

THE SIXT GROUP IN FIGURES

in EUR million	2019	2018	Change 2019 on 2018 in %	2017
Revenue	3,306	2,930	12.9	2,603
Thereof in Germany	1,717	1,621	5.9	1,515
Thereof abroad	1,590	1,308	21.5	1,088
Thereof operating ¹	2,945	2,599	13.3	2,309
Thereof rental revenue	2,248	1,940	15.9	1,687
Thereof leasing revenue	223	235	-5.1	227
Earnings before net finance costs and taxes (EBIT)	380	373	1.8	325
Earnings before taxes (EBT)	337	535	-36.9	287
Consolidated profit	247	439	-43.8	204
Net income per share (basic)				
Ordinary share (in EUR)	4.97	9.07	-45.1	4.09
Preference share (in EUR)	5.02	9.09	-44.7	4.11
Total assets	6,249	5,193	20.3	4,491
Lease assets	1,120	1,204	-7.0	1,219
Rental vehicles	3,033	2,605	16.4	2,076
Equity	1,592	1,442	10.4	1,178
Equity ratio (in %)	25.5	27.8	-2.3 points	26.2
Non-current financial liabilities	2,653	2,291	15.8	1,700
Current financial liabilities	785	449	74.8	591
Dividend per share				
Ordinary share (in EUR)	.2	2.15	-100.0	4.00
Preference share (in EUR)	0.05 ²	2.17	-97.7	4.02
Total dividend, net	0.8 ²	101.3	-99.2	188.1
Number of employees³	8,748	7,540	16.0	6,685
Number of locations worldwide (31 Dec.)⁴	2,111	2,174	-2.9	2,211
Thereof in Germany	531	518	2.5	517

¹ Revenue from rental and leasing business, excluding revenue from the sale of used vehicles

² Proposal by the management

³ Annual average

⁴ Including franchise countries

CONTENT



A	\\	TO OUR SHAREHOLDERS	3
A.1		Letter to the shareholders	3
A.2		Report of the Supervisory Board	6
A.3		Sixt shares	9
A.4		Corporate governance report	13
B	\\	MANAGEMENT REPORT ON THE GROUP'S AND THE COMPANY'S SITUATION	20
B.1		Group fundamentals	20
B.2		Business report	24
B.3		Human resources report	44
B.4		Disclosures in accordance with sections 289a (1) and 315a (1) of the HGB	48
B.5		Report on outlook	52
B.6		Report on risks and opportunities	57
B.7		Summarised non-financial declaration of the Group pursuant to sections 315b and c in conjunction with sections 289b to e of the HGB	69
B.8		Dependent company report	79
B.9		Corporate governance declaration in accordance with sections 289f and 315d of the HGB	79
B.10		Additional information for Sixt SE pursuant to HGB	79
		Annex to the management report on the Group's and the Company's situation: Report on equality and equal pay (unaudited)	81
C	\\	CONSOLIDATED FINANCIAL STATEMENTS	82
C.1		Consolidated income statement and statement of comprehensive income	82
C.2		Consolidated balance sheet	83
C.3		Consolidated cash flow statement	84
C.4		Consolidated statement of changes in equity	85
C.5		Notes to the consolidated financial statements	86
D	\\	FURTHER INFORMATION	139
D.1		Responsibility statement	139
D.2		Independent auditors' report	140
D.3		Balance sheet of Sixt SE (HGB)	146
D.4		Income statement of Sixt SE (HGB)	147
D.5		Financial calendar	148

SIXT – MOBILITY THAT REALLY MOVES

Mobility is the driving force of modern life. It has always brought people together, enabled exchanges, propelled economic development and improved the quality of life for people all over the globe.

Sixt has always understood this deeply human wish for mobility. With exposure in around 110 different countries, this premium service provider is a byword for consistent customer orientation, a lively culture of innovation with strong technological expertise as well as a premium fleet of vehicles with an attractive price-performance ratio. The company maintains alliances with renowned names in the hotel industry, well-known airlines and numerous prominent service providers in the tourism sector. As one of the leading international mobility service providers, Sixt provides its customers with individualised and boundless mobility, which takes account of such contemporary driving forces as urbanisation, digitisation and the technological progress that make mobility more flexible, more sustainable and more efficient.

In its **Mobility Business Unit**, Sixt merges a digitally retrievable package that unites global vehicle rental and local sharing solutions as well as taxi, ride hailing and chauffeur services. Through its mobility platform ONE, Sixt integrates its own services together with those from over 1,500 partners and over 1.5 million

drivers around the globe. This makes Sixt one of the world's largest integrated mobility service providers.

Its **Leasing** Business Unit is run by the stock listed subsidiary Sixt Leasing SE, through which Sixt offers comprehensive services both to business clients for fleet leasing and fleet management as well as to private and commercial customers through its Online Retail business field. Thanks to its many years of experience in managing large vehicle fleets, Sixt Leasing sustainably optimises its customers' fleets over the long term and thus cuts their total cost of ownership. In the growth market for the online sale of new vehicles, Sixt Leasing operates the online platforms [sixt-neuwagen.de](https://www.sixt-neuwagen.de) and [autohaus24.de](https://www.autohaus24.de) to offer private and commercial customers such innovative solutions as a fully digital ordering process.

The long-term strategy of Sixt SE is geared towards the continued expansion of its national and international presence, the further digitisation and thus the development of product innovations through state-of-the-art technologies, the consistent orientation towards strong earnings and the sustained increase in the Company's value for the benefit of its shareholders.

Sixt – that's mobility that really moves.

WWW.SIXT.COM

IR.SIXT.EU

A // TO OUR SHAREHOLDERS

A.1 // LETTER TO THE SHAREHOLDERS

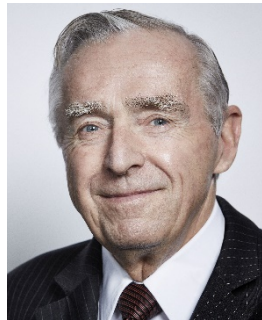
Dear shareholders,

2019 was a very special year for the Sixt Group. Economically we continued our successful development of the last years and registered strong growth with high profitability. Strategically, Sixt presented the integrated mobility platform ONE to the public in February 2019. It brings to market an offer that is unmatched worldwide and which is a milestone for what the mobility of the future will look like: an integrated offer coming from just one app that provides our customers with the right solution in every situation and for every need, at the best possible price. In doing so, Sixt has laid a solid foundation for future growth in the mobility market of the future and impressively demonstrated that it is consistently driving the transformation to one of the leading global digital mobility providers.

Our mobility platform ONE with its services SIXT rent (vehicle rental), SIXT share (carsharing) and SIXT ride (transfer services) together with the new SIXT app registered a very successful development in its first year: since its launch in February 2019 the number of active daily users and the booking ratio through the app increased significantly. This welcome response from our customers came hand in hand with significant add-on business, which was generated through the SIXT app and which has already made an important contribution to the revenue growth of the Sixt Group. Our Company's digital transformation not only elicited positive feedback from our customers, but also caused a stir among industry insiders. Thus, in 2019 Sixt received numerous renowned awards for ONE, such as the "Game Changer Award" from the consultancy Bain & Company and the "Manager Magazin".

