**
Proceeds from disposal of assets		290,264	268,891
thereof leasing assets		289,553	268,891
thereof fixed assets		711	-
Payments for investments in lease assets		–315,842	–430,320
Change in inventories	/4.17/	14,040	–2,528
Change in trade receivables	/4.18/	–6,050	11,809
Change in trade payables	/4.28/	17,826	3,266
Change in other net assets		18,950	–8,553
Cash inflow from operating activities		**157,913**	**41,096**
Investing activities			
Proceeds from disposal of intangible assets and equipment		5	-
Payments for investments in intangible assets and equipment	/4.14/ to /4.15/	–16,098	–9,148
Acquisition of a business	/4.13/	-	–2,100
Cash outflow from investing activities		**–16,093**	**–11,248**
Financing activities			
Dividends paid		–412	–18,550
Proceeds from bank loans (incl. ABS-transaction)[2]	/4.26/	10,360	380,685
Payments made for redemption of bonds, borrower's note loans and bank loans (incl. ABS-transaction)[3, 4]	/4.26/	–145,150	–408,766
Proceeds from current financial liabilities[5]	/4.26/	25,000	25,000
Payments made for current financial liabilities[5]	/4.26/	–32,000	–9,000
Cash outflow from financing activities		**–142,202**	**–30,631**
Cash-effective change in cash and cash equivalents		**–382**	**–783**
Effect of exchange rate changes on cash and cash equivalents		35	3
Cash and cash equivalents at 1 January		**–70**	**710**
Cash and cash equivalents at 31 December[6]	**/4.20/**	**–417**	**–70**

[1] Excluding income from investments
[2] Proceeds from bank loans (incl. ABS transaction) include proceeds from financing of affiliated companies in the amount of EUR 10,000 thousand (2020: EUR 140,000 thousand).
[3] Payments for redemption of bond, promissory note loan and bank loan (incl. ABS transaction) include payments for redemption of financing of affiliated companies in the amount of EUR 50,000 thousand (2020: EUR 0 thousand).
[4] This includes payments from leasing liabilities of EUR 2,397 thousand (2020: EUR 1,979 thousand).
[5] Short-term borrowings with a maturity period of up to three months and quick turnover
[6] Cash and cash equivalents as at 31 December 2021 consist of bank balances (EUR 1,655 thousend) and bank overdrafts (EUR -2,072 thousand). Cash and cash equivalents as at 31 December 2020 consist of bank balances (EUR 2,374 thousend) and bank overdrafts (EUR -2,444 thousand).

C.4 – Consolidated statement of changes in equity

of Allane SE, Pullach, as at 31 December 2021

Consolidated statement of changes in equity

			Other reserves			Equity attributable to shareholders of Allane SE	Minority interests	Total equity
in EUR thou.	Subscribed capital	Capital reserves	Retained earnings	Currency translation reserve	Other equity			
1 Jan. 2021	**20,612**	**135,045**	**9,745**	**2,083**	**45,922**	**213,407**	**–556**	**212,851**
Consolidated profit	-	-	-	-	5,838	5,838	-	5,838
Other comprehensive income	-	-	-	596	22	619	1,296	1,915
Dividends paid	-	-	-	-	–412	–412	-	–412
Transfer to retained earnings	-	-	1,300	-	–1,300	-	-	-
31 Dec. 2021	**20,612**	**135,045**	**11,045**	**2,679**	**50,070**	**219,452**	**740**	**220,192**
1 Jan. 2020	**20,612**	**135,045**	**9,337**	**2,023**	**62,664**	**229,681**	**–455**	**229,226**
Consolidated profit	-	-	-	-	2,173	2,173	-	2,173
Other comprehensive income	-	-	-	60	43	103	–101	2
Dividends paid	-	-	-	-	–18,550	–18,550	-	–18,550
Transfer to retained earnings	-	-	408	-	–408	-	-	-
31 Dec. 2020	**20,612**	**135,045**	**9,745**	**2,083**	**45,922**	**213,407**	**–556**	**212,851**

See also Notes \4.21\ to \4.23\

C.5 – Notes to the consolidated financial statements

of Allane SE, Pullach, for the 2021 financial year

1. General disclosures

1.1 Information about the company

Allane SE (former: Sixt Leasing SE), domiciled in Dr.-Carl-von-Linde-Straße 2, 82049 Pullach, Germany, is registered in section B of the commercial register at the Munich Local Court (Amtsgericht), under the docket number 227195. The company was founded in 1975 in Munich as ‘Central Garagen CG GmbH’ and has been trading since 2003 under the name ‘Sixt Autoland GmbH’ with its registered office in Garching close to Munich. Sixt Group's operative leasing business has been overseen by the ‘Sixt Leasing GmbH’ since 1988 and after its change of legal form into a stock corporation by the name ‘Sixt Leasing AG’. In 2004 ‘Sixt Leasing AG’ merged with the previous ‘Sixt Autoland GmbH’. Subsequently ‘Sixt Autoland GmbH’ changed its legal form to a stock corporation and continued to operate under the name ‘Sixt Leasing AG’. The Company floated on the stock market in May 2015. By approval of the Annual General Meeting on 1 June 2016 ‘Sixt Leasing AG’ was transformed by way of changing the legal form according to article 2 (4) in conjunction with article 37 SE-Regulation to ‘Sixt Leasing SE’. On 25 July 2016 the Company was registered in the commercial register. The Annual General Meeting on 29 June 2021 resolved to change the Company's name to "Allane SE". The new company name "Allane SE" was entered in the commercial register on 5 August 2021. The Company has been established for an indefinite period.

In accordance with its Articles of Association, the object and purpose of the Company is (a) the leasing business relating to motor Vehicles and other road and land Vehicles including, in particular, e-bikes and bikes (hereinafter collectively “Vehicles”) and Vehicle accessories as a lessor, (b) to otherwise grant use of Vehicles against payment, (c) the administration of Vehicle fleets and Vehicle accessories (Vehicle fleet management), (d) the brokerage of purchase agreements, leasing agreements, agreements regarding the grant of use against payment as well as insurances relating to Vehicles and Vehicle-related goods, (e) the exploitation of, and the trade with, vehicles and spare parts, lubricants, fuels, and process materials as well as vehicle accessories, (f) the performance and brokerage of mobility services and Vehicle-related services; as well as (g) the sale and distribution of online advertising spaces.

The Company is entitled to carry out all transactions and measures that are related to the aforementioned activity areas or that are otherwise suitable to serve the business purpose directly or indirectly.

The Company may establish branches and permanent establishments in Germany and abroad, establish, acquire or participate in other companies in Germany and abroad, as well as establish, acquire or participate in such companies in Germany and abroad and manage such companies. The limits applicable to the business activities of the Company shall also apply to the business activities of subsidiaries and associated companies.

The Company may furthermore pursue its operations fully or partially through subsidiaries or associated companies. The Company is especially entitled to transfer or assign partially or fully its operations to subsidiaries or associated companies. The Company can limit its business activities to one or specific purpose of the aforementioned objects, and also to the activity of a holding company and/or the administration of other own assets.

At the reporting date, the Company’s subscribed capital amounted to EUR 20,611,593.00. It is divided into 20,611,593 ordinary bearer shares. All shares are no-par value bearer shares. All shares have been fully paid up.

The Hyundai Capital Bank Europe GmbH (HCBE) holds marginally more than 92% of the ordinary shares and voting rights in Allane SE, making it the biggest shareholder and parent company of Allane SE. HCBE is domiciled in Frankfurt am Main and is a joint venture of Santander Consumer Bank AG, Mönchengladbach, and Hyundai Capital Services Inc., Seoul, Korea. The parent company and ultimate parent of the Group that prepares the consolidated annual financial statements for the largest group of companies is Banco Santander S.A., Santander, Spain. These consolidated annual financial statements are published in the electronic Federal Gazette.

1.2 General disclosures of the consolidated financial statements

The consolidated financial statements of Allane SE as at 31 December 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and the applicable commercial law regulations according to section 315e (1) of the HGB (German Commercial Code).

The consolidated financial statements have been prepared on the historical acquisition and production costs basis. Excluded are certain financial instruments that have been measured at fair value as of reporting date. The appropriate explanations are given in the sections entitled ‘Reporting and valuation methods’ and ‘Additional disclosures on financial instruments’.

The consolidated income statement has been prepared using the total cost (nature of expense) method.

The Group currency of Allane SE is Euro (EUR). Unless specified otherwise the amounts presented in the consolidated financial statements are in ‘EUR thousand’. Due to rounding it is possible that individual figures in these consolidated financial statements do not add up exactly to the totals shown. For the same reason, the percentage figures presented may not always exactly reflect the absolute figures to which they relate.

The annual financial statements of Allane SE, the consolidated financial statements and the management report on the Group’s and the Company’s situation are published in the Federal Gazette (Bundesanzeiger).

The following amendments and revisions to existing standards became effective, where applicable, for the Allane Mobility Group consolidated financial statements as of 1 January 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2
- Amendments to IFRS 16 – COVID-19-Related Rent Concessions after 30 June 2020

Amendment to IFRS 16 – COVID-19-Related Rent Concessions after 30 June 2020: due to lack of relevance, this amendment is not applied.

The amendments and interpretations had no or no material impact on the financial position and financial results of the Allane Mobility Group.

The following new and/or amended standards/interpretations have been ratified by IASB but are not yet mandatory. The Company has not applied these regulations prematurely:

Standard/ Interpretation		Adoption by European commission	Applicable as at
IFRS 17	Insurance Contracts	Yes	1 Jan. 2023
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9—Comparative Information	No	1 Jan. 2023
Amendments to IAS 1	Classification of liabilities as current or non-current	No	1 Jan. 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	No	1 Jan. 2023
Amendments to IAS 8	Definition of Accounting Estimates	No	1 Jan. 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	No	1 Jan. 2023
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use	Yes	1 Jan. 2022
Amendments to IFRS 3	Conceptual framework	Yes	1 Jan. 2022
Amendments to IAS 37	Provisions contingent liabilities and contingent assets	Yes	1 Jan. 2022
Amendments to IFRS 10 and IAS 28	Sales or contributions of assets between an investor and its associate/joint venture	No	Deferred indefinitely
Amendments to IFRS 16	COVID-19-Related Rent Concessions after 30 June 2021	Yes	1 Apr. 2021
Annual Improvements Project	Annual improvements to IFRS Standards 2018-2020	Yes	1 Jan. 2022

No material changes are expected from the application of the other published new and/or amended standards and interpretations. There are currently no plans to apply any of the new or amended standards and interpretations prematurely.

2. Consolidation

2.1 Consolidated companies

The scope of consolidated companies derives from the application of IFRS 10 Consolidated financial statements and IFRS 11 Joint arrangements.

Allane SE acts as an operative leasing company and as parent company of the Allane Mobility Group. Allane SE holds 100% shareholdings in the following subsidiaries that are consolidated in the consolidated financial statements:

- autohaus24 GmbH, Pullach/Germany
- Allane Mobility Consulting GmbH, Pullach/Germany (former: Sixt Mobility Consulting GmbH)
- Allane Services GmbH & Co. KG, Rostock/Germany (formerly SXT Leasing Dienstleistungen GmbH & Co. KG)
- Allane (Schweiz) AG, Urdorf/Switzerland (former: Sixt Leasing (Schweiz) AG)
- Allane Mobility Consulting AG, Urdorf/Switzerland (former: Sixt Mobility Consulting AG)
- Allane Location Longue Durée SARL, Rueil-Malmaison/Frankreich (formerly Sixt Location Longue Durée SARL)
- Allane G.m.b.H., Vösendorf/Austria (formerly Sixt Leasing G.m.b.H.)
- Allane Mobility Consulting B.V., Hoofddorp/Netherlands (formerly Sixt Mobility Consulting B.V.)

Additionally, Isar Valley S.A., Luxembourg, in which the Allane Mobility Group holds an equity interest of 0%, is fully consolidated because of control according to IFRS 10. Control exists because the Allane Mobility Group has power over the relevant activities of Isar Valley S.A. due to the structure of Isar Valley S.A. and the operating activities of Isar Valley, Luxembourg are dependent on the Allane Mobility Group. Furthermore, the Allane Mobility Group is exposed to variable returns from these activities, which it can affect.

The Allane Mobility Group furthermore holds interests in the following companies, which due to their low operating activities have not been consolidated because of their insignificance in the aggregate for the presentation of a true and fair view of the net assets, financial position and results of operations as well as the cash flows of Allane Mobility Group. The combined revenue of these companies amounts to less than 1% of consolidated revenue.

List of shareholdings:

Name	Domicile	Equity	Equity interest	Annual result
Allane Mobility Consulting Österreich GmbH (formerly Sixt Mobility Consulting Österreich GmbH)	Vösendorf/Austria	−532,982 EUR	100.0%	−91,409 EUR
Allane Mobility Consulting SARL (formerly Sixt Mobility Consulting SARL)	Rueil-Malmaison/France	−1,044,838 EUR	100.0%	−302,011 EUR
Allane Service Verwaltungs GmbH (formerly SXT Leasing Verwaltungs GmbH)	Rostock/Germany	26,418 EUR	100.0%	−125 EUR

In accordance with section 264b of the HGB, Allane Services GmbH & Co. KG, Rostock, is exempt from the duty to prepare and publish annual financial statements under the provisions applicable to corporations.

2.2 Changes in the scope of consolidation

Compared to the end of 2020, there have been no changes in the scope of consolidation of Allane Mobility Group.

2.3 Consolidation Methods

The single-entity financial statements included in the consolidated financial statements are uniformly prepared in accordance with the IFRS accounting policies applicable to the Allane Mobility Group as at the balance sheet date 31 December 2021. Where necessary, the single-entity financial statements of the consolidated companies are adjusted to bring them into line with the accounting policies used within the Group.

Subsidiaries are those companies in which the Group has existing rights that give it the ability to direct their main activities. The main activities are the activities that have a material impact on the profitability of the company. Control thus exists if the Group is exposed to variable returns from the relationship with a company and its power over the relevant activities gives it the opportunity to influence these returns. Generally, the possibility of control is based on a direct or indirect majority of the voting rights by Allane SE. Subsidiaries are consolidated from the date on which the possibility of control exists. They are no longer consolidated when this possibility ceases to exist.

Business combinations are performed in accordance with IFRS 3, which requires business combinations to be accounted for using the acquisition method. Assets and liabilities acquired must generally be recognised at fair value. Any excess of the cost of the business combination over the Group's share of the net fair values of the acquiree's assets, liabilities and contingent liabilities (consideration transferred) is recognised as goodwill and tested for impairment on a regular basis, and at least once a year. The consideration transferred includes mainly the fair value of the assets transferred (e.g. nominal values of means of payment). Acquisition-related costs will be recognized as expenses when they accrue.

The assets and liabilities from a business combination which are recognised at their fair values are depreciated or amortised over their applicable useful lives. If they have an indefinite useful life, any need to recognise impairment losses is determined using the same method as for goodwill.

In the event that significant parts of a company are acquired (asset deal) without an acquisition of shares, IFRS 3 is to be applied as described above, if not only an asset or a group of assets is purchased, but a business operation (business). A business operation consists of resource input and the applicable processes, which can deliver services.

Joint ventures are recognised in accordance with the at-equity method pursuant to the regulations in IFRS 11 as well as IAS 28.

Intra-Group transactions are eliminated in the course of consolidation. Significant receivables, liabilities and provisions between consolidated companies are offset against each other, and inter-company profits and losses are eliminated. Intra-Group income is offset against the corresponding expenses.