The Sixt digitisation strategy goes much further, though. It covers all our Group's sales channels and operating business processes. Thus, by the middle of 2019 we had completed a full

ERICH SIXT



- // Chairman of the Managing Board of Sixt SE
- // Born 1944
- // Joined Sixt in 1969
- // Responsible for IT/EDP, marketing, public relations, international franchise

JÖRG BREMER

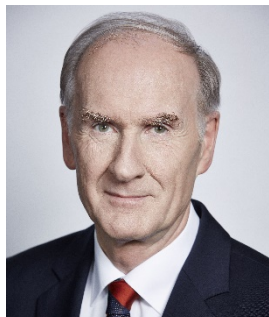


- // Chief Financial Officer
- // Born 1977
- // Joined Sixt in 2018
- // Responsible for finance, accounting, controlling, legal, auditing, risk management

relaunch of our website, [sixt.com](https://www.sixt.com), and further improved its reaction time and user friendliness. Parallel to these developments, we also keep driving forward the digitisation of our services at the stations. This includes the roll-out of a new rental software, which makes the rental and return process substantially swifter and more flexible for the customers.

The strategy also provides for new digital stations being opened up. Customers will be able to take up and return their vehicle of choice from these stations simply and conveniently using their smartphones.

DETLEV PÄTSCH



- || Chief Operating Officer
- || Born 1951
- || Joined Sixt in 1986
- || Responsible for customer service, operations, purchase and sale of vehicles, maintenance and repair, quality management

ALEXANDER SIXT



- || Chief Organisation/Strategy Officer
- || Born 1979
- || Joined Sixt in 2009
- || Responsible for Group Strategy/M&A, central procurement, process and product management, global human resources, global shared service operations, new mobility services

KONSTANTIN SIXT



- || Chief Sales Officer
- || Born 1982
- || Joined Sixt in 2005
- || Responsible for national and international sales, global e-commerce business

The platform ONE sees us interlink over 280,000 vehicles and more than 2,000 stations worldwide. This is a strong basis that makes Sixt an attractive partner for other providers of modern mobility, because ours is an explicitly partner-oriented approach. It is the only way we can make a contribution towards solving the problem of growing traffic congestion, above all in metropolitan areas. According to the United Nations by 2050 around 70% of the entire world's population will live in metropolises and large cities. This will make it increasingly important for customers to

have access to a mobility mix for every situation and need that is conveniently available via a single platform.


With our SIXT ride product we have already realised this partner-oriented approach and concluded cooperation agreements with renowned ride hailing providers, such as the German taxi hubs. Anyone using our SIXT app can therefore manage today already without the need to buy their own vehicle.

In 2019, our latest mobility offers contributed towards accelerating our growth in revenue. Year-on-year, consolidated operating revenue rose 13.3% to EUR 2.95 billion. At EUR 337.4 million, consolidated earnings before taxes (EBT), our key earnings indicator, once again reached a new record high. This was achieved despite the substantial expenditures for setting up and launching the mobility platform, the ongoing digitisation of the company and the extensive expansion of our presence in Europe and the USA. With an operating return on revenue of 11.5%, Sixt has once more recorded profitability levels far higher than those of our competitors.

The 23.0% increase in revenue generated by foreign operations meant that the Mobility Business Unit's foreign operations once again made the biggest contribution to growth. Thus, in the USA revenue climbed almost 29.0% to EUR 492.9 million. Also our subsidiaries in the western European countries almost all recorded double-digit growth rates in 2019. The share of revenue generated outside Germany for the first time exceeded 60%, despite the fact that the Mobility Business Unit generated a sales increase of 8.4% in Germany alone.

Worldwide mobility markets are undergoing changes that have never been seen before. As innovation leader, Sixt is one of the players that will define the rules of this market. We want to make the best possible use of the enormous growth opportunities available to our company and create value for you, our shareholders. To this end it is important that we allocate our capital where we see the strongest long-term growth and best return on our capital.

Subject to this premise, the ongoing development of our new mobility services with the platform ONE, the further digitisation of our business processes as well as the international expansion in the USA and Western Europe, will all remain focal points for our activities in the current fiscal year. They will also necessitate continued high investments that are the basis of our further growth.



In view of our Group's inner strength, which follows from our unique range of products, a strong brand and a solid capital and financing basis, we are well prepared for the business development in 2020, which will be negatively affected by the spread of the corona virus. However, we will have to continue to carefully monitor the potential risk factors for the global economy and thus for international travel.

It is our principle to let you, our shareholders, participate in the company's success in an appropriate manner via a dividend. Sixt SE continues to adhere to this policy. However, the extraordinary crisis situation caused by the corona virus and the associated rapidly increasing uncertainties in the financial markets with possible consequences for the availability of capital induced us to focus on self-financing and propose to the Annual General Meeting to distribute only the minimum dividend specified in the Articles of Association. This is a decision that was not easy for us, but which we regard as unavoidable.

We expect, based on the evaluation of the current situation and not taking into account the positive effect of the sale of the stake in Sixt Leasing SE, a clearly positive consolidated EBT for the

full year 2020 which will remain very strongly below the previous year's level. With regard to consolidated operating revenue, we also expect a sharp decline compared with last year, not taking into account the discontinued Leasing Business Unit. The extent of the decline in consolidated operating revenue and consolidated EBT will be strongly influenced by the further course and duration of the corona crisis and its macroeconomic effects. In this the Managing Board assumes that the significant curtailment in public life as well as in private and business travel activities in the markets of relevance for Sixt will gradually be reduced again during the course of 2020 and that demand for mobility products will gradually normalise again. Due to the substantial uncertainties a reliable outlook for the further development in 2020 is currently not possible. For the year 2021, we expect a return to normality.

We wish to thank all employees for the strong commitment and passion with which they work day by day, even in these difficult times, to inspire our customers. We wish to thank you, dear shareholders, for your trust and support on the journey ahead of us into a new world of mobility.

Pullach, April 2020

The Managing Board

ERICH SIXT

JÖRG BREMER

DETLEV PÄTSCH

ALEXANDER SIXT

KONSTANTIN SIXT

A.2 || REPORT OF THE SUPERVISORY BOARD

General

In 2019 the Supervisory Board of Sixt SE attended to the duties incumbent on it according to law and the Articles of Association to the best of its knowledge and belief. In all its four plenary sessions, the Board dealt in detail with the Group's economic situation and strategic direction. It consulted and supported the Managing Board over key issues for Sixt SE and the Group.

The members of the Supervisory Board were present in full at all four plenary sessions in 2019. Thus, the legally prescribed frequency of two meetings per calendar half-year was complied with. In addition, one resolution was passed by written voting.

The Managing Board informed the Supervisory Board in written and verbal form regularly, promptly and comprehensively about the current business performance and the situation of the Company and the Group. To this end, the Managing Board submitted a written report every quarter with detailed information on the business performance and the economic and financial position of Sixt SE as well as its domestic and foreign subsidiaries. At the Supervisory Board meetings, the Managing Board outlined the documents and reports on the business development, planning and corporate strategies. The Managing Board involved the Supervisory Board at an early stage in decisions of significant importance for the Sixt SE and the Group. In the reporting year there was no need to consult additional company documents over and above the reports and proposals for resolution submitted by the Managing Board.

Apart from the meetings the members of the Supervisory Board were in regular contact with the Managing Board, especially the chairmen of the two corporate organs. The provisions of the German Corporate Governance Code and of the legal stipulations on stock corporations governing the duty of the Managing Board to report to the Supervisory Board were consistently complied with.

The Supervisory Board of Sixt SE does not establish any committees as the Board consists of only three members. Working efficiency is not expected to increase by the formation of additional committees.

FRIEDRICH JOUSSEN



- || Chairman of the Supervisory Board of Sixt SE
- || Born 1963
- || Joined the Company in 2017

Key issues in 2019

At its meetings during the reporting year, the Supervisory Board received comprehensive information from the Managing Board on all key questions relating to business development, strategic focus, risk situation and risk management, internal control systems and net assets, the financial position and results of operations of Sixt SE and the Group. The entire Managing Board attended all Supervisory Board meetings to explain all the procedures in due detail and answer questions from the Supervisory Board.

Besides these, the Supervisory Board focused in particular on the following issues in the year under review:

- || The Managing Board informed the Supervisory Board about the market launch and further development of the mobility platform ONE and the new SIXT app that was launched at the end of February 2019. Connected to the start of the platform was a restructuring of Sixt's mobility services into SIXT rent (vehicle rental), SIXT share (carsharing) and SIXT ride (transfer services). The Supervisory Board noted with approval that the new offer met with very positive feedback from the market, which is documented above all in the steeply rising number of users of the SIXT app. Other key issues in this context were the ongoing digitisation of the entire vehicle rental process, which requires persistently high investments, as well as the connection of third parties to the mobility platform.
- || The Supervisory Board's agenda also addressed the Mobility Business Unit's further expansion and internationalisation in Europe and the USA. Here the Supervisory Board noted with

approval the sustained momentum of the business development, especially of the key US market. As a consequence, the share of foreign operations in the Business Unit's total revenue for 2019 exceeded the mark of 60% for the first time.

- || The Supervisory Board noted with approval the Sixt Group's medium-term business plan up to the year 2023, as submitted by the Managing Board. The Board debated at length the underlying economic and strategic assumptions regarding customer requirements and behaviour, development of demand, market potential and cost developments.
- || As part of its review of the annual financial statements, the Supervisory Board discussed above all the risk report as of 31 December 2018 and was informed about all material results from the reviews conducted by the corporate auditors in fiscal year 2018. Moreover, during the year under review, it also debated at length the further development and set-up of the internal control system, the risk management system and the internal auditing system.
- || On the basis of the authorisation granted by the Annual General Meeting of Sixt SE from 2 June 2016, the Supervisory Board authorised the Managing Board to undertake the buy-back of preference shares. This serves to meet the Company's obligations to grant preference shares to employees and members of the administrative and management bodies of Sixt SE and its affiliated companies under the Matching Stock Programme MSP 2012.

Declaration of conformity

The corporate management and supervision of Sixt SE comply with the principles of the German Corporate Governance Code (Code). In the corporate governance report the Managing Board and Supervisory Board report on Sixt SE's corporate governance in accordance with section 3.10 of the Code in the version dated 7 February 2017 and applicable in the year under review. In November 2019, the Managing Board and Supervisory Board issued a declaration of conformity pursuant to section 161 of the German Aktiengesetz (AktG – German Stock Corporation Act) and made it permanently available to shareholders on the Company's website ir.sixt.eu under the section "Corporate Governance". Apart from a few exceptions outlined in the declaration, Sixt SE follows the recommendations of the Code in the version dated 7 February 2017 and applicable in the year under review.

Audit of the 2019 annual financial statements and consolidated financial statements

The Managing Board prepared the annual financial statements of Sixt SE as per 31 December 2019 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 2019 in accordance with section 315e of the HGB and on the basis of the International Financial Reporting Standards (IFRS), as adopted by the EU. According to the Law on Strengthening the Non-Financial Reporting of Companies in their Management and Group Management Reports (CSR Directive Implementation Act) the so-called summarised non-financial declaration of the Group is included in the management report.

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, audited the annual financial statements of Sixt SE and the consolidated financial statements as well as the management report on the Group's and the Company's situation (with the exception of the summarised non-financial declaration of the Group) and gave these documents their unqualified audit opinion. Furthermore, the auditor also determined that the Managing Board had taken the appropriate measures required under section 91 (2) of the German Stock Corporation Act (AktG), in particular those relating to the establishment of a monitoring system, and that the monitoring system is suitable for the early detection of developments that could jeopardise the going concern of the Company. The Supervisory Board had commissioned the auditor on the basis of the resolution taken by the Annual General Meeting on 4 June 2019.

The Supervisory Board received the documents together with the Managing Board's Dependent Company Report and the auditors' audit reports as well as the Managing Board's proposal on the appropriation of unappropriated profit in sufficient time for examination. Discussion and examination of these documents was conducted during the Supervisory Board's meeting on 14 April 2020, which ratified the annual financial statements.

The auditor of the annual financial statements and of the consolidated financial statements attended this meeting and provided in-depth information on the material findings of their activities, addressing in particular key audit matters. The focal points of the audit that had been agreed with the Supervisory Board, referred, among other things, to the recognition of rental and lease assets, the recoverability of shareholdings held in affiliated companies, the recoverability of receivables from affiliated companies, revenue recognition, the recognition of fleet provisions, the management report on the Group's situation and the associated notes, the

consolidated cash flow statement and the consolidated statement of changes in equity, the scope of consolidation and consolidation measures, the first-time application of the new leasing standard IFRS 16, the recognition of reported goodwill as well as the recognition of deferred taxes.

In addition, the Managing Board explained the annual and consolidated financial statements as well as the management report on the Group's and the Company's situation in due detail during this same meeting.

Furthermore, the auditor informed the Supervisory Board of services rendered by the audit company and its network that went 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 independence of the auditors.

The Supervisory Board took due notice of the auditors' findings and approved them. Following the completion of its own review, which in particular addressed the key audit matters listed in the independent auditor's report including the audit procedures, the Board had no objections. After in-depth 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 auditor (including the summarised non-financial declaration of the Group contained within the management report). The 2019 annual financial statements of Sixt SE were thus formally adopted in accordance with the provisions of the AktG. After examination, the Supervisory Board concurred with the proposal of the Managing Board for the allocation of the unappropriated profit of 2019.

In its audit, the auditor included the report of the Managing Board covering the relationship between Sixt SE and its affiliated companies in accordance with section 312 of the AktG, and submitted its audit report to the Supervisory Board. The audit by the auditor

did not lead to any objections. The following unqualified audit opinion was issued:

"On completion of our review and assessment in accordance with professional standards, we confirm that the actual disclosures made in the report are accurate."

The Supervisory Board's examination of the report covering the relationship between Sixt SE and its affiliated companies in accordance with section 312 of the AktG 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 statement concerning the relationship with its affiliated companies.

Personnel changes in the Managing Board and Supervisory Board

There were no changes to the Company's Managing and Supervisory Board in 2019.

Thanks to the Managing Board and all employees

Once again Sixt has set standards for the mobility industry. With an increase in revenue of 13% in the year under review, the growth trend of the previous years continued unabated. Despite the high investments in digitisation and internationalisation, Sixt managed to maintain its strong level of earnings. The successful launch of the mobility platform ONE also saw our Company lay the groundwork for state-of-the-art mobility, all from one source, which no other competitor can offer in this form.

The Supervisory Board wishes to thank the Company's Managing Board, the managing directors of the subsidiaries and all employees of the Sixt Group for their ongoing commitment, which has made this continued success possible. The Supervisory Board is convinced that Sixt is ideally set up for the mobility of the future.