2.4 Foreign currency translation

The financial statements of consolidated foreign subsidiaries are translated using the functional currency concept. The subsidiaries' functional currency is in each case the local currency, as the subsidiaries operate independently in their respective markets. Assets and liabilities are translated at the closing rate, equity at historic rates. Income statement items are translated at the average rates for the year. The resulting difference as against the closing rate is recognised in the other comprehensive income and accumulated in equity as currency translation differences.

Goodwill arising out of the acquisition of a foreign business operation and any fair value adjustments to the identifiable assets and liabilities will be treated as assets and liabilities of the foreign operation and translated at the closing rate. The resulting differences from translation are recognised in the currency translation reserve.

The exchange rates (= EUR 1) applied for currency translation purposes are shown in the table below:

Exchange rates	Closing rate		Average rate	
	31 Dec. 2021	31 Dec. 2020	2021	2020
Swiss Francs	1.03310	1.08020	1.07988	1.07075

3. Reporting and valuation methods

3.1 Income statement

Revenue

Towards its customers the Allane Mobility Group acts essentially as lessor for leasing transactions classified as operating leases. At the start of the leasing relationship Allane Mobility Group checks all necessary criteria under IFRS 16 to classify the leasing relationship accordingly. Leasing revenues are recognised pro rata over the term of the respective leasing relation. Revenue is measured at the fair value of the consideration received or receivable and equals the amount to be expected for goods and services provided in the course of ordinary operating activities. Revenue amounts generated at the start of the lease as special lease payment, are deferred and recognised in profit and loss on a straight-line basis over the period of the leasing contract term.

Allane Mobility Group has full-service contracts with customers, which include lump-sum and constant payments for the full services during the contract period. These full-service activities represent, for example, maintenance and tyre change services. Revenue recognition takes place at the point in time when the specific service is provided. Until the time the service performance obligation is satisfied, the customer's payments are recognised as a contractual liability (down-payment received). In the case of full-service maintenance and tyre replacement (due to wear and tear), experience shows that the specific service is only incurred at a later point in time during the term of the contract, as the Allane Mobility Group mainly leases new vehicles. The longer the point in time at which the full service is rendered is postponed, the greater the contractual obligation becomes.

Although most leases are classified as operating leases, the Group also concludes leasing agreements that are classified as finance leases as substantially all risks and rewards incidental to the ownership are transferred to the lessee. Amounts due under finance leases are recognised as receivables at the amount of the Group's net investment in the leases and are subsequently measured applying the effective interest method. Finance lease income is split up into an interest portion and redemption payments on the receivable. Only the interest portion is recognised through profit and loss. The finance income is allocated over the term of the lease on a systematic and rational basis. Lease payments relating to the period are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

Vehicle sales are recognised when the vehicle is delivered and economic ownership is transferred, the amount of the revenue and the costs still to be incurred can be determined reliably and an incoming benefit to the buyer is probable.

Net finance costs

Interest income and expense presented in net finance costs are recognised on an accrual basis taking into account the outstanding loan amount and the applicable rate of interest. The effective interest method is applied for this.

Derivatives and hedging relationship

The Group designates individual financial instruments, including derivatives, as part of cash flow hedges. Hedge relationships are accounted in accordance with IFRS 9.

The eligibility and details of the hedge relationship between hedged item and hedging instrument as well as the relevant risk management objectives and strategies are documented at the start of hedge accounting. In addition, both at the inception of the hedging relationship and over the course of the relationship, it is regularly documented whether the hedging instrument designated in the hedge relationship meets the requirements for hedge effectiveness.

The effective portion of the change in the fair value of derivatives, which are suitable for cash flow hedges and which have been designated as such, is recognised in other comprehensive income under the item „Changes of derivative financial instrument in hedge relationship“. The gain or loss from the ineffective portion is recognised immediately in the net finance costs. Amounts recognised in other comprehensive income are transferred to the income statement during the period in which the hedge underlying transaction is also carried through profit or loss. They are recognised in the same item of income statement that also list the underlying transaction. The section titled „Additional disclosures on financial instruments“ provides details on the fair value of the derivatives used for hedging.

Financial accounting of the hedging relationship ends when the hedging instruments expires, is sold or terminated, or the instrument is no longer suitable for hedging. The full amount of gains or losses recognised in other comprehensive income at this point in time and accumulated in equity remains in equity and is only recognised in the income statement when the expected transaction is also recognised in the income statement. Once the forecasted transaction is no longer expected to occur, the cumulative gain or loss recognised in equity is directly transferred to the income statement.

Derivatives are measured on initial recognition at fair value and subsequently at the end of each reporting period they are remeasured to their fair value. The fair value of interest rate derivatives is determined by discounting the expected future cash flows over the remaining term of the contract using the current yield curves. The accounting for subsequent changes in fair value depends on whether the derivative has been designated as a hedging instrument.

The Group introduced hedge accounting for certain interest rate derivatives, which are reported under non-current other receivables and assets (previous year: other non-current liabilities). The Group uses these financial instruments to hedge cash flows from variable-rate liabilities under the Asset Backed Securities programme against changes to the underlying interest rate.

The Company determines the economic relationship between the hedged underlying item and the hedging instrument to assess the effectiveness of the hedging, based on the reference interest rate, the term, the variable interest fixing period, the amortisation profile and the due date as well as the notional amount.

The Company assesses the effectiveness of the hedging instrument's compensation for changes in the cash flows of the hedged item by means of the critical terms match method (prospective) and the calculation of ineffectiveness by means of cumulative dollar offset tests under recourse of the hypothetical derivative method (retrospective).

Ineffectiveness can occur mainly in case the market value does not equal zero at the date of designation. In the rare case of unexpected repayments from the asset backed securities programme, the hedging instruments are de-designated accordingly to avoid over-hedging.

Income tax expense

Income tax expense is the aggregate of current tax expense and deferred taxes.

Current tax expense is calculated on the basis of the taxable income for the year. Taxable profit differs from the profit before taxes (EBT) reported in the Group's income statement because it excludes items of income or expense that are taxable or deductible only in later years or that are never taxable or deductible.

Deferred taxes are the tax charges and tax reliefs expected to result from differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their tax base.

In accordance with the balance sheet liability method as defined by IAS 12 Income taxes, deferred taxes are recognised for all temporary taxable differences arising from the deviations in the valuation of assets and liabilities as against the corresponding tax base. Deferred tax assets can only be recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxes are measured at the tax rates and taxation laws that are expected to apply to the period when the temporary differences reverse or the tax loss carryforwards are used. Until changes to tax laws are ratified, deferred taxes are measured at current tax rates.

Deferred taxes are recognised in the Group's income statement, except where they relate to items not recognised in the income statement. In this case the deferred taxes are recognised in other comprehensive income or directly in equity. Deferred tax assets and liabilities are offset only where there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and when the Group intends to settle its current tax assets and liabilities on a net basis.

3.2 Assets

Goodwill

Goodwill resulting from a business combination is carried at cost less any necessary impairment and is presented separately in the consolidated balance sheet. For the purpose of impairment testing, goodwill is allocated to those cash-generating units (or groups) of the Group that are expected to benefit from the synergies of the business combination.

Those cash-generating units, to which a portion of goodwill has been allocated, must be tested for impairment at least annually. If the recoverable amount of a cash-generating unit is smaller than the carrying amount of the unit, the impairment costs is allocated first to the carrying amount of goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. The recoverable amount is the higher value from the value in use and the fair value less costs for selling the asset.

Any impairment of goodwill is recognised directly in the income statement. An impairment loss recognised for goodwill shall not be reversed in a subsequent period.

The annual impairment test is based on management's planning of the cash generated unit. The planning assumptions used to determine the value in use are adapted annually to reflect current market conditions and the Company's results of operations. The model used for the impairment test is based on the discounted cash flow method, with a multi-year plan and a growth factor of 1% taken as the basis in deriving a sustainable figure. The discount rates (as weighted average cost of capital, WACCs, pre-tax figures and growth discount) used are currently around 3.2% to 4.1% (2020: between 3.7% and 4.0%). The assumptions used for the model are based on external observations. In the opinion of Allane, there are no reasonably conceivable change in the underlying assumptions, on which the determination of the recoverable amount is based, that would result in the accumulated carrying amount of the cash-generating unit exceeding its recoverable amount.

Intangible assets

Intangible assets include purchased and internally developed software, as well as any advance payments in respect of intangible assets.

Purchased intangible assets are reported at acquisition cost less accumulated depreciation and impairment losses. Internally generated intangible assets are only capitalised at production cost if the criteria set out in IAS 38 have been met. If the capitalisation criteria have not been met, the expenses are recognised in the income statement in the year in which they are incurred. Intangible assets are amortised on a straight-line basis over a useful life of three to five years. In accordance with IAS 36, intangible assets whose useful lives cannot be determined or are generally indefinite are tested for impairment on an annual basis and, where necessary, written down to their fair value.

Property and equipment

Property and equipment are carried at cost less straight-line depreciation and recognised impairment. Depreciation is taken so that the acquisition costs of assets are depreciated on a straight-line basis over their expected useful lives. The expected useful lives, residual values and depreciation methods are re-evaluated at the end of each reporting period and all necessary changes in estimates are applied prospectively.

Depreciation is based on the following useful lives, which apply uniformly throughout the Group.

Useful lives	
Operating and office equipment	2 to 23 years

Property and equipment are derecognised either when they are disposed of or when no further economic benefit is to be expected from the continued use of the asset. The resulting gain or loss from the sale or retirement of property or equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of non-current non-financial assets

The Group reviews the carrying amounts of property and equipment and intangible assets as well as the lease assets at each balance sheet date to determine if there are any indications for an impairment of these assets. If any such indications can be detected, the recoverable amount of the asset is estimated to determine the extent of the possible impairment expense.

Leases

The Allane Mobility Group assesses at the commencement date of the contract whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration. The Allane Mobility Group acts both as lessor and as lessee

Allane Mobility Group as lessor

Leases are classified as finance leases, if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. All other leasing relations are classified as operating leases. Allane Mobility Group also concludes buy-back agreements with the supplier of the respective vehicle. Considering all the facts and conditions relating to the buy-back agreement and the Allane Mobility Group's specific use of the vehicles during the period from acquisition to final (self-) re-marketing of the vehicles, substantially all the risks and rewards incidental to ownership of the vehicles remains with Allane Mobility Group.

Assets leased out by the Allane Mobility Group as lessor under operating leases are carried in the balance sheet at cost less straight-line depreciation considering their calculated residual values. The duration of the scheduled depreciation corresponds with the lease term. The residual values are based on the buyback value per vehicle type contractually agreed with the suppliers. If no buyback values have been agreed, the residual value is based on the estimated fair value. Estimating the residual values necessitates assumptions regarding the age and mileage of the vehicle at the time of its disposal as well as the expected conditions on the used vehicle market. This results in a market price risk exposure, which is evaluated by the Group periodically by estimating residual values and adjusting depreciation rates. Impairment losses are recognised in individual cases, if the carrying amount, which is based on the originally calculated residual value, exceeds the carrying amount expected prospectively at disposal. In accordance with IFRS 16, leased assets are reported within the non-current assets section.

Lease assets that the Allane Mobility Group has leased out as finance leases are recognised at the present value of the contractually agreed payments as assets under finance lease receivables. Lease payments are apportioned between interest payments and repayments of the leasing receivable, to achieve a constant periodic rate of interest on the receivable. Only the interest portion is recognised through profit or loss.

When a contract includes both lease and non-lease components the Group applies IFRS 15 to allocate the consideration under the contract to each component.

Sale-and-Leaseback

To finance its lease assets the Allane Mobility Group also undertakes sale and lease-back transactions. As there is no sale in economic terms, the Allane Mobility Group continues to recognize the vehicles in the item of lease assets. The purchase price received represents a financial liability. Leasing payments to the lessor are divided up into an interest rate portion and a redemption portion. Only the interest rate portion is recognised in the income statement.

The respective leased out assets in operate lease contracts are depreciated to their contractual residual values on a straight-line basis over the respective lease terms. Impairment losses are recognised in the event that an indication of impairment is given.

Allane Mobility Group as lessee

The Allane Mobility Group also acts as contractual lessee in lease agreements relating in particular to rental agreements for buildings The leases carry a term of up to 25 years, but may also include renewal options. The measurement of extension and termination options was based on the findings at the time of first-time adoption respectively at lease commencement date.

According to IFRS 16 right of use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. Right-of-use assets are depreciated on a straight-line basis over the lease term. The capitalized Right of use assets, resulting from leasing relationships, have a remaining useful life of 10 to 288 month. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate can not be readily determined, Allane Mobility Group uses its incremental borrowing rate. Except for short-term leases and leases of low value. For these leases, the Allane Mobility Group recognizes the lease payments as operating expenses.

For leases that were concluded before the date of first-time adoption, the Allane Mobility Group decided not to review again whether an agreement is or contains a lease at the time of first-time adoption, but to retain the previous assessment made under IAS 17 and IFRIC 4.

Some leases have variable lease payments linked to an index or (interest-)rate. Any adjustments to the index are recognised as addition during the current reporting period and an estimate of possible index adjustments is not included in the measurement of the lease liability. Agreements including renewal options for which exercise is deemed sufficiently certain, the underlying estimated term of the lease includes the renewal. For leases with a term of twelve months or less, the election option was exercised, and their payments are recognised as an expense in profit or loss on a straight-line basis. Leases without a written agreement and which are of minor importance were classified as short-term leases. Special termination rights on our part were not considered likely to be exercised.

Inventories

The item inventories consist to the major part of vehicles intended for sale. These are measured at amortised costs, including incidental costs, and are regularly compared with the estimated net realisable value. If this is lower, an impairment loss is recognised.

Financial assets, other receivables and assets

The financial assets consist of originated loans and receivables, equity instruments, purchased debt instruments, cash and cash equivalents, and derivatives. Financial assets are recognised when the Group has a contractual right to receive cash or another financial asset from another party. Purchases and sales of financial assets are generally recognised at the settlement date. Financial assets are initially recognised at fair value plus transaction costs if applicable. Transaction costs incurred for the purchase of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Subsequent measurement is based on the allocation of the financial assets to the categories according to IFRS 9.

The Group classifies its financial assets in the following measurement categories: at fair value, with changes recognised either through profit or loss or through other comprehensive income and at amortised cost.

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest method. Trade receivables, financial receivables and loans reported in other assets, as well as cash and cash equivalents are assigned to this measurement category.

Interest income from items in this category is calculated using the effective interest method unless the receivables are short-term and the effect of interest accumulation is immaterial.

Assets that are held for collection of contractual cash flows and for sale, and whose cash flows represent solely payments of principal and interest are measured at fair value through other comprehensive income. These are, in particular, debt instruments not held to maturity. Changes in the fair value are recognised in other comprehensive income. Changes in fair value are only recognised in profit or loss when the instrument is disposed of. Interest income from these financial assets is included in the net finance costs using the effective interest rate method. At present, the Group does not report any debt instruments that are not held to maturity.

Assets, that are not measured at amortised cost or at fair value through other comprehensive income, are measured at fair value through profit or loss. Equity instruments and receivables from derivatives reported in other financial assets are assigned to this category. Changes in the fair value are recognised in profit or loss. The gain or loss resulting from the measurement of derivative financial instruments is immediately recognised in profit or loss, unless the derivative is designated and effective as hedging instrument in a hedging relationship (hedge accounting). In this case, the timing of the recognition in the income statement of the measurement results depends on the type of hedging relationship.

Financial assets, with the exception of financial assets at fair value through profit or loss, are assessed at each reporting date on the basis of expected credit losses. The impairment method applied depends on whether there has been a significant increase in credit risks. For trade receivables and finance lease receivables, the Group applies the simplified approach, whereby an impairment allowance in the amount of expected credit losses over the lifetime of the receivables is recognised for all instruments irrespective of their credit quality.

Some categories of financial assets, such as trade receivables, are tested for impairment on a portfolio basis. The portfolio-based assessment is carried out by grouping together assets with similar risk characteristics, such as customer group, customer creditworthiness and transaction type to determine an impairment provision reflecting the expected probability of default.

When assessing the portfolio-based impairment, the Group uses in addition to management expectations, the historical information on the timing of recoveries and defaults, and makes necessary adjustments to reflect current and expected future economic conditions that may affect the defaults.

In the case of financial assets measured at amortised cost, the impairment loss corresponds to the difference between the carrying amount of the asset and the net present value of expected future cash flows determined on the basis of the original effective interest rate of the asset.

An impairment of the affected financial assets is recognised in an impairment account (allowance account). Changes in the carrying amount of the impairment account are recognised in the income statement.

When the Group considers that there are no realistic prospects of recovering the asset, the relevant amount is written-off.

The Group also derecognises a financial asset if the contractual rights to cash flows from the financial asset expire or the financial asset and practically all the opportunities and risks associated with the financial asset are transferred to a third party.

3.3 Equity and liabilities

Equity

Equity includes other comprehensive income resulting from exchange rate differences of consolidated entities, for which the functional currency differs from the currency of the Group, reserve for derivative financial instruments in hedging relationship and actuarial gains or losses from the remeasurement of defined benefit pension plans.

Provisions for pensions

Provisions for pensions are measured using the projected unit credit method. The measurement is based on actuarial valuations by independent third parties relying on financial and demographic assumptions. The assumptions are reviewed for appropriateness at each balance sheet date.

The amount recognised as provisions for pensions in the consolidated balance sheet is the current net liability of the defined benefit plans of the Group. Service costs are recognised in personnel expenses within the consolidated income statement, while net interest income is recognised as part of the finance costs. Remeasurements of the defined benefit obligation, net of tax are recognised in other equity. These amounts recognised in other equity are not recognised in the income statement in the future.

Provisions

Adequate provisions are recognised for potential obligations to third parties if these are attributable to a past event, if utilisation is more likely than not and a reliable estimate can be made of the probable amount of the obligation. Such liabilities are only carried as provisions if their amount is uncertain and payment to settle the obligation is probable. The measurements are made with the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties inherent in the obligation. Where a provision is measured on the basis of the estimated cash flows for meeting the obligation, these cash flows are discounted if the impact on interest is significant.

Financial liabilities

Financial liabilities are measured on initial recognition at their fair value and subsequently – with the exception of derivative financial instruments and contingent consideration resulting from a business combination, which are measured at fair value – according to the effective interest method at amortised costs less directly attributable transaction costs, where applicable. Leasing payments for liabilities to the lessor are divided up into an interest portion and a redemption portion. Only the interest portion is recognised as expense within the net finance costs.

3.4 Estimation uncertainties and discretionary decisions

In preparing the consolidated financial statements, it is often necessary to make estimates and assumptions that affect both the items reported in the consolidated balance sheet and the consolidated income statement, as well as in the disclosures contained in the notes to the consolidated financial statements. The amounts actually realised may differ from the reported amounts. Changes are recognised in the income statement on the date at which an improved knowledge is gained.

The estimates and assumptions made are outlined in the disclosures on the individual items. The areas in which amounts are most significantly affected are the following:

Goodwill is measured on the basis of expected developments and estimated parameters, property and equipment is measured on the basis of the estimated useful lives of the assets. Lease assets are measured based on the estimated useful lives of the vehicles and taking into account the expected residual value of the vehicle, lease assets intended for sale are measured on the estimation of the expected net realisable value. For classifying it is lease contracts the Allane Mobility Group as a lessor, concludes that, for contracts with existing buy-back agreements with the supplier of the respective vehicle, taking into account all relevant circumstances and conditions, despite a residual value guarantee, substantially all the risk and rewards incidental to ownership of the underlying vehicles remains with the Allane Mobility Group.

Valuation allowances are charged on receivables based on an assessment of the expected credit risks, which are based on management expectations. Derivatives are valued using a calculation model based on yield curves obtained from a market data platform. The need for provisions is determined using the best estimate of the most probable settlement amount of the present obligation at the balance sheet date. Provisions for pensions are based on actuarial valuations derived from financial and demographic assumptions.

The regularly reviewed and recognised risk provisioning for lease assets essentially represents provision for future marketing at the end of the individual lease term of the existing leasing contract portfolio as of the relevant reporting date and has therefore not yet been realised as of the relevant reporting date. For measuring the risk provisioning, Managing Board applies a model that uses external industry expertise to predict future developments. As the current business development in the marketing area of the Allane Mobility Group and other companies on the market hardly indicates any corona influences, the Management Board did not make any additional allowance for possible future corona influences in the external industry expertise. In the previous year, a post-model adjustment was made to the external residual values due to the COVID-19 pandemic. As the external residual values as of 31 December 2021 no longer contain any significant negative Corona effects, the Executive Board no longer made a post model adjustment. This approach is supported by the current business development in the marketing area of the Allane Mobility Group and the business development of other companies on the market, which no longer indicate any significant corona effects. However, due to the unique nature of the COVID-19 pandemic and its uncertain development, it is currently difficult to predict how used car prices will develop in the future. The current very positive price trend for used cars is also reflected in the expected residual values that the Allane Mobility Group receives from an external service provider and was therefore used as a basis for the valuation of the residual values. However, it is not possible to say with certainty at present whether this positive price trend will actually continue for the next years.

Trade receivables consist of lease instalments due immediately or in the short term (operate lease) and receivables due immediately or in the short term from full service, fleet management and vehicle sales. Furthermore, to a significant lower extent, finance lease receivables exist, which are substantially current receivables as well. The Allane Mobility Group expects that any payment difficulties and defaults due to the COVID-19 pandemic in the national economies and due to geopolitical developments and economic shortages of goods and raw materials will only be felt in the medium to long term, if at all. Due to the short-term nature of our receivables portfolio, the Allane Mobility Group do not weight these scenarios when calculating the expected credit loss. As part of our early warning, monitoring and control measures, we have not yet identified any significant direct impact of the COVID-19 pandemic on our receivables portfolio. The receivables of our partners are being continuously monitored and, if necessary, we are taking short-term measures to keep our risk position low. An appropriate credit assessment process is in place for new business in the future.

In preparing the consolidated financial statements, the Allane Mobility Group has assessed the potential impact of climate change and related future regulatory requirements and taken them into account accordingly. During the preparation of the consolidated financial statements, potential effects on non-current assets, provisions and future cash flows were taken into account in significant estimates and assessments and included as far as possible. Impairment tests of goodwill and intangible assets with indefinite useful lives were performed on the premise of potential effects on planning and thus in deriving future cash flows. Furthermore, based on these developments, the need for event-driven impairment tests or adjustments to useful lives of other non-current non-financial assets is assessed.

Based on the points presented here, there are no material effects on the consolidated financial statements of the Allane Mobility Group.

4. Explanations and disclosures on individual items of the consolidated financial statements

4.1 Income statement

\4.1\ Revenue is broken down as follows:

Revenue

in EUR thou.	Germany 2021	Germany 2020	Abroad 2021	Abroad 2020	Total 2021	Total 2020	Change in %
Leasing Business Unit							
Leasing revenue (finance rate)	175,339	193,600	24,087	22,872	199,427	216,473	–7.9
Other revenue from leasing business	117,009	140,079	16,344	16,698	133,353	156,776	–14.9
Sales revenue	275,618	251,805	16,711	17,087	292,329	268,891	8.7
Total	**567,967**	**585,483**	**57,141**	**56,657**	**625,108**	**642,140**	**–2.7**
Fleet Management Business Unit							
Fleet management revenue	37,090	38,567	16,156	11,459	53,246	50,026	6.4
Sales revenue	62,095	55,557	-	-	62,095	55,557	11.8
Total	**99,185**	**94,123**	**16,156**	**11,459**	**115,341**	**105,582**	**9.2**
Group total	**667,152**	**679,607**	**73,298**	**68,116**	**740,450**	**747,723**	**–1.0**

The Group is divided into the two segments, Leasing and Fleet Management. These business units form the basis of segment reporting. The main activities are broken down as follows:

Segments	
Leasing	Vehicle leasing including additional services for companies as well as for private individuals and sale of lease assets
Fleet-management	Fleet management services and sale of used customer vehicles

Leasing revenue (finance rate), other revenue from leasing business and fleet management revenue are together described as ‘operating revenue’. Sales revenue are not included in this item.

In the Leasing business unit, operating revenue comprises income from contractually agreed lease instalments, as well as revenue relating to service components such as repairs, fuel, tires, etc., as well as revenue from the settlement of accident claims and franchise fees.

The leasing segment in general sells its vehicles directly and therefore repots all proceeds from the sale of used vehicles under sales revenue.

In the Fleet Management business unit fleet management revenue comprises revenue relating to service components, contractual service fees and revenue from settlement of accident claims. Additionally, the Fleet Management segment reports revenue from the sale of used vehicles bought from customers.

Revenues of the Allane SE Group include compensation payments from third parties totalling EUR 6,247 thousand (2020: EUR 8,309 thousand).

\4.2\ **Other operating income** in the amount of 8,018 EUR thousand (2020: 10,566 EUR thousand) include income of EUR 1,093 thousand (2020: EUR 1,350 thousand) from currency translation The corresponding expenses from currency translation are included within other operating expenses. This item also includes income from cost allocations to third parties in the amount of EUR 165 thousand (2020: EUR 254 thousand), income from the reversal of provisions in the amount of EUR 219 thousand (2020: EUR 535 thousand) and income from own work capitalized in the amount of EUR 3,358 thousand (2020: EUR 3,390 thousand). The previous year's other operating income of EUR 10,566 thousand was reduced by EUR 3,115 thousand compared with the previous year's financial statements and this amount was reported under other items. Of the EUR 3,115 thousand, EUR 2,597 thousand was recognized in the item net impairment losses/income from financial assets and EUR 518 thousand in the item net losses from derecognition of financial assets.

\4.3\ **Fleet expenses and cost of lease assets** are broken down as follows:

Fleet expenses and cost of lease assets

in EUR thou.	2021	2020	Change in %
Selling expenses[1]	331,629	321,665	3.1
Fuel	41,898	46,305	–9.5
Repair, maintenance and reconditioning	60,929	64,944	–6.2
Insurance	9,375	8,141	15.2
External rent expenses	5,208	4,543	14.6
Vehicle licenses and deregistration	4,392	6,786	–35.3
Transportation	4,323	5,395	–19.9
Taxes and dues	3,107	3,083	0.8
Radio license fees	1,519	1,573	–3.4
Vehicle return expenses	3,234	4,267	–24.2
Other expenses	7,477	7,057	6.0
Group total	**473,091**	**473,758**	**–0.1**

[1] *Including impairment gains on leased assets held for sale of EUR 1.2 million (2020: Impairment losses EUR 0.4 million)*

\4.4\ **Personal expenses** raised from EUR 42,934 thousand the year before to EUR 50,076 thousand in the year under review, , due to the increase in the number of employees in the Group compared to the previous year. Social security contributions mainly include the employer contributions to statutory insurance schemes and the expenses for the defined contribution as well as defined benefit pension plans. These mainly relate to pension insurance amounts of EUR 2,947 thousand (2020: EUR 2,583 thousand) primarily result from the statutory German pension insurance. Expenses for defined benefit plans are included in the amount of EUR 104 thousand (2020: EUR 101 thousand).

Personnel expenses

in EUR thou.	2021	2020	Change in %
Wages and salaries	42,936	37,050	15.9
Social security contributions	7,140	5,884	21.4
Group total	**50,076**	**42,934**	**16.6**

Average number of employees during the year:

Employees in the Group	2021	2020
Female employees	323	330
Male employees	392	363
Group total	**715**	**693**

The Leasing business unit employed 630 (2020: 606) members of staff and the Fleet Management business unit 85 (2020: 87) members of staff.

\4.5\ **Net Losses arising from the derecognition of financial assets recognised in profit or loss:** During the 2021 financial year, the following income and expenses were recognized in profit and loss in relation to impaired financial assets measured at amortised costs.

Net losses arising from the derecognition of financial assets

in EUR thou.	2021	2020	Change in %
Income from derecognized receivables	1,014	518	95.8
Expenses from derecognized receivables	–4,204	–6,621	–36.5
Group total	**–3,190**	**–6,103**	**–47.7**

This item was included in the income statement for the first time in the financial year. The previous year's figure of EUR 518 thousand (income from derecognized receivables) was reported in the prior-year financial statements under other operating income. The prior-year figure of EUR -6,621 thousand (expenses from derecognized receivables) was reported in the prior-year financial statements under other operating expenses.

\4.6\ **Net impairment losses/gains from financial assets recognized in profit and loss:** During the 2021 financial year, the following gains/losses were recognized in profit or loss in relation to impaired financial assets measured at amortised costs.

Net impairment losses/gains from financial assets

in EUR thou.	2021	2020	Change in %
Reversal of previous impairment losses on trade receivables	810	2,597	–68.8
Impairment losses on trade receivables	–50	–513	–90.3
Impairment losses on receivables from affiliate companies	–1,548	0	> 100.0
Group total	**–788**	**2,084**	**< –100.0**

This item was included in the income statement for the first time in the financial year. The previous year's figure of EUR 2,597 thousand (reversal of impairment losses) was reported in the prior-year financial statements under other operating income. The previous year's figure of EUR -513 thousand (impairment losses) was reported in the previous year's financial statements under other operating expenses.

\4.7\ The following table contains a breakdown of other **operating expenses**:

Other operating expenses

in EUR thou.	2021	2020	Change in %
Rental expenses for business premises	1,725	1,145	50.6
Other selling and marketing expenses	4,164	4,715	–11.7
Audit, legal, advisory costs, and investor relations expenses	14,379	6,491	>100
Other personnel services	2,142	1,814	18.1
IT expenses	10,763	5,890	82.7
Expenses for foreign currency translation	959	1,297	–26.1
Miscellaneous expenses	3,178	4,802	–33.8
Group total	**37,310**	**26,155**	**42.6**

Rental expenses for business premises include expenses for short-term leases in the amount of EUR 352 thousand (2020: EUR 306 thousand). Total payments made for leasing contracts in the 2021 financial year amounted to EUR 9,491 thousand (2020: EUR 10,824thousand).

The consolidated financial statements of Allane SE recognise as operating expense in the amount of EUR 420 thousand the fees for the auditor of the consolidated financial statements 2021 and consist entirely of fees for audits. The consolidated financial statements of Allane SE in the 2020 financial year recognised as operating expense in the amount of EUR 265 thousand the fees for the auditors of the consolidated financial statements. The fees break down into audit costs (EUR 257 thousand), other assurance services (EUR 8 thousand).

IT expenses increased year-on-year to EUR 10,763 thousand. This increase is mainly due to the acquisition by Hyundai Capital Bank Europe GmbH. The IT services previously provided by Sixt GmbH & Co. Autovermietung KG will be provided by the company itself or by other service providers in the future. The increase in legal and advisory costs to EUR 14,379 thousand results mainly from costs resulting from this litigation against the Company.

The previous year's other operating expenses of EUR 26,155 thousand were reduced by EUR 7,134 thousand compared with the previous year's financial statements and this amount was reported under other items. Of the EUR 7,134 thousand, EUR 513 thousand was reported under net impairment losses/income from financial assets and EUR 6,621 thousand under net losses from the derecognition of financial assets.