Pullach, April 2020

The Supervisory Board

FRIEDRICH JOUSSEN
Chairman

RALF TECKENTRUP
Deputy Chairman

DR. DANIEL TERBERGER
Board member

A.3 || SIXT SHARES

Stock markets register clear upward trend in 2019

In 2019 the worldwide stock markets generally showed a positive performance, following a disappointing performance the year before. The significant gains on the stock markets in 2019 were the result, among other things, of the European Central Bank's (ECB) decision to lower its discount rate and resume its bond purchase program, the three key interest rate cuts by the US Federal Reserve, robust economic growth in the USA with a continuing strong employment market, low inflation data worldwide, a preliminary agreement on a first trade agreement between the USA and China, the six-month extension to the Brexit as well as lively M&A activities. Negative effects proved to be short-lived, on the other hand. These included disappointing economic data from China, unrest in Hong Kong, weak sales figures for the automotive industry in the EU and China as well as profit warnings and the announcement of job cuts from a number of large corporations. The economic tension between the USA and China proved to be another burden, as were geopolitical conflicts and insecurity over the further developments of the world economy.

In 2019 the German stock index (DAX) registered significant growth. The index dropped to its all-year low as early as 3 January at 10,417 points before it turned around into a continuous upturn. The growth trend stalled briefly in August with substantial corrections to stock prices, before it resumed again. The DAX reached its all-year high on 16 December at 13,408 points and closed the year at 13,249 points, which, compared with the previous year's close at 10,559 points, amounted to a gain in value of 25.5%.

The SDAX, which includes Sixt SE's ordinary shares, gained as much as 31.6% in the year under review.

US stock markets also performed positively in 2019, with the Dow Jones index climbing 22.3%.

Sixt shares see encouraging value gains

After their contraction the year before Sixt ordinary shares and preference shares both witnessed a significant recovery in 2019. Towards the end of the year the performance of ordinary and preference shares was much in line with its benchmark index SDAX.

Ordinary shares also recorded their all-year low on 3 January at EUR 68.55, to be followed by a continuous rise and accelerated growth as of the start of March. Ordinary shares reached their all-year high at EUR 103.10 on 3 May. Thereafter, ordinary shares remained at a steady level before losing value in August in the wake of the general losses on the stock markets. Nonetheless, by the end of August ordinary shares had picked up again and remained on a constant level until the end of the year. They closed the year 2019 at EUR 89.65, an increase of 29.6% compared with the closing price in 2018 of EUR 69.20.

As in the year before, preference shares generally followed the price performance of ordinary shares in the year under review. Thus, preference shares also hit their all-year low on 3 January at EUR 47.85 before gaining significant value momentum thereafter. On 3 May they reached their all-year high at EUR 69.10, to hover around a lower but constant level afterwards. This period was briefly interrupted in August by a stock price decline. Preference shares closed the year at EUR 65.30, thus 36.0% higher than the closing price of EUR 48.00 recorded at the end of 2018.

Based on the closing prices at the end of the year the market capitalisation of Sixt SE was EUR 3.80 billion, equalling a gain of 31.3% against the market capitalisation at the end of the previous year (EUR 2.90 billion; all data refer to Xetra closing prices). In terms of the all-year highs for 2019, market capitalisation amounted to EUR 4.28 billion.

Performance of Sixt ordinary and preference shares



Shareholder structure remains stable

Based on the registered share capital at the end of fiscal year 2019, as in the previous year 58.3% of the ordinary voting shares were held by the Erich Sixt Vermögensverwaltung GmbH. All these shares are owned directly and indirectly by the Sixt family.

Voting right notifications are available from the Sixt SE's website at ir.sixt.eu under the "News" tab. In 2019 the Company received one such notification (DWS Investment GmbH increased its voting rights from 3.02% to 5.01%).

Generally Shareholder-friendly dividend policy

The Annual General Meeting on 4 June 2019 followed the proposal submitted by the Managing Board and Supervisory Board and resolved to pay a dividend of EUR 2.15 per ordinary share for fiscal year 2018 (previous year: EUR 1.95 plus a bonus payment of EUR 2.05) and EUR 2.17 per preference share (previous year: EUR 1.97 plus a bonus payment of EUR 2.05). Discounting the bonus payment of EUR 2.05 per share from the sale of DriveNow the year before, this corresponded to the highest dividend ever distributed by Sixt SE. All in all, the payout amounted to EUR 101.3 million (previous year: EUR 188.1 including the bonus payment). Measured in terms of the consolidated profit after minority interests, the dividend pay-out ratio amounted to 23.8% (previous year: 98.0% including and 48.0% excluding the bonus payment). Based on the closing prices for

each share category at the end of 2018, the dividend yield came to 3.1% for ordinary shares (2018: 5.4%) and 4.5% for preference shares (2018: 7.6%).

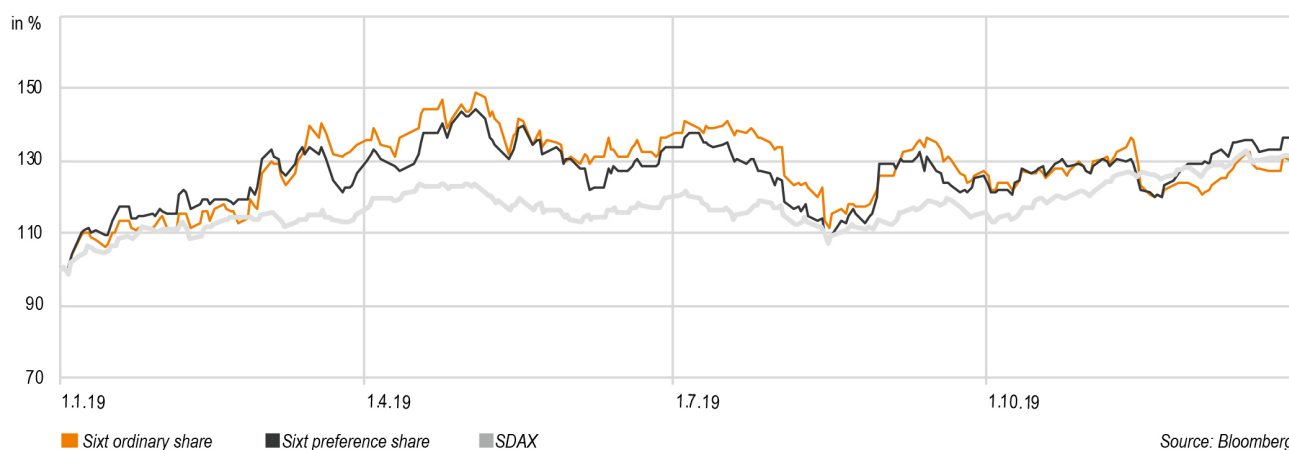
Sixt SE pursues a shareholder-friendly dividend policy of letting shareholders partake in the Company's success by distributing an appropriate dividend. The amount paid out is thus determined by the development of Group earnings as well as future demands placed on equity, above all with a view to the future economic development, the international growth of operating business and the development of innovative technological solutions. Sixt SE continues to adhere to this policy. However, the extraordinary crisis situation caused by the corona virus and the associated uncertainties in the financial markets with possible consequences for the availability of capital require, to focus on self-financing.

For fiscal year 2019, the Managing Board and Supervisory Board are thus proposing to the Annual General Meeting to suspend the dividend payment, with the exception of the minimum dividend for preference shares of EUR 0.05 per preference share. The proposal takes into account the current economic situation, against the background that the spread of the corona virus significantly affects the demand for mobility services of Sixt SE. Subject to the Annual General Meeting approving the proposal, the total dividend payment would come to EUR 0.8 million.