\4.8\ **Expenses for depreciation and amortisation** in the financial year are explained in more details below:

Depreciation and amortisation

in EUR thou.	2021	2020	Change in %
Lease assets	161,773	187,140	–13.6
Property and equipment	4,177	2,478	68.6
Intangible assets	5,069	1,609	>100
Group total	**171,019**	**191,228**	**–10.6**

The depreciation of lease assets has decreased below prior year’s level to EUR 161,773 thousand (EUR 187,140 thousand), mainly due to the lower level of leased assets in the 2021 financial year and lower impairment losses due to higher expected residual values at the end of the lease term. Amortisation of intangible assets increased due to the completion of internally developed software and acquired software in the 2021 financial year.

\4.9\ **Net Finance costs** have improved year-on-year from EUR –11,081 thousand to EUR –6,861 thousand, mainly due to a more favourable refinancing of the bonds repaid at the end of the 2020 financial year and a generally lower financing volume.. The following table contains a breakdown of the net finance cost:

Net finance costs

in EUR thou.	2021	2020
Other interest and similar income	230	342
Other interest and similar income from related parties	58	37
Interest and similar expenses	–7,049	–11,268
Interest and similar expenses for related parties[1]	–256	–15
Other net financial result	155	–177
Group total	**–6,861**	**–11,081**

[1] Interest and similar expenses to related parties were reported under interest and similar expenses in the previous year.

Interest expenses for lease liabilities amounted to EUR 296 thousand in the 2021 financial year (previous year: EUR 173 thousand).

The other net financial result mainly consists of the realisation and ineffective portion of the hedging relationships as well as the expense for investments.

\4.10\ **Income tax expense** comprises the following:

Income tax expense

in EUR thou.	2021	2020	Change in %
Current income tax for the reporting period	2,731	2,917	–6.4
Deferred taxes	–2,436	4,023	>-100
Group total	**295**	**6,941**	**–95.8**

The current income tax expense for the financial year 2021 of EUR 2,731 thousand (2020: EUR 2,917 thousand) includes tax expense from previous years in the amount of EUR 81 thousand(2020: tax income of EUR 444 thousand).

The following tax reconciliation explains the relationship between the expected and effective tax expense reported. The expected tax expense results from the application of an income tax rate of 26.3% (2020: 26.3%) to consolidated profit for the period (before taxes) in accordance with IFRS. The income tax rate is made up of corporation tax at 15% (2020: 15%) a solidarity surcharge of 5.5% (2020: 5.5%) as well as trade tax a 10.5% (2020: 10.5%).

Reconciliation of taxes

in EUR thou.	2021	2020
Consolidated profit before taxes in accordance with IFRS	6,133	9,114
Expected income tax expense	1,613	2,395
Effect of different tax rates outside Germany	–52	–47
Changes in permanent differences	386	-
Changes in impairments	–319	711
Non-deductible operating expenses	183	76
Tax-exempt income	-	-
Income taxes from other periods (current and deferred)	81	444
Change in tax rates	–45	-
Other effects	–1,553	3,362
Reported tax expense	**295**	**6,941**

The other effects mainly relate to income from the first-time recognition of deferred tax assets due to the non-recognition of a provision in the tax accounts of Allane SE.

As at 31 December 2021, deferred tax without impact on the income statement amounted to EUR 241 thousand (2020: EUR 36 thousand). The change compared to the previous year amounts to EUR 205 thousand (2020: –101 thousand).

Deferred tax recognised in the income statement has developed as follows:

Deferred taxes

in EUR thou.	2021	2020
From temporary differences	–2,658	3,189
From loss carryforwards	221	834
Group total	**–2,436**	**4,023**

The following overview outlines the sources of the deferred tax assets and liabilities:

Deferred taxes

	Deferred tax assets		Deferred tax liabilities	
in EUR thou.	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Lease assets	366	482	32,653	29,161
Receivables	66	311	398	1,537
Other assets	76	687	6,639	8,012
Other liabilities	7,069	3,684	2,225	2,628
Tax loss carryforwards	810	588	-	-
	8,387	**5,752**	**41,915**	**41,338**
Offsetting	–7,573	4,955	–7,573	4,955
Group total	**814**	**797**	**34,342**	**36,383**

Deferred tax assets and deferred tax liabilities are offset, if the Group has a legally enforceable right to set off the current income tax assets against current income tax liabilities and they relate to income taxes levied by the same tax authority.

On the unused corporate tax losses carried-forward of EUR 12,158 thousand (2020: EUR 10,909 thousand) no deferred tax assets were recognised in respect of EUR 8,910 thousand (2020: EUR 8,551 thousand) and on the unused trade tax losses carried-forward of EUR 8,063 thousand (2020: EUR 8,456 thousand) no deferred tax assets were recognised for EUR 4,816 thousand (2020: EUR 7,436 thousand). The loss carry-forwards for which deferred tax assets have been recognised are expected to be used during the five-year planning period. The losses may be carried forward indefinitely.

The development of deferred tax liabilities on lease assets has resulted from the increasing difference between the IFRS carrying amount and the tax base value.

There were no deductible temporary differences in the financial year for which no deferred taxes were recognised (2020: 0 EUR thousand).

The temporary differences taxable upon realization in connection with interests held in the Group's subsidiaries and for which no deferred tax liabilities were recognised in the reporting periods presented amount to EUR 1,356 thousand (2020: EUR 807 thousand).

\4.11\The **Consolidated profit** amounts to EUR 5,838 thousand (2020: EUR 2,173 thousand). As in the previous year minority interests are not to be considered.

In the previous year a dividend of EUR 0.02 per ordinary share was paid. This corresponds to a total distribution to shareholders in the amount of EUR 412 thousand, recognised in the financial year.

The dividend proposal for the financial year 2021 is a dividend of EUR 0.06 per ordinary share. This corresponds to an estimated total distribution of EUR 1,237 thousand for the year under review. The proposed dividend is dependent upon a corresponding resolution being passed by the Annual General Meeting and was not recognised as a liability in the consolidated financial statements. The exact dividend proposal is subject to the approval of the supervisory board and will be published with the agenda for the 2022 Annual General Meeting, taking into account any expectations of the supervisory authorities in this respect.

\4.12**Earnings per share** are as follows:

Earnings per share		2021	2020
Consolidated profit	in EUR thou.	5,838	2,173
Profit attributable to shareholders of Allane SE	in EUR thou.	5,838	2,173
Weighted average number of shares		20,611,593	20,611,593
Earnings per share – basic and diluted	in EUR	0.28	0.11

The basic earnings per share is determined by dividing the parent’s share of earnings after taxes to the weighted average number of shares during the current financial year. Diluted earnings per share is calculated on the basis of conversion of all dilutive instruments into ordinary shares.

There were no financial instruments outstanding over the financial year that could cause dilutive effects. Therefore, the diluted earnings per share correspond in the amount to the basic earnings per share.

4.2 Balance Sheet

Assets

\4.13\ bis \4.16\ The changes in the **Group's non-current assets** (without financial assets) are shown below:

Consolidated statement of changes in non-current assets

	Acquisition and production costs					
in EUR thou.	1 Jan. 2021	Foreign exchange differences	Additions	Disposals	Transfers	31 Dec. 2021
Goodwill	**4,293**	**7**	**-**	**-**	**-**	**4,300**
Purchased software	3,705	-	5,802	-	-	9,507
Internally developed software	17,466	-	-	484	8,879	25,861
Internally developed software in progress	5,076	-	4,503	-	–8,879	700
Payments on account of software	-	-	222	-	-	222
Intangible assets	**26,247**	**-**	**10,527**	**484**	**-**	**36,290**
Right of use assets	13,978	59	10,166	59	-	24,144
Operating and office equipment	7,192	11	5,571	2,019	622	11,377
Property and equipment	**21,169**	**71**	**15,737**	**2,078**	**622**	**35,521**
Lease assets	**1,307,667**	**2,508**	**315,842**	**430,365**	**–622**	**1,195,030**
Total	**1,359,376**	**2,586**	**342,106**	**432,927**	**-**	**1,271,141**

Consolidated statement of changes in non-current assets

	Acquisition and production costs					
in EUR thou.	1 Jan. 2020	Foreign exchange differences	Additions	Disposals	Transfers	31 Dec. 2020
Goodwill	**2,313**	**1**	**1,979**	**-**	**-**	**4,293**
Purchased software	3,474	-	231	-	-	3,705
Internally developed software	5,592	-	–0		11,873	17,466
Internally developed software in progress	9,349	-	7,600		–11,873	5,076
Intangible assets	**18,415**	**-**	**7,831**	**–0**	**-**	**26,247**
Right of use assets	13,766	6	1,654	–1,449	-	13,978
Operating and office equipment	3,476	–1	1,438	7	2,286	7,192
Property and equipment	**17,241**	**5**	**3,093**	**1,456**	**2,286**	**21,169**
Lease assets	**1,344,602**	**281**	**430,320**	**465,250**	**–2,286**	**1,307,667**
Total	**1,382,572**	**287**	**443,222**	**466,706**	**-**	**1,359,376**

Depreciation/Amortisation						Carrying amounts	
1 Jan. 2021	Foreign exchange differences	Depreciation/ Amortisation in the financial year	Disposals	Transfers	31 Dec. 2021	31 Dec. 2021	31 Dec. 2020
-	**-**	**-**	**-**	**-**	**-**	**4,300**	**4,293**
3,470	-	313	-	-	3,783	5,724	235
4,067	-	4,756	484	-	8,340	17,521	13,398
-	-	-	-	-	-	700	5,076
-	-	-	-	-	-	222	-
7,538	**-**	**5,069**	**484**	**-**	**12,123**	**24,168**	**18,709**
3,802	16	2,622	-	-	6,440	17,704	10,175
2,993	6	1,555	819	196	3,932	7,444	4,199
6,795	**22**	**4,177**	**819**	**196**	**10,372**	**25,148**	**14,374**
215,132	**660**	**161,773**	**177,716**	**–196**	**199,652**	**995,378**	**1,092,535**
229,465	**682**	**171,019**	**179,019**	**-**	**222,147**	**1,048,994**	**1,129,911**

Depreciation/Amortisation						Carrying amounts	
1 Jan. 2020	Foreign exchange differences	Depreciation/ Amortisation in the financial year	Disposals	Transfers	31 Dec. 2020	31 Dec. 2020	31 Dec. 2019
-	**-**	**-**	**-**	**-**	**-**	**4,293**	**2,313**
3,459	-	11	-	-	3,470	235	15
2,469	-	1,598	-	-	4,067	13,398	3,123
-	-	-	-	-	-	5,076	9,349
5,928	**-**	**1,609**	**-**	**-**	**7,538**	**18,709**	**12,487**
1,809	–0	1,993	-	-	3,802	10,175	11,956
1,849	0	485	4	663	2,993	4,199	1,626
3,659	**–0**	**2,478**	**4**	**663**	**6,795**	**14,374**	**13,583**
224,932	**86**	**187,140**	**196,364**	**–663**	**215,132**	**1,092,535**	**1,119,670**
234,519	**86**	**191,228**	**196,368**	**-**	**229,465**	**1,129,911**	**1,148,053**

\4.13\ **Goodwill** amounting to EUR 4,300 thousand (2020: EUR 4,293 thousand) resulted from consolidation of the companies autohaus24 GmbH, Pullach, Allane Mobility Consulting AG, Urdorf (formerly Sixt Mobility Consulting AG), both acquired in 2016, and the company Flottenmeister GmbH, Pullach, included in the 2019 financial year, which was merged with Allane Mobility Consulting GmbH (formerly Sixt Mobility Consulting GmbH) in the 2020 financial year. In the 2020 financial year, material parts of the business operations of SL Car Sales GmbH, Garching, were acquired as well as assets and contracts affiliated with this business operation. As in the year before, no impairment losses were recognised for them in the financial year.

\4.14\ **Intangible assets** include internally developed software amounting to EUR 17,521 thousand (2020: EUR 13,398 thousand) and purchased software amounting to EUR 5,724 thousand (2020: EUR 235 thousand). It also includes advance payments in respect of internally developed software amounting to EUR 700 thousand (2020: EUR 5,076 thousand).

\4.15\ The item **Property and equipment** includes operating and office equipment (mainly Company cars, IT systems, fixtures and fitting and office equipment) in the amount of EUR 7,444 thousand (2020: EUR 4,199 thousand), as well as right-of-use assets (mainly properties) in the amount of EUR 17,704 thousand (2020: EUR 10,175 thousand). In the 2021 financial year, a new lease agreement was concluded for a new remarketing location in Berlin-Ludwigsfelde, which essentially led to an increase in right-of-use assets.

\4.16\ **Lease assets** decreased to EUR 995.4 million (2020: EUR 1,092.5 million). The Group as lessor primarily leases out vehicles of various brands, mainly under full-service lease agreements. The outstanding lease payments from operating lease contracts are spread over the following years:

Operating Leases

in EUR thou.	31 Dec. 2021	31 Dec. 2020
2021		171,996
2022	155,774	106,285
2023	91,433	48,857
2024	39,655	12,218
2025	11,570	928
2026	1,246	1
2027 and later	33	0
	299,711	**340,286**

The amounts stated contain only the lease instalments without service components. The fixed-term agreements usually contain agreements on the vehicles' mileage. The resulting contingent lease payments recognised as income in the current financial year amounted to EUR –3.5 million (2020: EUR –0.5 million). In addition to these, the Group estimated calculated residual values covered by buyback agreements in the amount of EUR 163 million (2020: EUR 215 million) and further calculated residual values not covered by third parties in the amount of EUR 613 million (2020: EUR 637 million). Impairment losses of EUR 0.7 million (2020: EUR 4.5 million) were recognised on lease assets in the year under review.

As of the reporting date 31 December 2021 lease assets of EUR 33.7 million (2020: EUR 47.6 million) are pledged as collateral to banks. Furthermore, lease assets was assigned as a security as part of the ABS-program in the amount of EUR 463.4 million (2020: EUR 558.6 million).

Certain lease vehicles were refinanced under finance lease agreements having the same maturities as the lease vehicles (Sale and Leaseback-transactions until 31 Dec. 2018). These agreements were structured in a way that the refinanced vehicles remain attributable to the Group. As at 31 December 2021, there were no more Sale and Leaseback-transactions (2020: EUR 2.8 million). The agreements have a residual value of up to three years and provide for full amortisation. The obligations arising from these were reported under financial liabilities in the previous year.

\4.17\ **Inventories** consist mainly of lease assets intended for sale in the amount of EUR 38,488 thousand (2020: EUR 52,527 thousand).

\4.18\ **Trade receivables** result almost exclusively from services invoiced in the course of leasing and fleet management business and from vehicle deliveries. Valuation allowances were recognised for expected credit losses.

\4.19\ **Other receivables and assets** can be broken down as:

Other receivables and assets

in EUR thou.	31 Dec. 2021	31 Dec. 2020
Financial other receivables and assets		
Finance lease receivables	1,542	6,510
Interest rate swap	788	23
Miscellaneous assets	12,159	14,346
Non-financial other receivables and assets		
Other tax receivables	783	3,173
Insurance claims	8,396	8,636
Deferred expense	4,787	4,928
Claims for vehicle deliveries	-	771
Group total	**28,455**	**38,387**
thereof current	26,679	37,499
thereof non-current	1,777	888

The finance lease receivables result from lease agreements with customers that are classified as finance leases. The interest rate implicit in the leases is fixed at the inception of the lease for the entire term. The agreements partly contain put options on the part of the Group as lessor. The valuation allowance on finance lease receivables amounted to EUR 0,0 million (previous year EUR 0,0 million) in total. The outstanding lease payments from finance lease contracts are spread over the following years as follows:

Finance leases

in EUR thou.	31 Dec. 2021	31 Dec. 2020
2021		5,787
2022	716	579
2023	617	207
2024	314	66
2025	35	4
2026	11	0
2027 and later	0	0
	1,693	**6,642**

Miscellaneous assets mainly include volume bonus receivables from suppliers and service providers.