Sixt share information

Share classes	No-par value voting ordinary bearer shares (WKN: 723132, ISIN: DE0007231326) No-par value non-voting preference bearer shares (WKN: 723133, ISIN: DE0007231334) No-par value voting ordinary registered shares (WKN: A1K065, ISIN: DE000A1K0656)
Stock exchanges	Xetra, Frankfurt am Main, Munich, Stuttgart, Hanover, Düsseldorf, Hamburg, Berlin
Key indices	SDAX (weighting of ordinary shares: 1.98%) CDAX (weighting of ordinary shares: 0.09%, weighting of preference shares: 0.08%) Prime All Share (weighting of ordinary shares: 0.08%, weighting of preference shares: 0.07%)
Trading segment	Prime Standard
Designated sponsors	Commerzbank AG, M.M. Warburg & Co. KGaA

Performance of Sixt ordinary and preference shares against the SDAX



	2019	2018
Earnings per share – basic (in EUR)		
Ordinary share	4.97	9.07
Preference share	5.02	9.09
Dividend (in EUR)		
Ordinary share	- ¹	2.15
Preference share	0.05 ¹	2.17
Number of shares (as at 31 Dec.)	46,943,358	46,943,358
Ordinary share	30,367,112	30,367,112
Preference share	16,576,246	16,576,246

¹ Proposal of the management

² All prices refer to Xetra closing prices

³ Based on Xetra year-end price

⁴ Based on ordinary and preference shares

	2019	2018
High (in EUR)²		
Ordinary share	103.10	116.30
Preference share	69.10	75.40
Low (in EUR)²		
Ordinary share	68.55	64.90
Preference share	47.85	45.20
Year-end price (in EUR)²		
Ordinary share	89.65	69.20
Preference share	65.30	48.00
Dividend yield (in %)³		
Ordinary share	-	3.1
Preference share	0.1	4.5
Market capitalisation (in EUR billion)^{3,4}		
as at 31 Dec.	3.80	2.90

Continuous dialogue with the capital market

Through its continuous and intensive dialogue with the capital market Sixt ensures open, timely and comprehensive financial communication. Sixt SE is listed in Deutsche Börse's Prime Standard segment and is therefore subject to extensive transparency and public disclosure requirements.

In 2019 Sixt SE's Managing Board once again engaged in regular exchanges with analysts, investors and the media to convey a timely and comprehensive overview of business conditions and developments as well as the strategic direction of the Group. In the reporting year key topics of this communication were the digitisation strategy, which covers the mobility platform ONE and the new SIXT app that was launched in February of the year under review as well as the digitisation of all sales channels and operating procedures, and the international expansion of the company, above all in the USA.

Sixt used roadshows and investor meetings to convey the Group's strategy and business performance. These meetings were met with great interest and positive feedback. In the reporting period, roadshows with the Managing Board were held at key financial centres in Germany, Europe and the USA.

Furthermore, the Managing Board used the publication of quarterly figures to inform financial journalists in a timely manner about the Group's current development. The Board outlined its

view on business performance and was available for questions. The conference calls, that were held to this end, have become an established date for relevant business journals and news agencies. They are therefore a meaningful addition to the annual press conference and the Annual General Meeting.

Renowned financial and research companies tracked the development of the Group and the Sixt shares during the year under review. The annual analyst conference was held in Frankfurt am Main and Managing Board and analysts also exchanged information on a regular and extensive basis. In 2019 reports on Sixt were published by Baader Helvea, Bankhaus Lampe, Berenberg, Commerzbank, DZ Bank, Hauck & Aufhäuser, Oddo BHF, Warburg Research and UBS.

As of reporting date, 31 December 2019, these reviews gave an average target price of EUR 105 for Sixt ordinary shares (previous year's reporting date: EUR 114).

Going forward, the Managing Board will continue to stay in direct contact with the capital market participants and the media. It will stress Sixt's competitive strengths over its relevant competitors and outline the growth strategy and further digitisation strategy of the Group in due detail.

.

A.4 || CORPORATE GOVERNANCE REPORT

In accordance with the provisions of sections 289f and 315d of the Handelsgesetzbuch (HGB – German Commercial Code) the Company has to include a corporate governance declaration in its management report. Pursuant to section 317 (2) sentence 6 of the HGB the disclosures made in accordance with section 289f of the HGB are not included in the audit. The declaration can also be found on the website of Sixt SE at ir.sixt.eu under “Corporate Governance”.

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

Corporate governance

For Sixt SE, good and responsible corporate management and supervision (corporate governance) is an essential means of ensuring and enhancing confidence of customers, business partners and the capital market in the Company. Responsible management that focuses on long-term value creation is therefore of central importance for the Company. The basic hallmarks of good corporate governance are efficient and trusting collaboration between the Managing Board and the Supervisory Board, upholding the shareholders’ interests and transparency in the corporate communication, both externally and internally.

The recommendations of the Government Commission on the German Corporate Governance Code are an established benchmark for corporate management at German listed companies. Apart from the exceptions listed in the declaration of conformity of November 2019, the Managing Board and the Supervisory Board of Sixt SE affirm their commitment to the principles of the German Corporate Governance Code in the version valid at the time of the declaration of compliance published by the German Government Commission on 26 February 2002 and most recently amended on 7 February 2017.

Declaration of conformity in accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act)

In accordance with section 161 of the AktG, the Managing Board and Supervisory Board of German listed companies are to issue an annual declaration indicating the extent to which they have complied or are complying with the German Corporate Governance Code. They must also explain which recommendations of the Code have not been or are not being applied. The Managing Board and Supervisory Board of Sixt SE have issued and published such a declaration of conformity every year since 2002.

Every declaration of conformity is made available to the public for a period of five years on the Company’s website at ir.sixt.eu under “Corporate Governance”. Referring to the version of the Code valid since February 2017 the most recent declaration of conformity by the two company bodies was published in November 2019, and reads as follows:

“The recommendations of the “Government Commission on the German Corporate Governance Code” in the version of 7 February 2017 (hereinafter referred to as “Code”) announced by the Federal Ministry of Justice in the official section of the Bundesanzeiger (Federal Gazette) will be and have been complied with, with the following exceptions:

- || In the D&O insurance policy of Sixt SE, no deductible has been agreed for members of the Supervisory Board (section 3.8 (3) of the Code). Sixt SE believes that a deductible would not improve the motivation or sense of responsibility of the members of the Supervisory Board, especially given that the Supervisory Board members could insure any deductibles themselves.
- || The individual disclosure of allowances, compensations and other pension benefits for each member of the Managing Board in accordance with the recommendations of the Code by using the model tables provided in the Code going beyond the legal requirements is not published (section 4.2.5 sentence 5 and 6 of the Code) as Sixt SE believes that such a disclosure does not enhance the clarity and comprehensibility of the remuneration report. In addition, the implementation of the second Shareholders’ Rights Directive (ARUG II) will imply extensive and detailed legal requirements for the remuneration report in the future.
- || The Supervisory Board decides on a case-by-case basis whether to specify an age limit when appointing Managing Board members (section 5.1.2 (2) sentence 3 of the Code), because the Supervisory Board believes that to specify a general age limit would impose a restriction on selection and would thus not be in the interests of Sixt SE.
- || Since, in accordance with the Articles of Association, the Supervisory Board of Sixt SE consists of three people, no committees are formed (sections 5.3.1 to 5.3.3 of the Code).

- ⌘ An age limit for members of the Supervisory Board as well as a regular limit of length of membership in the Supervisory Board are not provided for (section 5.4.1 (2) sentence 2 of the Code). Given the fact that the Supervisory Board consists of three members, of whom merely two members are elected in accordance with the Articles of Association, any limitation on age and/or length of membership when choosing potential candidates would run counter to the interests of the Company.
- ⌘ Proposed candidates for the chair of Supervisory Board are not announced to shareholders (section 5.4.3 sentence 3 of the Code), because legal provisions stipulate that the election of the Supervisory Board chairperson is exclusively the responsibility of the Supervisory Board.