Deferred expenses consist mainly of advance payments made for future licenses and other services, advance payments for product-related insurance and vehicle taxes, and bonus payments made to customers relating to the entire period of the lease.

\4.20\ **Bank balances** of EUR 1,655 thousands (2020: EUR 2,374 thousands) include short-term deposits at banks with terms of up to one month. On 31 December 2021 the position reduced about current bank liabilities, including in the financial liabilities, in the amount of EUR 2,072 thousand corresponding the total liquid funds in the cash flow statement. On 31 December 2020 the position reduced about current bank liabilities, including in the financial liabilities, in the amount of EUR 2,444 thousand corresponding the total liquid funds in the cash flow statement.

Equity and liabilities

The Allane Mobility Group's equity increased year-on-year to a total of EUR 220,192 thousand (2020: EUR 212,851 thousands). Therein, the subscribed capital of Allane SE amounted unchanged to EUR 20,612 thousand.

\4.21\ **Subscribed capital of** Allane SE

Share capital

	No-par value shares	Nominal value in EUR 31 Dec. 2021	No-par value shares	Nominal value in EUR 31 Dec. 2020
Ordinary shares	20,611,593	20,611,593	20,611,593	20,611,593
Total	**20,611,593**	**20,611,593**	**20,611,593**	**20,611,593**

The share capital is fully paid up. The subscribed capital of Allane SE as of 31 December 2021 amounts to a total of 20,611,593.00 euros and is divided into 20,611,593 ordinary bearer shares. The shares of the Company are no-par value shares with a pro-rata amount of subscribed capital of EUR 1.00 per share. The shares are fully paid in. The rights and obligations of the shareholders are set out in detail in the provisions of the German Stock Corporation Act (AktG), in particular sections 12, 53a et seq., 118 et seq. and 186 AktG.

Conditional capital

In accordance with section 4 (4) of the Articles of Association, by resolution of the Annual General Meeting of 1 June 2016, the Company's share capital is conditionally increased by up to a total of EUR 4,122,318.00 (Conditional Capital 2016). The Conditional Capital 2016 serves the purpose of granting shares to the holders and/or creditors of convertible bonds as well as the holders of option rights from option bonds. Further details follow from the aforementioned article of the Articles of Association.

In addition, the Company's share capital has been conditionally increased by a total of up to EUR 1,000,000.00 (Conditional Capital 2017) in accordance with section 4 (5) of the Articles of Association by resolution of the Annual General Meeting on 29 June 2017. Conditional Capital 2017 is used to service the stock option programme 2017 and will only be effected to the extent that subscription rights are issued under the stock option programme 2017 and the holders of the subscription rights make use of their exercise rights. Further details follow from the aforementioned article of the Articles of Association.

Authorisation to issue convertible bonds and/or bonds with warrants

By resolution of the Annual General Meeting of 1 June 2016, the Managing Board was authorised, with the consent of the Supervisory Board, to issue bearer and/or registered convertible bonds and/or bonds with warrants on one or more occasions up to and including 31 May 2021 for a total amount of up to EUR 200,000,000.00 with a limited or unlimited term and to grant the holders or creditors of bonds conversion or option rights to subscribe to a total of up to 4,122,318 new no-par value bearer shares of Sixt Leasing SE with a total proportionate amount of the share capital to a total of up to EUR 4,122,318.00 in accordance with the terms and conditions of the convertible bonds or bonds with warrants. A corresponding issue and granting did not take place in the 2021 financial year.

\4.22\ **Retained earnings**

Retained earnings

in EUR thou.	2021	2020
Balance as at 1 Jan.	9,745	9,337
Transfer to retained earnings	1,300	408
Balance as at 31 Dec.	**11,045**	**9,745**

\4.22\ **Currency translation reserve**

Currency translation reserve

in EUR thou.	2021	2020
Balance as at 1 Jan.	2,083	2,023
Differences arising from the translation of the financial statements of foreign subsidiaries	596	60
Balance as at 31 Dec.	**2,680**	**2,083**

\4.22\ **Other Equity**

Other equity

in EUR thou.	2021	2020
Balance as at 1 Jan.	45,922	62,664
Consolidated profit	5,838	2,173
Dividends paid	–412	–18,550
Other comprehensive income	22	43
Transfer to retained earnings	–1,300	–408
Balance as at 31 Dec.	**50,070**	**45,922**

Other equity mainly includes the consolidated unappropriated profit and the revaluation reserve from the initial transition to IFRS accounting.

\4.23\ **Minority interests** relate to the subscribed capital of Isar Valley S.A., Luxembourg, in which Allane Mobility Group holds no capital interest. Minority interest has decreased in the year under review from EUR –556 thousand to EUR 740 thousand due to the effective portion of the hedging relationship recognised in the other comprehensive income.

Liabilities and provisions

\4.24\ **Provisions for pensions** amount to EUR 237 thousand (2020: EUR 232 thousand).

Pension schemes in the Allane Mobility Group contain mainly defined contribution pension plans under statutory pension insurance. In Switzerland each employer is required by law to provide post-employment benefits schemes against the economic risks of retirement, death and invalidity to entitled employees. Therefore, Allane offers its Swiss employees funded defined benefit plans, which are managed by an external pension fund. The pension fund is responsible for the investment policy and asset management, as well as for all changes in the plan conditions and the determination of contributions to finance the benefits. In case of underfunding the pension fund can raise additional contributions from employers and employees.

The valuation of the provisions for pensions relies on actuarial reports.

The reports use the following actuarial assumptions:

Actuarial assumptions

in %	2021	2020
Discount rate	0.3	0.2
Assumed salary increase	0.5	0.5
Assumed pension increase	-	-
Mortality table	BVG 2020 GT	BVG 2015 GT

The following table shows the development of the defined benefit pension plan:

Development of defined benefit pension plans

in EUR thou.	Defined benefit obligations (DBO) 2021	Defined benefit obligations (DBO) 2020	Fair value of plan assets 2021	Fair value of plan assets 2020	Net balance of defined benefit obligations 2021	Net balance of defined benefit obligations 2020
Balance as at 1 Jan.	1,040	1,081	807	821	232	260
	-	-	-	-	-	-
Additions for previous years	-	-	-	-	-	-
Current service costs	104	101	-	-	104	101
Past service cost and plan compensation	-	-	-	-	-	-
Net interest costs of defined benefit obligations	2	1	1	1	0	0
Expenses recognised in the consolidated income statement	**106**	**102**	**1**	**1**	**104**	**101**
	-	-	-	-	-	-
Gain/loss on plan assets	-	-	97	30	−97	−30
Actuarial gains/losses	-	-	-	-	-	-
Experience gains/losses	90	−20	-	-	90	−20
Changes in demographic assumptions	−70	-	-	-	−20	-
Changes in financial assumptions	−20	−6	-	-	−70	−6
Remeasurement for defined benefit obligations recognised in other comprehensive income	**−0**	**−26**	**97**	**30**	**−98**	**−56**
	-	-	-	-	-	-
Employer contributions	-	-	82	74	−82	−74
Plan participants' contributions	82	74	82	74	-	-
Benefits paid	129	−197	129	−197	-	-
Foreign currency translation effects	62	6	55	4	7	2
Other reconciling items	**273**	**−117**	**348**	**−45**	**−75**	**−73**
	-	-	-	-	-	-
Balance as at 31 Dec.	**1,418**	**1,040**	**1,254**	**807**	**164**	**232**

The weighted average duration of the defined benefit obligation was around 16 years (2020: 19 years). Employer contributions expected to be paid for defined benefit obligations in the 2021 financial year amount to EUR 89 thousand.

The pension scheme is provided through an external pension fund, which manages the plan assets.

As at balance sheet date, the plan assets are attributable to other assets without quoted market prices.

Sensitivity analysis

The sensitivity analysis assumes in each case a parallel shift of half a percentage point.

This would result in the changes of values of the reported defined benefit obligations presented in the following table:

Sensitivity analysis of defined benefit obligations

in EUR thou.	Changes in the defined benefit obligations 2021		Changes in the defined benefit obligations 2020	
	+0.5 percentage points	−0.5 percentage points	+0.5 percentage points	−0.5 percentage points
Discount rate	−50	59	−44	53
Assumed salary increase	6	−11	7	−12
Assumed pension increase	37	−35	30	−29

The decrease/increase of the life expectancy in the assumptions by one year respectively would result in a change of the defined benefit obligations by EUR −17 thousand / EUR 19 thousand (2020: EUR -12 thousand / EUR 14 thousand).

\4.25\ The obligations reported in the financial year under **other provisions** are expected to be settled in the amount of EUR 6,349 thousand within one year and in the amount of EUR 226 thousand between one and five years. Other current provisions mainly comprise provisions for personnel-related matters, provisions for litigation arising from revocations of lease agreements in the second instance, and provisions for warranties. The increase is mainly attributable to provisions for legal disputes arising from revocations of lease contracts.

Other provisions

in EUR thou.	Personnel	Miscellan eous	Total
Balance as at 1 Jan.	2,176	905	3,081
Additions	2,773	3,426	6,200
Reversals	−219	-	−219
Utilised	−1,812	−678	−2,490
Foreign exchange differences	4	-	4
Balance as at 31 Dec.	**2,922**	**3,653**	**6,575**
thereof non-current	-	226	226
thereof current	2,922	3,427	6,349

\4.26\ **Financial liabilities** comprise liabilities from bonds, bank loans as well as liabilities from an asset backed securities programme and in previous year finance lease liabilities for refinancing the lease assets.

Financial liabilities

in EUR thou.	Residual term of up to 1 year 31 Dec. 2021	31 Dec. 2020	Residual term of 1 to 5 years 31 Dec. 2021	31 Dec. 2020	Residual term of more than 5 years 31 Dec. 2021	31 Dec. 2020
Bonds	249,691	-	-	248,840	-	-
Liabilities to banks	235,264	252,811	298,955	414,595	-	-
Lease liabilities	2,394	5,054	6,182	6,496	9,515	1,761
Other liabilities	2,759	6,335	-	-	-	-
Group total	**490,109**	**264,201**	**305,136**	**669,931**	**9,515**	**1,761**

The bonds include a EUR 250 million unsecured bond issued on the capital market in May 2018 with a nominal interest rate of 1.50% p.a. and a maturity of four years. The bond was repaid early on 2 February 2022. Refinancing was done especially through the Asset Backed Securities Program and credit lines granted by Santander Consumer Bank AG.

Liabilities to banks, reported as at 31 December 2021, with a residual term of one to five years, result from an asset backed securities programme, which the Allane Mobility Group has set up to refinance leasing contracts. The programme comprises a financing volume of EUR 500 million. Under the programme variable interest rate liabilities are taken out, which are redeemable based on the amortisation schedule of the lease contract portfolio.

The loans are recognised initially at fair value, less directly attributable transaction costs. Subsequent measurement is carried out at amortised cost using the effective interest method. To mitigate interest rate risks the company concluded interest rate swap agreements over the amortisation period of the related lease contract portfolio. Furthermore, loans from Santander Consumer Bank AG in the amount of EUR 100 million drawn from granted credit lines are included.

Liabilities to banks, with a residual term of up to one year, include short-term borrowings at variable interest rates taken out by utilising the credit lines available to the Group, as well as the current portion of liabilities from the asset backed securities programme.

The liabilities to banks have been secured by transferring ownership of assets.

Other liabilities include mainly financing with other financing partners and accrued interests.

In 2020 sale and leaseback transactions concluded was recognised under other financial liabilities. These financial liabilities are secured by a retention of title by the financing partner for the financed assets. The reconciliation of current and non-current financial liabilities is outlined below:

Reconciliation of financial liabilities

in EUR thou.	2021	2020
Balance as at 1 Jan.	**935,893**	**948,211**
Net change in cash flows	−148,259	−24,221
Other non-cash movements	17,498	11,390
thereof interest expenses	7,352	11,095
thereof lease liabilities	10,146	295
Change in bank overdrafts (cash and cash equivalents)	−372	513
Balance as at 31 Dec.	**804,760**	**935,893**

\4.27\ The **liabilities to related parties** relate mainly to the current transactions with affiliates companies of the Allane SE, which are not included in the consolidated financial statements of Allane SE.

\4.28\ **Trade payables** comprise current liabilities arising from deliveries to the Group, mainly from the purchase of vehicles for the lease fleet, and other purchases in the course of operating activities.

\4.29\ **Other liabilities** are broken down as follows:

Other liabilities

in EUR thou.	31 Dec. 2021	31 Dec. 2020
Financial other liabilities		
Interest rate swap	-	1,060
Payroll liabilities	296	174
Miscellaneous liabilities	14,410	12,742
Non-financial other liabilities		
Deferred income	26,017	29,513
Tax liabilities	4,064	700
Group total	**44,787**	**44,188**
thereof current	34,262	30,226
thereof non-current	10,525	13,962

The remaining other liabilities include, among other things, liabilities from customer deposits amounting to EUR 9,947 thousand (2020: EUR 8,970 thousand). Deferred income relates mostly to the deferral of income from advance payments by lessees. Deferred income from one-time lease payment is short-term in the amount of EUR 15,705 thousand (2020: EUR 16,754 thousand) with a remaining term of up to one year, and an amount of EUR 10,313 thousand (2020: EUR 12,758 thousand) is long-term with a remaining term between one and five year.

\4.30\ **Contract liabilities** include down payments for full-service contracts, which involve a flat- and constant-rate settlement with the customer until the actual full service performance has been duly provided.

Revenue is realised at the point in time when the specific service is provided. The further the point in time at which the full service is actually provided is postponed, the greater the contractual obligation becomes. The amount of EUR 11,131 thousand included in contract liabilities as of 31 December 2020 was recognized as revenue in the 2021 financial year.

4.3 Additional Disclosures on Financial Instruments

The following table shows the carrying amounts and fair values of the individual financial assets and liabilities for each single category of financial instrument. The fair value of financial assets and liabilities that are not regularly measured at fair value, but for which the fair value is to be specified, are assigned in the following table to the measurement levels of the fair value hierarchy according to IFRS 13.

Financial instruments

in EUR thou.	IFRS 9 measurement category[1]	Measurement basis for fair value	Carrying amount 31 Dec. 2021	Carrying amount 31 Dec. 2020	Fair value 31 Dec. 2021	Fair value 31 Dec. 2020
Non-current assets						
Financial assets	FVTPL	Level 3	26	27	26	27
Finance lease receivables	IFRS 16		897	795	932	824
Interest rate derivatives	FVTPL	Level 2	788	23	788	23
Other receivables	AC		92	70		
Total			**1,803**	**914**	**1,747**	**873**
Current assets						
Finance lease receivables	IFRS 16		645	5,714	675	5,961
Trade receivables	AC		75,222	69,173		
Receivables from related parties	AC		490	1,461		
Other receivables	AC		12,068	14,278		
Total			**88,425**	**90,626**	**675**	**5,961**
Non-current liabilities						
Bonds	AC	Level 2	-	248,840	-	256,912
Liabilities to banks	AC	Level 2	298,955	414,595	296,377	408,583
Lease liabilities	IFRS 16		15,696	8,258		
Interest rate derivatives	Hedge Accounting	Level 2	-	1,060	-	1,060
Other financial liabilities	AC		213	143	-	-
Total			**314,864**	**672,896**	**296,377**	**666,555**
Current liabilities						
Bonds	FLAC	Level 2	249,691	-	252,708	
Liabilities to banks	AC	Level 2	235,264	252,811	235,968	253,556
Lease liabilities	IFRS 16		2,394	5,054		
Liabilities to related parties	AC	Level 2	23	21		
Currency derivatives	FVTPL	Level 2	60	106	60	106
Other financial liabilities	AC		2,759	6,335		
Trade payables	AC		65,675	47,849		
Financial other liabilities	AC		30,357	26,642		
Total			**586,224**	**338,820**	**488,736**	**253,662**

[1] FVTPL - Fair value through profit or loss, AC - At amortised cost

The financial instruments in above table are classified into three levels depending on the measurement basis. Level 1 measurements are based on prices quoted in active markets. Level 2 measurements are based on parameters other than quoted prices that are observable either directly as prices or are indirectly derived from prices. Level 3 measurements are based on models that use parameters that are not based on observable market data, but rather on assumptions.

There have been no transfers between the individual measurement levels.

Due to factors that change in the course of time, the reported fair values can only be regarded as indicative of the values actually realisable on the market. The fair values of the financial instruments were calculated on the basis of market data available at the balance sheet date and the methods and assumptions described below.

For all current financial instruments it was assumed that the carrying amount (amortised cost) is a reasonable approximation of fair value unless not specified otherwise in the table.

The fair values of the finance lease receivables reported as assets and the bonds, finance lease liabilities, liabilities to banks and liabilities to related parties reported as liabilities were calculated as the present values of the future expected cash flows. Standard market interest rates of between 0.2% p.a. and 1.2% p.a. (2020: between –0.0% p.a. and 1.4% p.a.) based on the respective maturities were used for discounting.

Finance lease receivables and lease liabilities are measured in accordance with IFRS 16.

In the year under review, financial assets are allocated to the FVTPL measurement category and are valued on the basis of the net assets value. The net gain recognised in profit or loss resulted from the fair value measurement amounts to EUR 0 thousand (2020: EUR 0 thousand). At present there is no intention to dispose these equity instruments.

Net gains from financial assets on the AC measurement category (measured at amortised cost) amount to EUR 1,014 thousand (2020: EUR 518 thousand) and relate to income from payments received on receivables previously written off.

As in the previous year, there were no net gains or losses in the financial year on financial liabilities measured at amortised cost (AC measurement category).

Total interest income from financial assets not measured at fair value through profit or loss amounts to EUR 289 thousand (2020: EUR 379 thousand). This includes interest income from finance lease in the amount of EUR 117 thousand (2020: EUR 242 thousand). Total interest expense on financial liabilities not measured at fair value through profit or loss amounts to EUR 7,305 thousand (2020: EUR 11,283 thousand). This includes interest expense from payments of interest derivatives in a hedging relationship in the amount of EUR 778 thousand (2020: EUR 991 thousand).

The interest rate and currency derivatives are subsequently measured at fair value (level 2 measurement). As at balance sheet date, assets from interest rate derivatives amounted to EUR 788 thousand (2020: EUR 23 thousand), of which EUR 1 thousand (2020: EUR 23 thousand) is not included in any cash flow hedge accounting relationship. There are no financial liabilities from interest rate derivatives (2020: 1,060 thousand). All in all, a volume of EUR 414 million (2020: EUR 500 million) is hedged with interest rate derivatives carrying fixed interest rates between –0.6% p.a. and 0.0% p.a. (2020: between -0.6% p.a. and 0.0% p.a.) and remaining term of up to three years (2020: four years). Of these, EUR 412 million (2020: EUR 499 million) are in a cash flow hedge relationship according to IFRS 9. The variable interest rate is based on the 1-month Euribor.

As at 31 December 2021, the Company held interest rate derivatives to hedge interest payment flows (interest rate risk). The following table presents the impact of the hedging instruments on the amount, timing and uncertainty of future cash flows and the effects of the recognition of hedging instruments on the financial statements.

Profile of timing

in EUR thou.	31 Dec. 2021	31 Dec. 2022	31 Dec. 2023	31 Dec. 2024	31 Dec. 2025	31 Dec. 2026
Nominal amount of the hedging instrument	411,973	248,897	111,421	27,499	2,042	54
Average of fixed interest rate	−0.440%	−0.289%	−0.130%	−0.030%	−0.002%	-0.000%

Amounts of designated hedging instruments in balance sheet and hedging ineffectiveness

	31 Dec. 2021			Financial year 2021		
in EUR thou.	Nominal amount	Carrying amount Asset	Balance sheet line item	Changes in value recognized in other comprehensive income	Income from ineffectiveness in the income statement	Profit or loss line item for ineffectiveness
	411,973	786	Non-current other receivables and assets	1,670	177	Net finance costs

Sensitivity analysis

The sensitivity analysis assumes a parallel shift in the yield curves of +100/-100 basis points for variable-rate financial liabilities. Taking into account the existing interest rate derivatives this would result in changes in equity and profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant and does not include any tax effects.

The sensitivity analysis for the **reported interest rate** derivatives assumes a parallel shift in the yield curves of +100/-100 basis points. This would result in a change in the reported fair values (other non-current assets/other non-current liabilities) of EUR 5,990 thousand / EUR −6,138 thousand (2020: EUR 5,633 thousand / EUR −6,455 thousand).

The sensitivity for the reported currency derivatives assumes a change in the EUR exchange rate of +10/-10 percentage points. The reported values (other current assets/other current liabilities) would then change by EUR 3,032 thousand / EUR −3,574 thousand (2020: 2,348 thousand / EUR −2,634 thousand).

All in all, given aforelisted changes to valuations from interest rate and currency exchange risks, this would result in a change in equity, profit and loss and other comprehensive income in the amounts shown in the following table:

Sensitivity of interest and exchange rate risks

in EUR thou.	Effect on profit and loss Change in exchange rates and yield curves		Effect on other comprehensive income Change in exchange rates and yield curves		Effect on equity Change in exchange rates and yield curves	
31 Dec. 2021	**3,121**	**−3,759**	**5,901**	**−5,952**	**9,023**	**−9,712**
31 Dec. 2020	2,662	−2,695	5,319	−5,695	7,981	−9,089

Financial risk management and hedging

The Allane Mobility Group is exposed to the following financial risks, which are addressed through the risk management system that has been implemented.

Allane SE has an internal control and risk management system throughout the Group designed to identify at an early stage all developments that can lead to significant losses or endanger the existence of the Company or of the Group. Efficient tools ensure that risks are centrally and decentrally identified, evaluated and managed swiftly. The risk management system covers all activities for the systematic handling of potential risks, starting with risk identification and documentation, analysis and assessment through to the management and monitoring of material risks. It is defined by a formal process that firmly integrates all relevant Group divisions and segments. The risk management system installed thereby registers the relevant individual risks.

The internal audit department monitors and evaluates the efficiency of the risk management system.

Moreover, risk management is handled in accordance with the principle of segregation of duties and monitoring. Financial risks are thereby identified, evaluated and secured in collaboration with the operating units. Management has prepared a written risk management manual and has defined guidelines for certain areas such as interest rate risks, counterparty default risks, residual value risks and liquidity risks.

Interest rate risk

Interest rate risk arises from the Group’s operating activities. Changes in prevailing interest rates impact the profitability of the Group’s leasing business, as the interest rates underlying the lease instalments are set for the term of the lease at the beginning of the lease agreement. In its dealings with corporate customers, the Group generally tries to counter such interest rate risk by including interest escalation clauses in individual framework agreements that apply to all new leasing contracts concluded under such framework agreements. In addition, the interest rate risk is kept to a minimum by borrowing funds with matching maturities.

The Allane Mobility Group is also exposed to risk arising from variable interest rate liabilities. The Group is exposed to the interest rate risk resulting from lease contracts being based on fixed interest rates and external financing partly being based on floating interest rates. Differences between fixed interest rates under lease contracts and floating interest rates paid for borrowed funds create a risk of wider spreads between financial revenues and financial costs which, if negative, may lead to losses on the Group’s lease contracts.

While the Allane Mobility Group enters into derivative contracts to hedge its interest rate exposure, there can be no guarantee that such hedge will be effective or that losses will be completely avoided.

Increased costs of borrowings may have a material impact on the Group’s cost base, which the Group may not be able to pass on to the same degree to the Group’s customers.

It needs to be considered that the financing behaviour of financial institutions may change significantly due to ongoing structural changes in the credit industry, for example higher equity requirements or changes in the weighting of risks. Depending on the development of Allane Mobility Group’s own creditworthiness, external financing might become more costly. This is particularly important as the Allane Mobility Group also enters into variable interest rate liabilities. In addition this also relevant for the extension and renewal of financing.

Market price risk

The market price risk describes the danger of a loss caused by changes to market prices. For Allane SE it is especially the residual values of leasing vehicles that are subject to the market price risk.

To counteract the market price risk involved in the disposal of vehicles within the Allane Mobility Group the residual values of the vehicles included in the calculation of the leasing contract are hedged partly by buy-back agreements with dealers or manufacturers depending on market conditions.

In marketing used leased vehicles, the Allane Mobility Group is dependent on developments in the used car market, particularly in Germany. The vehicles to be sold directly by the Allane Mobility Group on the used car market are subjected to regular appraisals based on the Group's own experience and market observations. These vehicles are marketed in a multi-stage process. The most advantageous recycling channel for the Allane Mobility Group is evaluated for each vehicle. The Allane Mobility Group primarily uses online auction platforms and its own used vehicle sites. To a limited extent, buy-back agreements, which are optional for the Allane Mobility Group, are contractually agreed with dealers or manufacturers in order to partially hedge the residual value of the vehicles on which the lease agreements are based. As a rule, however, the opportunities arising from own marketing outweigh the risks.

The Managing Board is keeping a close eye on the political discussion regarding new emission stipulations for diesel-powered vehicles and potential driving bans for diesel-powered vehicles in selected cities. In this context, the residual value risk could increase for the Allane Mobility Group, whilst the sales proceeds could fall below expectation.

The Board of Management is also monitoring the general political discussion on new emission requirements in accordance with the Euro 7 standard, as well as government subsidy measures for electric and hybrid drive technology and their impact on future business. Due to the introduction of newer drive technologies, there is a higher potential for uncertainty in the context of determining residual vehicle values.

Counterparty default risk

The counterparty default risk arises if lessees and fleet management customers fail to meet their payment obligations fully or partly during the contract term or if vehicle suppliers cannot fulfil their buyback agreements towards Allane SE, resulting in payment defaults.

To reduce the counterparty default risk, credit assessments are carried out in accordance with internal guidelines prior to the contract conclusion. Furthermore, creditworthiness of customers is regularly monitored during the lease period. This precautionary measure helps to avoid and/or mitigate future risks arising from the customer relationship.

The Allane Mobility Group therefore also pays high attention to the economic stability of its vehicles dealers. The vehicles dealers are subject to regular and strict creditworthiness reviews. Should contractual partners not be able to meet their repurchase commitments, Allane Mobility Group would be forced to sell the vehicles directly in the used car market.

Deposits with banks consist only to a small extent of deposits available on demand. The ratings of the banks are monitored on an ongoing basis. The default risk is estimated to be negligible on the basis of the awarded external ratings.

The risk measurement and control systems as well as the organisation of the credit risk management of Allane SE comply with the minimum requirements for risk management of banks and financial institutions (MaRisk) as defined by Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – Federal Financial Supervisory Authority).

For expected default risks a valuation allowance is recognised. The relevant receivable is written-off when the recovery is no longer expected.

Overall, there are no significant risk concentrations.

Analysis of trade receivables

The trade receivables are classified in the following table:

Analysis of trade receivables by risk class 2021

in EUR thou.	Gross receivables	Impairments	Net receivables 31 Dec. 2021
very low	35,831	67	35,764
low	36,290	437	35,853
highly increased	4,866	3,094	1,772
Total	**76,988**	**3,599**	**73,389**

Analysis of trade receivables by risk class 2020

in EUR thou.	Gross receivables	Impairments	Net receivables 31 Dec. 2020
very low	35,802	70	35,732
low	31,830	542	31,287
highly increased	5,856	3,702	2,153
Total	**73,487**	**4,314**	**69,173**

Trade receivables predominantly comprise receivables from Leasing and Fleet Management end-customers of the Allane Mobility Group and receivables from suppliers relating to the sale of used vehicles as part of their buyback commitments, or commercial and private buyers as part of the sale on the open market.

The maximum default amount is the reported carrying amount of the net receivable less collected collaterals (e.g. customer-security deposits in the amount of EUR 9,947 thousand). No credit derivatives or similar hedging instruments were used to cover credit risk in the period under review. Part of the receivables are secured through customer deposits.

The Group applies the simplified approach for impairment described in IFRS 9, whereby an impairment allowance in the amount of expected credit losses over the lifetime of the receivable is recognised for all instruments irrespective of their credit quality. To measure the expected credit losses, parameters such as customer group, credit quality and transaction type are used. For individual combinations of the aforementioned parameters different rates in accordance with the management expectations are applied to determine the impairment allowances. Due to the use of the simplified approach the changes in the allowance account are solely displayed as net amount. In the event of concrete indications of default, for example the insolvency of the debtor, the relevant receivables are fully derecognised regardless of valuation allowances, which may have been made.

In the financial year the allowance account for trade receivables developed as follows:

Change in the allowance account for trade receivables 2021

in EUR thou.	Balance as at 1 Jan. 2021	Change	Balance as at 31 Dec. 2021
Impairments	4,314	−716	3,599

Change in the allowance account for trade receivables 2020

in EUR thou.	Balance as at 1 Jan. 2020	Change	Balance as at 31 Dec. 2020
Impairments	5,915	−1,601	4,314

In both financial years, 2021 and 2020, adjusted receivables were derecognized after exceeding aging thresholds or receiving final notice of default, whereby the allowance for trade receivables decreased

Liquidity risk

Liquidity risk is the risk that existing liquidity reserves are not sufficient to meet the Group's financial obligations as they fall due. The Group's approach to managing liquidity is to ensure by liquidity planning that the Group always has sufficient liquidity to meet its obligations when due, under both normal and stressed conditions.

In the future, the refinancing of the Allane Mobility Group will be essentially dependent on self-financing through operative cash flows or the ability to borrow external funds on the debt capital markets. With regard to debt financing opportunities, it needs to be considered that the financing behaviour of the financial institutions may change significantly due to the ongoing structural changes which can be observed in the credit industry, for example as a result of higher capital requirements in the credit business or changes in the weighting of risks.

Depending on the development of Allane Mobility Group's own credit standing, external financing might therefore not or only under unfavorable conditions be obtained. In this context, it should be noted that the Allane Mobility Group currently has not assigned any external rating agency with a credit rating. However as common in the leasing industry asset-based financing opportunities (e. g. forfeiting or securitisation of leasing receivables) will be available to Allane Mobility Group. The Allane Mobility Group made use of this for the first time in 2016 and set-up an asset backed securities (ABS) programme in mid-2016.

The Asset Backed Securities (ABS) program has been extended until the end of 2021 and will be amortized on an ongoing basis until the middle of the 2027 financial year.

Analysis of the repayment amounts of financial liabilities and liabilities to related parties

The following table includes the repayment amounts (including assumed future interest payable) at their respective maturities.

Repayment amounts by maturity 2021

in EUR thou.	Bonds	Liabilities to banks	Lease liabilities	Other financial liabilities	Total
2022	252,815	236,329	2,664	-	491,807
2023		158,758	2,363	-	161,121
2024		114,526	2,091	-	116,617
2025		25,580	1,492	-	27,072
2026 and later		2,048	12,271	-	14,319
31 Dec. 2021	**252,815**	**537,241**	**20,881**	**-**	**810,937**

Repayment amounts by maturity 2020

in EUR thou.	Bonds	Liabilities to banks	Lease liabilities	Other financial liabilities	Total
2021	3,750	253,980	5,168	3,606	266,505
2022	253,730	195,001	2,164	-	450,895
2023	-	136,990	1,928	-	138,918
2024	-	80,183	1,613	-	81,796
2025 and later	-	3,574	2,838	-	6,412
31 Dec. 2020	**257,480**	**669,728**	**13,712**	**3,606**	**944,526**

The financial liabilities maturing in 2022 will largely be repaid by the usage of bank credit lines.