- ⌘ Sixt SE will disclose all price-sensitive information to analysts and all shareholders (section 6.1 sentence 2 of the Code). Sixt SE believes that disclosure to all shareholders of all non-price-sensitive information given to financial analysts and similar parties would not further their interest in information.
- ⌘ The Consolidated Financial Statements are published within the statutory periods. Interim reports are published within the periods stipulated by stock exchange law. Sixt SE believes that compliance with the publication deadlines specified in section 7.1.2 sentence 3 of the Code does not benefit to any greater extent the information interests of investors, creditors, employees and the public.”

Pullach, November 2019

For the Supervisory Board of Sixt SE

FRIEDRICH JOUSSEN
Chairman

For the Managing Board of Sixt SE

ERICH SIXT
Chairman

Relevant disclosures on corporate governance practices

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

Strategic and operational management of the Group is performed 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 internal audits.

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, evaluation 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 control rules, measures and controls to ensure compliance with statutory provisions and corporate guidelines. It includes regular reports by the Company's Business Units, audit reports and regular working meetings relating to various topics. The internal control 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.

Compliance within the Sixt Group

The success of the Sixt Group is based not only on its excellent business policy, but also on the economic integrity and the trust customers, suppliers, shareholders and business partners place in the Group. 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 Sixt SE and its affiliated companies, which is mandatory for all employees, defines these behavioural principles for the acting individuals' dealings in relation to third parties and within the Company.

To become aware of potential compliance defaults, Sixt 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 the Board with respect to preventive measures.

Working practices of the Managing Board and Supervisory Board

As European Stock Corporation (Societas Europaea) Sixt SE is governed by the German Stock Corporation Act, the specific European SE regulations and the German SE Implementation Act. One key principle of the Stock Corporation Act is the dualistic management system (Managing Board and Supervisory Board), which is also established for Sixt SE. Sixt SE takes due account of this principle of separate management and supervisory bodies and has different personnel in the Managing and Supervisory Boards of Sixt SE. Simultaneous membership in both bodies is not permitted. In accordance with article 7 (1) and (2) of the Company's Articles of Association, the Managing Board of Sixt SE consists of one or more members appointed by the Supervisory Board for a maximum period of up to five years. Reappointments are generally possible. In fiscal year 2019, Sixt SE's Managing Board had five members. They are responsible for basic strategic orientation, daily operations and the monitoring of risk management at Sixt SE and in the Sixt Group. The Chairman of the Managing Board of Sixt SE, Mr Erich Sixt, is also Chairman of the Supervisory Board of Sixt Leasing SE. Sixt SE is the Group's strategic and financial holding company and provides central administrative functions for various Group companies. The daily operations are managed from within the functional units of the Mobility and Leasing Business.

The members of the Managing Board perform the duties assigned to them under clearly defined portfolio responsibilities in accordance with the executive organisation chart and the rules of procedure. The Chairman of the Managing Board and Chief Executive Officer is in charge of the overall management and business policy of the Company. In addition, he also is responsible for marketing, public relations, international franchising, IT and strategic human resources management. The Chief Operations Officer is responsible for the rental business at rental offices and for the fleet, in particular the purchase and sale of vehicles as well as maintenance and repairs. Furthermore, he is accountable for such areas as customer service and quality management. The Chief Financial Officer is in control of the overall management of all the Group's finance departments, including finance and accounting, controlling, risk management as well as the legal and auditing departments. The board member for organisation and strategy is responsible for the Group strategy, M&A, central procurement, process and product management as well as new mobility services. In addition, he is responsible for global operating human resources, as well as the management of all global service operations. The Chief Sales

Officer is responsible for national and international sales as well as the Group's global e-commerce business.

Managing Board meetings, at which cross-portfolio issues are discussed, are held as and when necessary. The Managing Board did not establish any committees.

In accordance with article 10 (1) of the Articles of Association, the Supervisory Board of Sixt SE has three members. Two members are elected by the Annual General Meeting in accordance with legal provisions and the provisions of the Articles of Association. One further member of the body is appointed by the shareholder Mr Erich Sixt. The Supervisory Board elects a Chairman and a Deputy Chairman from among its members (article 12 (1) of the Articles of Association). As according to the Articles of Association, the Supervisory Board of Sixt SE consists only of three people, no committees are formed.

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 of Bürgerliches Gesetzbuch (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 Report of the Supervisory Board in this Annual Report contains further details on the meetings and activities of the Supervisory Board during financial year 2019.

The Managing Board and Supervisory Board cooperate closely for the benefit of Sixt Group. The Managing Board informs the Supervisory Board regularly, promptly and comprehensively on all 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 audits. To this end, 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 Sixt 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.

Target figures in accordance with the Act stipulating the equal participation of women and men in executive positions

In accordance with the provisions of the Act on the Equal Participation of Women and Men in Executive Positions in the Private and Public Sector, Sixt SE defined the following target figures for the proportion of female members in the Supervisory and Managing Boards of Sixt SE as well as the first and second executive levels below the Managing Board.

The Supervisory Board determined a target figure of 0% for the proportion of women serving in the Supervisory and Managing Boards, to be implemented by 30 June 2022. As of 31 December 2019 these target figures of 0% each were met. Neither the Managing nor the Supervisory Board had any female members as of 31 December 2019.

The Managing Board has determined that the proportion of women serving on the first executive level below the Managing Board should be 15% and on the second executive level below the Managing Board 30%, both carrying an implementation period up to 30 June 2022. As of 31 December 2019 the proportion of women serving on the first executive level below the Managing Board was 16% and on the second executive level below the Managing Board 27%. Consequently, the target for the first level was already surpassed. This takes due account of the German Group companies of Sixt SE, with the exception of Sixt Leasing SE and its German subsidiaries.

Presentation of the diversity concept for the Managing and Supervisory Boards

In accordance with section 289f (2) number 6 of the HGB, as part of its corporate governance declaration, the Company is obliged to disclose the diversity concepts it applies for the Managing and Supervisory Boards with regard to the various aspects such as age, gender, educational or professional background, as well as the objectives of these concepts, the manner of their implementation and the results attained during the fiscal year.

The *Managing Board* in its entirety should have a wide range of professional expertise and views that are deemed to be of material significance for the activities of the Sixt Group.

In the opinion of the Supervisory Board, a wide range of professional expertise and views among the members of the Managing Board facilitates a good understanding of the organisational and business affairs of the Sixt Group and enables the members of the Managing Board to constructively question decisions and be open for innovative ideas.

The Supervisory Board is further of the opinion that mutually complementary professional profiles as well as different professional and educational backgrounds already follow from the duty to provide orderly business management. Furthermore, different track records and experiences among the members of the Managing Board are crucial for analysing current challenges, problems and strategies from different viewpoints and then taking the best possible decisions for the Company.

In-depth experience in IT management and a profound understanding of digitisation are indispensable for all subjects of the Company, given the increasing digitisation of business models and the high relevance of a modern IT structure, to lead the Company successfully into the future.

It is also the view of the Supervisory Board that key aspects of modern management are management experience as well as intercultural competence, both best gained in an internationally active company, to successfully lead and motivate global teams. In addition, the Managing Board should also possess in-depth knowledge of accounting, finance management and the capital markets.