Analysis of the repayment amounts of interest rate and currency derivatives:

Repayment amounts by maturity 2021

in EUR thou.	Interest rate derivatives	Currency derivatives	Total
2022	–226	–60	–285
2023	560		560
2024	370		370
2025	79		79
2026 and later	4		4
31 Dec. 2021	**788**	**–60**	**728**

Repayment amounts by maturity 2020

in EUR thou.	Interest rate derivatives	Currency derivatives	Total
2021	–720	–106	–826
2022	–301		–301
2023	–34		–34
2024	15		15
2025 and later	1		1
31 Dec. 2020	**–1,038**	**–106**	**–1,144**

Exchange rate and country risk

Exchange rate risk is of only minor significance in the Allane Mobility Group, as the vast majority of receivables and liabilities are due in the local currency of the country in which the respective Group company is based. There are almost no country risks at present.

Capital management

The Allane Mobility Group manages the Group's capital with the goal of creating a financial profile that supports the Group's growth targets, while providing the necessary financial flexibility and diversification. Thereby it is ensured that all Group companies can operate on the basis of the going concern assumption.

The basis of the Group's financial profile is the equity provided by Allane SE's equity investors. As at the balance sheet date, the Group's equity ratio was 18.4% (2020: 16.4%). Other key elements of the Group's financial profile are the financial instruments reported in non-current and current financial liabilities (bonds, bank loans as well as liabilities from the asset backed securities program and finance lease liabilities). The proportion of total assets accounted for by these non-current and current liabilities amounted to 67.4% (2020: 72.2%).

5. Other disclosures

5.1 Segment reporting

By Business Unit in EUR million	2021	Leasing 2020	Fleet Management 2021	2020	Consolidation 2021	2020	2021	Group 2020
External revenue	625.1	642.1	115.3	105.6	-	-	740.4	747.7
Internal revenue	0.1	−0.0	0.0	0.2	−0.1	−0.2	-	-
Total revenue	625.2	642.1	115.4	105.8	−0.1	−0.2	740.4	747.7
Fleet expenses and cost of lease assets[1]	369.1	380.7	104.1	93.1	−0.1	−0.0	473.1	473.8
EBITDA[2]	183.4	208.3	0.7	3.1	-	-	184.0	211.4
Depreciation and amortisation expense	171.0	191.2	0.1	0.0	-	-	171.0	191.2
EBIT[3]	12.4	17.1	0.6	3.1	-	-	13.0	20.2
Interest income	0.4	0.5	0.0	0.0	−0.1	−0.2	0.3	0.4
Interest expense	−7.3	−11.3	−0.1	−0.2	0.1	0.2	−7.3	−11.3
Other net financial income	0.2	−0.2	-	-	-	-	0.2	−0.2
Net finance costs	−6.7	−10.9	−0.1	−0.2	-	-	−6.9	−11.1
EBT[4]	5.7	6.2	0.5	2.9	-	-	6.1	9.1
Investments	342.1	443.2	0.0	0.0	-	-	342.1	443.2
Assets	1,172.0	1,280.4	34.3	22.7	−12.9	−9.3	1,193.3	1,293.9
Liabilities	918.6	1,032.7	32.1	21.7	−12.7	−9.1	938.0	1,045.2
Employees[5]	630	606	85	87	-	-	715	693

By region in EUR million	2021	Germany 2020	International 2021	2020	Reconciliation 2021	2020	2021	Group 2020
Total revenue	667.2	679.6	73.3	68.1	-	-	740.4	747.7
Investments	297.5	403.8	44.6	39.4	-	-	342.1	443.2
Assets	1,235.6	1,356.1	614.3	703.5	−656.6	−765.8	1,193.3	1,293.9

[1] In the leasing segment write-downs on lease assets intended for sale are included in the amount of EUR 1.2 million (2020: EUR 0.0 million)
[2] Corresponds to earnings before interest, taxes, depreciation and amortisation (EBITDA)
[3] Corresponds to earnings before interest and taxes (EBIT)
[4] Corresponds to earnings before taxes (EBT)
[5] Annual average

The Allane Mobility Group is active in the business areas Leasing and Fleet Management. Resources are allocated and the Group's performance is assessed by the Managing Board on the basis of these segments (management approach). The key parameter for the assessment of the performance by the Managing Board are the earnings before taxes (EBT) of the segments.

The geographic information analyses the Group's revenue, the Group's investments and the Group's assets by Group Company's country of domicile.

Segment reporting is based on the accounting and valuation principles in the consolidated financial statements. receivables, liabilities, income and expenses between the segments are eliminated in the reconciliation to the Group figures. Group assets and liabilities do not recognise any tax positions.

5.2 Contingent liabilities and other financial obligations

Contingent liabilities

At the end of the financial year there were contingencies from guarantees or similar obligations in the amount of EUR 11.2 million (2020: EUR 11.2 million).

Other financial obligations

Purchase commitments resulting from concluded agreements at the respective balance sheet date concerning vehicle deliveries for the lease fleet in the coming year amount to around EUR 250.2 million (2020: EUR 161.3 million).

Contingencies

In the context of legal disputes against Allane SE from revocation actions for leasing contracts with regard to the second instance, the further course of some of the open cases depends on the timing of outstanding decisions of the Federal Court of Justice (BHG) and/or the European Court of Justice (EuGH) on few pending cases of Allane SE. For those open cases a contingent liability exists for Allane SE in the amount of EUR 1.9 million.

5.3 Share-based payments

In the financial year, there is no employee participation program for employees in the Allane Mobility Group. In prior year, the Sixt SE Group had implemented an employee equity participation programme (Matching Stock Programme – MSP 2012), which had also been open for the participation of employees of Allane Mobility Group, which was basically not influenced by Hyundai Capital Bank Europe GmbH. From the perspective of Allane Mobility Group the programme classifies as cash-settled share-based payment programme.

In 2021, the Allane Mobility Group did not recognise any personnel expenses (2020: TEUR 76) in connection with share-based payments and allocated them to personnel provisions (2021: TEUR 0, 2020: TEUR 75).

5.4 Related party disclosures

The related party transactions includes transactions between Allane Mobility Group and Hyundai Capital Bank Europe GmbH as well as its related party Banco Santander S.A., Spain including its direct and indirect subsidiaries, associated companies and joint ventures and Hyundai Motor Company, Seoul, Korea including its direct and indirect subsidiaries, associated companies and joint ventures.

The parent company of Allane SE is Hyundai Capital Bank Europe GmbH. Allane Mobility Consulting Österreich GmbH and Allane Mobility Consulting SARL are indirect, non-consolidated subsidiaries of Allane SE. Allane Service Verwaltungs GmbH is a direct, non-consolidated subsidiary of Allane SE. The further related parties are group-entities of Banco Santander S.A., Spain as well as group-entities of Hyundai Motor Company, Seoul, Korea.

The significant transactions and balances arising from such relationships with related parties of Hyundai Capital Bank Europe GmbH and its affiliated companies Banco Santander S.A., Spain, including its direct and indirect subsidiaries, associates and joint ventures, and Hyundai Motor Company, Seoul, Korea, including its direct and indirect subsidiaries, associates and joint ventures, are presented below.

in EUR million	Services rendered 2021	Services rendered 16 July 2020 until 31 Dec. 2020	Services used 2021	Services used 16 July 2020 until 31 Dec 2020	Receivables from related parties 31 Dec. 2021	Receivables from related parties 31 Dec. 2020	Liabilities to related parties 31 Dec. 2021	Liabilities to related parties 31 Dec. 2020
Hyundai AutoEver Europe GmbH, Offenbach am Main, Germany	-	-	2.0	0.4	-	-	-	0.5
Hyundai AutoEver Corp., Seoul, Korea	-	-	0.3	-	-	-	-	-
Hyundai Motor Deutschland GmbH, Offenbach am Main, Germany	[1]	-	-	[1]	-	-	-	-
Hyundai Motor Europe Technical Center GmbH, Rüsselsheim, Germany	[1]	[1]	-	-	[1]	[1]	-	-
Genesis Motor Deutschland GmbH, Offenbach am Main, Germany	-	-	[1]	-	-	-	-	-
Hyundai Motor France SAS (HMF), La Garenne-Colombes, France	-	-	[1]	-	-	-	-	-
Hyundai Capital Bank Europe GmbH, Frankfurt am Main, Germany	[1]	-	-	-	[1]	-	-	-
Banco Santander International SA, Geneva, Switzerland	[1]	0.1	-	-	[1]	[1]	-	-
Santander Consumer Bank AG, Mönchengladbach, Germany	[1]	-	0.4	0.2	-	[1]	100.0	140.0
Santander Consumer Leasing GmbH, Mönchengladbach, Germany	[1]	-	-	-	-	-	-	-
Santander Global Technology and Operations, S.L., Madrid, Spain	-	-	0.5	-	-	-	-	-

[1] Amount rounded less than EUR 0.1 million

Allane SE entered into a credit facility agreement with Santander Consumer Bank AG. Of this credit facility, loans in the amount of EUR 100 million had been drawn down as of the reporting date (previous year: EUR 140 million). The loans have a term of up to four years. There is a change of control clause, which gives Santander Consumer Bank AG the right to call in the loans and interest payable immediately if a change of control occurs. Furthermore, on 29 December 2021, a committed facility agreement for EUR 250 million was entered into with Santander Consumer Bank AG, Germany, to finance the repayment of a bond. On 2 February 2022, this agreement was terminated with effect from 4 February 2022.

A contract for the supply of IT infrastructure hardware has been concluded with Hyundai AutoEver Europe GmbH, Germany, in 2020. The major part of this agreement was executed in the 2021 financial year.

An IT license agreement was concluded with Santander Global Technology and Operations, S.L., Madrid, Spain for a period of three years.

All outstanding receivables from and payables to related parties, which are reported separately, were settled on the basis of contractual agreements. In 2021 expenses for impairment of receivables from related parties amounting to EUR 1.5 million were recognized (previous year: EUR 0 million).

In the prior year, the Allane Mobility Group had related party relationships between the Allane Mobility Group and Sixt SE and its direct and indirect subsidiaries, associates and joint ventures until the closing on 15 July 2020. In the 2020 financial year, Sixt SE was the parent company of Allane SE in the period from 1. January 2020 to 15 July 2020.

The Sixt GmbH & Co. Autovermietung KG, as well as other companies of the Sixt SE Group provide rental vehicles to the Allane Mobility Group until the financial year 2021. In addition, the Allane Mobility Group had transferred individual functions and areas to Sixt GmbH & Co. Autovermietung KG and other group companies of the Sixt SE Group until 15 July 2020. These outsourcing arrangements were terminated in connection with the purchase of all shares in Allane SE from Sixt SE by Hyundai Capital Bank Europe GmbH. This mainly involved IT services. In addition, the Allane Mobility Group rents business premises for the operating business of group companies of the Sixt SE Group. These leases continue to exist after the acquisition.

Furthermore, the agreements described below were concluded with Sixt SE and other direct and indirect subsidiaries of Sixt SE in the previous year. These agreements became effective upon completion of the voluntary takeover bid by Hyundai Capital Bank Europe GmbH (HCBE) on 15 July 2020 respectively 16 July 2020. A Transitional Services and Separation Support Agreement IT was agreed, which are essentially IT services for a transitional period and in parallel regulates the separation of the IT infrastructure and IT applications. The agreement is concluded at standard market terms and conditions and provides for compensation dependent on utilization as well as compensation due upon successful completion. A purchase and transfer agreement was concluded for the acquisition of significant parts of the business operations of SL Car Sales GmbH, Garching, as well as assets and certain contracts relating to these operations. The purchase price was EUR 2.1 million and was based on an external valuation. Previously, the Allane Mobility Group had entered into an agreement with SL Car Sales GmbH to take over the marketing of used leased vehicles and related additional services, which was terminated with the purchase. Since then, Allane SE has been marketing used leased vehicles itself at the two locations acquired in the course of this transaction. Furthermore, a license agreement was concluded regarding the use of trademarks, company logos, business equipment including the corporate design and internet domains for a period of 5 years from the closing of the transaction. The customary market remuneration is based on certain net sales, as agreed and practiced in recent years.

In the 2021 financial year, after the closing on 15 July 2020, there were no further relationships with Sixt SE and its direct and indirect subsidiaries, associates and joint ventures in a relationship as related parties.

The material transactions and balances from such relationships with former related parties of Sixt SE and its direct and indirect subsidiaries, associates and joint ventures are presented below.

Related parties from 1 Jan 2020 until 15 Jul 2020

in EUR million	Services rendered from 1 Jan. 2020 until 15 Jul. 2020	Services used from 1 Jan. 2020 until 15 Jul. 2020	Receivables from related parties 15 Jul. 2020	Liabilities to related parties 15 Jul. 2020
Sixt GmbH & Co. Autovermietung KG, Pullach	2.5	3.6	4.0	3.6
Sixt SE, Pullach	0.3	0.6	[1]	0.6
TOV 6-Systems, Kiew, Ukraine	-	0.7	-	0.6
SL Car Sales GmbH, Garching	[1]	0.3	[1]	0.3
Sixt GmbH, München	0.3	-	0.1	-
Sixt SAS, Avrigny, France	-	0.2	-	[1]
Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Delta Immobilien KG, Pullach	-	0.5	-	-
SXT Dienstleistungen GmbH & Co. KG, Rostock	0.1	[1]	[1]	0.1
SXT Reservierungs- und Vertriebs-GmbH & Co. KG, Rostock	0.1	[1]	[1]	[1]
Sixt rent-a-car AG, Basel, Switzerland	-	[1]	-	[1]
Sixt G.m.b.H., Vösendorf, Austria	-	[1]	-	[1]
Sixt Air GmbH, Wesling	[1]	-	-	-
SXT Telesales GmbH, Berlin	[1]	[1]	[1]	[1]
Sixt Chauffeur Reservation Systems GmbH & Co. KG, Berlin	[1]	-	[1]	-
Sixt B.V., Hoofddorp, Netherlands	-	[1]	-	[1]
Sixt Executive GmbH, Garching	[1]	-	-	-

[1] Amount rounded less than EUR 0.1 million

The business relationships shown are in each case conducted on an arm's length basis.

The Supervisory Board and Managing Board of Allane SE

Supervisory Board	Membership of supervisory boards and other comparable supervisory bodies of business enterprises
Jochen Klöpper Chairman Chief Risk Officer of Santander Consumer Bank AG Vienna, Austria	Chairman of the Supervisory Board of Hyundai Capital Bank Europe GmbH (HCBE) Member of the Administrative Board West of the Schufa Holding AG
Hyunjoo Kim Deputy Chairman Chairman of Fubon Hyundai Life und dem Korea Credit Bureau Seoul, South Korea	Member of the Supervisory Board of Hyundai Capital Bank Europe GmbH
Thomas Hanswillemenke Member Member of the Management Board of Santander Consumer Bank AG, Germany and Member of the Management Board of Santander Consumer Holding GmbH, Mönchengladbach, Germany	
Chiwhan Yoon Member Head of Global Business Planning Department / Vice President at Hyundai Capital Services, Inc. Seoul, Korea	
Norbert van den Eijnden Member (since 29 March 2022) Freelance consultant Maarssen, Netherlands	Member of the Supervisory Board of Bovemij NV, Chairman of Chairman Foundation Duurzame Vecht
Dr. Julian zu Putlitz Member Chief Financial Officer of IFCO Systems Group Pullach im Isartal, Germany	

Managing Board	**Membership of supervisory boards and other comparable supervisory bodies of business enterprises**
Donglim Shin Chairman (since 1 July 2021) Munich, Germany	
Michael Ruhl Chairman (until 30 June 2021) Munich, Germany	Member of the Administrative Board of Sixt Leasing (Schweiz) AG (until 30 June 2021) Member of the Administrative Board of Sixt Mobility Consulting AG (until 30 June 2021)
Álvaro Hernández (since 1 December 2021) Munich, Germany	
Björn Waldow (until 30 September 2021) Gauting-Stockdorf, Germany	

Total remuneration of the Supervisory Board and Managing Board of Allane SE

The Supervisory Board has determined the remuneration for 2020 and 2021 on an individual basis as follows:[1]

Remuneration

in Euro	Donglim Shin 2021 actual[3]	Donglim Shin 2020 actual	Michael Ruhl 2021 actual[4]	Michael Ruhl 2020 actual	Álvaro Hernández 2021 actual[5]	Álvaro Hernández 2020 actual	Björn Waldow 2021 actual[6]	Björn Waldow 2020 actual
Basic remuneration	290,971	-	200,000	400,000	100,000	-	314,589	400,000
Taxable pecuniary benefits and other fringe benefits	79,428	-	6,812	20,811	34,530	-	14,589	20,884
Total fixed remuneration	**370,399**	**-**	**206,812**	**420,811**	**134,530**	**-**	**329,178**	**420,884**
Multi-year variable remuneration[1, 2]	94,570	-	200,000	848,460	37,600	-	66,667	498,460
Total remuneration	**464,969**	**-**	**406,812**	**1,269,271**	**172,130**	**-**	**395,845**	**919,344**

[1] The performance-related remuneration for 2020 with the ecxeption of transaction bonus will be paid out stretched until 2025.
[2] The performance-related remuneration for 2021 with the exception of Álvaro Hernández will be paid out on a stretched basis until 2024.
[3] Since 1 July 2021
[4] Until 30 June 2021
[5] Since 1 September 2021 general representative and since 1 December 2021 Member of the Managing Board
[6] Until 30 September 2021

In the prior year, this included a short-term transaction bonus committed for the successful transition to Hyundai Capital Bank Europe GmbH (HCBE) in 2019. The final entry requirements were met with the closing of the transaction in 2020; accordingly, the bonus payments (current) of EUR 750,000 (Michael Ruhl) and EUR 400,000 (Björn Waldow) were executed in 2020 and which are included in the performance-related remuneration in terms of amount. Furthermore, Björn Waldow received payments (non-current) of EUR 80,000 in 2020 respectively for phantom shares from the Matching Stock Programme of Sixt SE allocated in 2015 and 2016. In the 2020 financial year, expenses for Björn Waldow from the Matching Stock Programme in the amount of EUR 57,481 was recognised in profit and loss and at reporting date the related provision amounts to EUR 45,282. In the 2021 financial year, there are no further entitlements from the Matching Stock Program of Sixt SE.

The total remuneration of the Management Board in the 2021 financial year amounts to EUR 1,439,756 (2020: EUR 2,188,615)

Supervisory Board remuneration (current) in the 2021 financial year was EUR 40 thousand (2020: EUR 88 thousand)

The group has no pension obligations towards members of the Supervisory Board and Managing Board.

5.5 Proposal for allocation of unappropriated profit

Allane SE reported an unappropriated profit for the 2021 financial year in accordance with German commercial law of EUR 23,066 thousand (2020: EUR 22,178 thousand). For financial year 2021 the Managing Board and the Supervisory Board consider proposing a dividend up to EUR 0.06 per share to the shareholders on the shareholders' meeting. If the proposal will be accepted with the maximum amount, would this result to an unappropriated profit presented as follows:

Proposal for allocation of the unappropriated profit

in EUR thou.	2021	2020
Payment of a dividend of EUR 0.06 (2020: EUR 0.02) per ordinary share entitled to a dividend	1,237	412
Carryforward to new account	21,829	21,765

As of 31 December 2021, there were 20,611,593 ordinary shares entitled to dividends. In the event that the dividend proposal of EUR 0.06 per share is accepted, this would result in a dividend payment of EUR 1,237 thousand. As a consequence, this would bring the payout ratio about 21% of the consolidated profit for the 2021 financial year. The previously communicated target range of 30 to 60 % remains unchanged regardless of the payout ratio for the 2021 financial year. The concrete proposal for the appropriation of profits is subject to the approval of the Supervisory Board and will be published with the agenda for the 2022 Annual General Meeting.

The proposal by the Managing Board and the Supervisory Board on the appropriation of the unappropriated profit for financial year 2020 was resolved unchanged by the Annual General Meeting on 29 June 2021.

5.6 Substantial events after the reporting date

With the invasion of Russian troops into Ukraine on 24 February 2022, the Russian war against Ukraine has become a new risk factor for Allane SE, the automotive industry and the macroeconomic environment. As at the end of March 2022, when this risk report was finalised, it was not possible to accurately assess the full economic impact of the conflict. However, the war had already caused a significant increase in fuel prices among other things at that particular point in time. These higher prices could lead to a decline in mobility demand and therefore burden the companies business development in financial year 2022, especially in the Online Retail business field. Moreover, the war could further exacerbate supply shortages and therefore limit the availability of new cars. This could have a negative impact on the Online Retail and Fleet Leasing business fields. The Company will closely observe the future development. Especially, the Board of Directors has convened a bi-weekly meeting of the main departments (Sales, Remarketing, Purchasing, Risk, IT, Information Security, Human Resources, Treasury). Current developments are discussed and possible effects on the business of the Allane Mobility Group are analyzed. The first key measures were to strengthen IT security measures, examine the portfolio for potentially impaired industries and customers, and analyze the current stress test regime for possible effects due to the application of tightening assumptions. In addition, major customers and suppliers were contacted directly regarding possible impacts. Based on these initiated measures, there is currently no further acute need for action. Identified customers have been placed on a watch list to monitor their payment behavior more closely. In the medium to long term, the business is expected to be affected by rising energy prices and further supply bottlenecks. However, the extent of these effects cannot be quantified at this time. The Management Board has not yet been able to identify any direct material impact on the net assets, financial position and results of operations of the Allane Mobility Group

The bond issued in May 2018 with a nominal amount of EUR 250.0 million with a nominal interest rate of 1.50% p.a. and a term of four years was repaid early on 2 February 2022.

There were no other events of particular significance for the net assets, financial position and results of operations of the Group and the Company occurred after the close of the 2021 financial year.

5.7 Declaration of conformity in accordance with section 161 of the AktG

The declaration by the Managing Board and the Supervisory Board required by section 161 of the Aktiengesetz (AktG – German Public Companies Act) stating that the recommendations of the Government Commission on the German Corporate Governance Code are complied with and which recommendations have not been applied was issued in the financial year and made permanently accessible to shareholders on Allane SE's.

5.8 Authorization of the consolidated financial statements in accordance with IAS 10.17

These consolidated financial statements are authorised by the Managing Board for submission to the Supervisory Board on 14 April 2022.

Pullach, 14 April 2022

Allane SE

The Managing Board

Donglim Shin Álvaro Hernández

d

Further information

D.1 – Responsibility Statement

of Allane SE, Pullach, for financial year 2021

in accordance with sections 297 (2) sentence 4 and 315 (1) sentence 5 of the HGB (German Commercial Code)

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group, and the management report on the Group's and the Company's situation includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Pullach, 14 April 2022

Allane SE

The Managing Board

Donglim Shin   Álvaro Hernández

D.2 – Independent auditor's report

The following independent auditors' report („Bestätigungsvermerk') was issued in accordance with section 322 of the HGB (German Commercial Code) on the IFRS Financial Statements 2021, which were prepared in the German language. The translation of the independent auditors' report ('Bestätigungsvermerk') is as follows:

The following copy of the auditor's report also includes an "Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes" ("Separate report on ESEF conformity"). The subject matter (ESEF documents to be audited) to which the separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette.

„To Allane SE, Pullach

Report on the audit of the consolidated financial statements and of the group management report

Audit Opinions

We have audited the consolidated financial statements of Allane SE (former: Sixt Leasing SE), Pullach, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Allane SE, which is combined with the Company's management report, for the financial year from January 1 to December 31, 2021. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to § [Article] 289f HGB [Handelsgesetzbuch: German Commercial Code] and § 315d HGB]].

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 § [Article] 315e Abs. [paragraph] 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 December 31, 2021, and of its financial performance for the financial year from January 1 to December 31, 2021 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 audit opinion on the group management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to § 322 Abs. 3 Satz [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 group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") 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 Group 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) point (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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

1) Measurement of lease assets

Our presentation of this key audit matter has been structured as follows:

a) Matter and issue

b) Audit approach and findings

c) Reference to further information

Hereinafter we present the key audit matter:

1) Measurement of lease assets

a) In the consolidated financial statements of Allane SE, assets amounting to EUR 995.4 million (83.3% of total assets are reported under the line item "Lease assets" of the balance sheet as of December 31, 2021. Lease assets are carried at cost and depreciated over the term of the lease to the expected residual value at the end of the lease. The expected residual value is calculated on the basis of external market value forecasts and the Company's own historical marketing results. The expected residual values are monitored on an ongoing basis. If the residual value decreases, the lease asset is tested for impairment, a recoverable amount is calculated and, if necessary, the asset is written down. Write-downs in respect of lease assets amounting to EUR 0.7 million were recognized in the financial year on the basis of this valuation. The measurement of the lease assets is, firstly, of great significance for the assets, liabilities, and financial performance of the Company in terms of amount and, secondly, involves a high degree of scope for judgment on the part of the executive directors, since the use of models and assumptions creates a high degree of uncertainty due to the estimates required for the measurement exercise. Against this background, this matter was of particular significance during our audit.

b) Our audit included assessing the appropriateness of the controls within the Company's internal control system established to test lease assets for impairment and tested whether the controls functioned effectively. In doing so, we considered the organizational structures and processes, the IT systems and the measurement model. Furthermore, we reviewed the performance of and assessed the appropriateness of the impairment tests. We assessed the parameters used for the impairment test, including the values for the marketing results, to ensure that they were up to date and compared them with sector-specific market expectations, and assessed the documents and explanations provided by the executive directors in this regard. We critically evaluated and assessed the assumptions made by the executive directors to determine whether they lay within a reasonable range. Based on our audit procedures, we were able to satisfy ourselves that the impairment tests performed to assess the lease assets were carried out appropriately and that the parameters used and assumptions made are within what we consider to be a reasonable range.

c) The Company’s disclosures relating to the measurement of lease assets are contained in section 3.2 of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to § 289f HGB and § 315d HGB.

The other information comprises further the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor’s report.

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

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

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

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 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, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 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 group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit 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 § 315e Abs. 1 HGB.

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

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

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors 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 audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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

Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes

Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with § 317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the “ESEF documents”) contained in the attached electronic file “Allane_SE_KA_LB-2021-12-31-DE.zip” and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format (“ESEF format”). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2021 contained in the “Report on the Audit of the Consolidated Financial Statements and on the Group Management Report” above.

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file in accordance with § 317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the “Group Auditor’s Responsibilities for the Assurance Engagement on the ESEF Documents” section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

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

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

Group Auditor’s Responsibilities for the Assurance Engagement on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, 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 conclusion.

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, 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 conclusion.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on June 29, 2021. We were engaged by the supervisory board on December 23, 2021. We have been the group auditor of Allane SE, Pullach, without interruption since the financial year 2020.

We declare that the audit 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).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Michael Henneberger.“

Munich, the 14. April 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Michael Henneberger Wirtschaftsprüfer	Sabrina Riedl Wirtschaftsprüferin

D.3 – Balance sheet

of Allane SE, Pullach, as at 31 December 2021 (HGB/RechKredV)

Assets

in EUR thou.		31 Dec. 2021	31 Dec. 2020
1. Receivables from banks			
Due daily	516		124
		516	**124**
2. Receivables from customers		**38,808**	**45,485**
3. Shareholdings in affiliated companies		**336**	**336**
4. Lease assets		**894,639**	**1,005,472**
5. Intangible assets			
a) Proprietary intellectual property rights and similar rights and assets	18,221		18,474
b) Purchased concessions, intellectual property rights and similar rights and assets as well as licenses relating to such rights and assets	5,932		221
c) Goodwill	1,682		1,880
		25,835	**20,575**
6. Equipment		**6,510**	**3,207**
7. Other assets		**240,148**	**266,793**
8. Prepaid expenses		**4,470**	**5,298**
		1,211,262	**1,347,289**

Equity and liabilities

in EUR thou.		31 Dec. 2021	31 Dec. 2020
1. Liabilities to banks			
a) Daily due	2,072		2,444
with agreed term or notice period	120,589		167,590
		122,661	**170,034**
2. Liabilities to customers			
other liabilities			
a) Daily due	1,776		1,883
b) with agreed term or notice period	4,179		3,833
		5,955	**5,716**
3. Securitised liabilities			
issued Bonds		249,980	249,980
4. Other liabilities		**550,388**	**645,454**
5. Deferred income		**25,814**	**29,265**
6. Deferred tax liabilities		**32,260**	**35,429**
7. Provisions			
a) Tax provision	1,715		972
b) Other provisions	28,821		18,960
		30,536	19,932
8. Equity			
a) Subscribed capital	20,612		20,612
b) Capital reserve	139,068		139,068
c) Retained earnings			
Other retained earnings	10,923		9,622
d) Unappropriated profit	23,066		22,178
		193,668	**191,480**
		1,211,262	**1,347,289**

D.4 – Income statement

of Allane SE, Pullach, for the period from 1 January to 31 December 2021 (HGB/RechKredV)

in EUR thou.			2021	2020
1. Leasing revenue		574,493		586,387
2. Leasing expenses		350,422		352,701
			224,070	**233,686**
3. Interest income from lending and money-market transactions		4,769		4,648
4. Interest expense		9,602		13,503
			−4,834	**−8,855**
5. Income from profit pooling and from partial or full profit transfer agreements			310	2,172
6. Commission income			1,130	1,116
7. Other operating income			9,536	11,388
8. General operating expenses				
a) Personnel expenses				
aa) Wages and salaries	29,773			23,878
ab) Social security contributions, pension expenses and other employee benefits thereof pension expenses: EUR - thou. (2020: EUR - thou.)	4,536			3,382
		34,309		**27,260**
b) Other administrative expenses		43,627		31,822
			77,936	**59,083**
9. Depreciation and valuation allowances				
a) On lease assets		140,631		168,234
b) On intangible assets and fixed assets		6,565		2,013
			147,196	**170,247**
10. Other operating expenses			369	400
11. Write-downs and valuation allowances on receivables and certain securities and allocations to provisions in lending business		4,938		4,757
12. Income from write-ups on receivables and certain securities and from the release of provisions in the lending business		1,759		1,153
			-3,179	**-3,604**
13. Result from ordinary activities			**1,533**	**6,172**
14. Taxes on income			−1,068	5,356
15. Net income			**2,601**	**816**
16. Retained profit brought forward			21,765	21,770
17. Transfers to other retained earnings			−1,300	−408
18. Unappropriated profit			**23,066**	**22,178**

D.5 – Financial calendar

Financial calendar of Allane SE

Publication of the Annual Report 2021	29 April 2022
Publication of the quarterly statement as at 31 March 2022	11 May 2022
Annual General Meeting for financial year 2022 in Munich	29 June 2022
Publication of the half-year financial report as at 30 June 2022	24 August 2022
Publication of the quarterly statement as at 30 September 2022	9 November 2022

Dates and event locations subject to change

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