As regards the age-specific stipulations, reference is made to the declaration pursuant to section 161 of the AktG, which specifies that this may be resolved on a case-by-case basis when appointing Managing Board members. As regards to the gender-specific aspects of the diversity concepts, the Supervisory Board, in accordance with the Act on Equal Participation of Women and Men in Executive Positions in the Private and Public Sector, has defined the target figure outlined in the above paragraph.

The Supervisory Board takes the above-mentioned diversity aspects into due consideration when staffing the Managing Board. To clarify matters, it is noted that above diversity aspects are to be represented by at least one Managing Board member. The Supervisory and the Managing Boards are in regular communication regarding suitable internal and external successor candidates, in order to ensure the continued further development of the Company. In all these deliberations, the main focus is always

on the Company's interests, taking due account of all circumstances of the individual cases.

The current composition of the Managing Board complies with the aspects of the diversity concept in all respects. Further details on the career and qualifications of the Managing Board members can be obtained from the Company's website at ir.sixt.eu under the header "Corporate Facts".

In accordance with the stipulations of section 100 (5) of the AktG, the **Supervisory Board** of capital market-oriented companies in its entirety must be familiar with the industry in which the corporation is active. Moreover, at least one member of the Supervisory Board must have professional expertise in the fields of accounting or financial auditing. Further to these stipulations, the Company's Supervisory Board has prepared a comprehensive competence profile for its composition and formulated detailed requirements regarding the overall composition of the Board and its individual members.

The Supervisory Board in its entirety should have a wide range of professional expertise and views that are deemed to be of material significance for the activities of the Sixt Group.

In the opinion of the Supervisory Board a wide range of professional expertise and views among the members of the Supervisory Board facilitates a good understanding of the organisational and business affairs of the Sixt Group. This enables the members of the Supervisory Board to question decisions taken by the Managing Board constructively as well as to be open for innovative ideas and thus contribute to the successful management of the Company.

It is the Supervisory Board's overall objective to do justice to its monitoring and advisory function by having a diverse composition. Diversity means above all internationality and different experience perspectives and biographies. Generally, the members of the Board shall complement each other's experiences and skills, so that current challenges, problems and strategies can be analysed from different perspectives, allowing decisions to be taken in the best interest of the Company. It is the Supervisory Board's objective always to be in a position to competently advise and supervise the Managing Board and adequately to appraise and accompany new developments in the industry.

As regards the age-specific stipulations as well as the regular limits for membership duration, reference is made to the declaration pursuant to section 161 of the AktG, which specifies that

no limitations are provided in this respect. As regards the gender-specific aspects of the diversity concepts, the Supervisory Board, in accordance with the Act on Equal Participation of Women and Men in Executive Positions in the Private and Public Sector, has defined a target figure which is outlined in the above paragraph.

The composition of the Supervisory Board should do justice to the criteria of internationality and industry expertise by having at least one Supervisory Board member with professional experience in an internationally active company and at least one member with professional experience in one of the areas of vehicle rental, automotive industry, automotive trade, vehicle leasing or travel and tourism. In addition, at least one member should have expertise in business administration.

At least two Board members should be independent as defined in the German Corporate Governance Code to guarantee the independent monitoring and consultation of the Managing Board. According to the Supervisory Board's assessment, all current members of Sixt SE's Supervisory Board are independent.

The Supervisory Board takes due account of the aforementioned diversity aspects when submitting proposals for the election and/or the appointment of Supervisory Board members and will take due individual consideration of the extent to which different and mutually complementary professional profiles, track records and life experiences will benefit the work of the Supervisory Board.

Moreover, the Supervisory Board shall subject itself to a regular efficiency review. This review will monitor the effective execution of the tasks assigned to the Supervisory Board, including a practicability assessment of the procedural rules of the Supervisory Board's bye-laws, as well as the efficiency of the Board's work. In future, this review shall also take more account of the diversity aspects.

The current composition of the Supervisory Board complies with the aspects of the diversity concept in all respects. Further details on the career and qualifications of the Supervisory Board members can be obtained from the Company's website at ir.sixt.eu under the header "Corporate Facts".

Employee participation programme (Matching Stock Programme)

The Managing and Supervisory Boards of Sixt SE resolved to implement a Matching Stock Programme (MSP) for a selected

group of employees, senior executives and members of the Managing Board of the Sixt Group at the Company and its affiliated companies. The programme enables employee participation in the form of shares while avoiding any dilutive effects for existing shareholders of Sixt SE.

Participants in the MSP must have a contract of employment with Sixt SE or one of its subsidiaries which has not been terminated at the time of subscribing for the MSP. To participate in the MSP, each participant must make a personal investment by acquiring interest-bearing bonds of Sixt SE.

The bonds acquired as personal investment carry a coupon of 4.5% p.a. and a maturity until 1 December 2020. The total volume invested by all participants is limited to EUR 7.0 million. The Managing Board of Sixt SE defines the maximum participation volume for each of the beneficiaries. Where the Managing Board of Sixt SE itself is concerned it does so with the approval of the Supervisory Board.

Every EUR 1,000 of paid-up subscription amount entitles to subscribe to 500 stock options per annual tranche in accordance with the MSP terms and conditions.

On each 1st of December every year from 2012 (first time) to 2018 (last time) one tranche of stock options was allocated (a total of maximum 7 tranches), so that each participant was entitled to subscribe up to a total of 3,500 stock options (7 tranches with 500 stock options each) for every EUR 1,000 of paid-up investment volume. In the fiscal year 2019 no further tranche of stock options was allocated.

The allocated stock options can only be exercised after a lock-up period of four years, starting from the allocation of the respective tranche. The stock options can only be exercised if the exercise price since the allocation of the respective tranche is 20% higher than the initial price of said tranche (exercise threshold). The initial price of the stock options corresponds to the average unweighted closing price of Sixt preference shares in Xetra trading on the Frankfurt Stock Exchange during the last 60 trading days before the stock options for the tranche concerned are allocated. The exercise price is the average unweighted closing price of Sixt preference shares in Xetra trading on the Frankfurt

Stock Exchange during the last 60 trading days before the stock options of the respective tranche are exercised. Stock options allocated as part of a tranche are deemed to have been exercised on the first trading day following the end of the four-year lock-up period, if the exercise threshold has been reached. If the exercise threshold for a tranche is not reached, the stock options of this tranche expire without replacement.

The exercise gain (before taxes) for a tranche, calculated if the stock options are exercised, must not exceed 5% of the regular earnings before taxes (EBT) reported in the most recent approved consolidated financial statements of Sixt SE. In addition, the exercise gain (before taxes) of each tranche is limited for every participant to twice his paid-up investment volume. In the case of a higher calculated exercise gain, the amount will be reduced proportionately for all participants. The remaining exercise gain, less the taxes and contributions on the exercise gain payable by the participants (net exercise gain), is used for the acquisition of preference shares of Sixt SE. These shares are subsequently transferred to a blocked custody account in the participant's favour. The participant is free to draw on the shares after another year. The total term of the MSP, including this lock-up period, is eleven years, up until 2023.

If, during the term of the MSP, adjustments are made to the share capital of Sixt SE or restructuring measures are implemented that have a direct impact on the share capital of Sixt SE and this causes the value of the stock options to change by 10% or more, the initial price shall be adjusted to the extent necessary to compensate for the change in value of the stock options caused by the capital action. If Sixt SE distributes dividends or other assets to shareholders in the period between allocation and exercise of a tranche of stock options, the initial price of this tranche must be adjusted. For this the dividend or distribution amount attributable to one share, adjusted for the effects from capitalisation measures if applicable, is to be deducted from the initial price used to calculate the exercise hurdle of a tranche.

If the bond acquired by the participant as a personal investment is redeemed early or if the participant's contract of employment is terminated, any stock options already allocated but not yet exercised and the entitlements to any unallocated stock options are generally lost.

Notification of managers' transactions

In accordance with article 19 of the Regulation (EU) number 596/2014 of the European Parliament and the Council on market abuse (European Market Abuse Directive) members of the Managing and Supervisory Boards of Sixt SE as well as persons closely associated with them are legally required to report their own transactions with shares or bonds of Sixt SE and their related financial derivatives or other related financial instruments to Sixt SE and the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority), as long as the aggregated total of the transactions conducted by the respective person reaches or exceeds the sum of EUR 5,000 within a calendar year. The transaction notifications received by Sixt SE during the preceding fiscal year were duly published and can be retrieved on the website of Sixt SE at ir.sixt.eu under the tab "News" and "Managers' Transactions".

Disclosures relating to the auditor

On 4 June 2019, the Annual General Meeting adopted the proposal of the Supervisory Board to appoint Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, as auditor for the fiscal year 2019 for Sixt SE and the Sixt Group and as auditor for any interim financial reports/financial information of Sixt SE relating to fiscal year 2019 as well as to fiscal year 2020, valid for the period up until the Annual General Meeting 2020. Auditing companies from the Deloitte network are auditing the majority of companies included in the consolidated financial statements which require such audits. Deloitte GmbH Wirtschaftsprüfungsgesellschaft has been auditor of Sixt SE, respectively previously Sixt Aktiengesellschaft, since the annual financial statements 2005. Since the annual financial statements 2019 the auditor Klaus Löffler has been the auditor responsible for conducting the audit.

B **MANAGEMENT REPORT ON THE GROUP'S AND THE COMPANY'S SITUATION**

B.1 **GROUP FUNDAMENTALS**

1. BUSINESS MODEL OF THE GROUP

1.1 GROUP STRUCTURE AND MANAGEMENT

Sixt SE, with its headquarters in Pullach/Germany, is a listed European Stock Corporation (*Societas Europaea*) and is the parent and holding company for the Sixt Group. Sixt SE assumes central management and administration tasks and is responsible for the strategic and financial management of the Sixt Group. In addition, it takes care of key financing functions, essentially for the companies of the Mobility Business Unit and its product segments SIXT rent (vehicle rental), SIXT share (carsharing) and SIXT ride (transfer services).

The Leasing Business Unit is represented by Sixt Leasing SE, which is also stock-listed, and its subsidiaries. Sixt SE holds 41.9% of the capital and voting rights in Sixt Leasing SE. The shareholding in Sixt Leasing SE is fully consolidated in the consolidated financial statements of Sixt SE, as Sixt SE holds control given its de facto voting majority in the Annual General Meetings of Sixt Leasing SE.

The operating business of the Sixt Group is under the full responsibility of domestic and foreign subsidiaries, which are assigned to the respective business units.

The Managing Board of Sixt SE manages the Company under its own responsibility. The Supervisory Board of Sixt SE appoints, monitors and advises the Managing Board and is directly involved in decisions of fundamental importance for the Company and the Group.

An overview of the companies included in the consolidated financial statements as well as the other investments of the Sixt Group, which in their aggregate are of subordinate economic importance, can be found under the section entitled "Consolidation" in the notes on the consolidated financial statements. The following report aggregates the one of the Group and Sixt SE's management reports in accordance with section 315 (5) of the *Handelsgesetzbuch* (HGB – German Commercial Code).

1.2 GROUP ACTIVITIES AND SERVICES PORTFOLIO

The Sixt Group is a mobility service provider active in Europe and the USA. Other world regions are taken care of by franchisees and cooperation partners, who are entitled to use the Sixt brand name. Sixt pursues a dedicated premium strategy. It is based on the claim that both Business Units, Mobility and Leasing, provide business and private customers with top-quality solutions for their respective mobility requirements. These solutions are characterised by highly flexible processes and ease of use. A key element in this strategy is the high proportion of fleet vehicles coming from renowned manufacturer brands. In this sense, Sixt defines itself as a premium service provider and considers this to be an important USP in international competition.

Sixt also claims to be innovation leader in the mobility industry. To this end, the company launched the integrated mobility platform ONE in 2019. Its basis is the consistent digitisation of the product portfolio, achieved via the new SIXT app, as well as the digitisation of all sales channels and operating business processes. The SIXT app gives access to the product segments SIXT rent (vehicle rental), SIXT share (carsharing) and SIXT ride (transfer services). Thanks to the integration of digital vehicle rentals, carsharing as well as the brokerage of driver and taxi services, the new SIXT app gives customers access to over 280,000 vehicles and mobility services from over 1,500 partners with well over 1.5 million drivers in over 250 cities worldwide.

Sixt bases its digitisation strategy on changing customer requirements for their mobility and changing user behaviour in the wake of technological developments, above all in the area of online and mobile services. Sixt is committed to offer customers the simplest, most flexible and transparent rental procedures. At the end of 2019 around 70% (end of 2018: 67%) of reservations in the Mobility Business Unit were made using Sixt's online and mobile channels.

Furthermore, Sixt uses digital channels, such as the Group's websites, social media channels as well as further online offers, to remain in a continuing dialogue with its customers and the wider public and to engage in regular and continual marketing

activities. In doing so, the company already monitors the acceptance of new platforms and applications to gather important experience with these channels at an early stage.

2. MOBILITY BUSINESS UNIT

With the Mobility Business Unit (formerly called Vehicle Rental Business Unit), the Sixt brand enjoys an almost worldwide presence and is continually driving forward its international expansion. The Business Unit's global presence is based on its own national organisations (corporate countries) and its collaboration with franchisees and cooperation partners (franchise countries), who are already established in their respective markets and who by their own assessment sometimes hold market-leading positions. In its home market of Germany, Sixt is, according to its own estimates, the clear market leader over its competitors, given that it holds a market share of almost 40%. The Business Unit's target groups are private customers and holiday travellers as well as business and corporate customers. The accident replacement business, on the other hand, is of minor significance for Sixt.

In the Mobility Business Unit, Sixt is represented through its own subsidiaries in the core European countries of Belgium, Germany, France, the UK, Italy, Luxembourg, Monaco, the Netherlands, Austria, Switzerland and Spain. Thus, the Company covers a large part of the European market. Sixt is also active through its own subsidiary on the US car rental market, where the company is now one of the four biggest vehicle rental providers in terms of revenue.

Source

Auto Rental News, Fact Book 2020 Vol. 32, 2019 U.S. Car Rental Market

Outside the corporate countries in Europe and America, Sixt is represented by its franchise and cooperation partners. Thanks to this twin-track expansion with corporate subsidiaries and franchisees, the Sixt brand achieves a global presence in around 110 countries.

With the Mobility Business Unit, Sixt is active in the product segments SIXT rent (vehicle rental), SIXT share (carsharing) and SIXT ride (transfer services). These product segments represent the bulk of the Business Unit's product portfolio, are interlinked with one another and are all accessible through the SIXT app.

¶ **SIXT rent:** SIXT rent covers the product segment for vehicle rentals and offers a fully digitised rental process through the

SIXT app. At select rental stations in Europe and the USA, Sixt thus enables its customers above all at airport sites, to pick their rental vehicle just before the rental period using a mobile device, without having to pass by the customary rental counter, but instead head straight to the car park, where they can open the rental car by means of the app. The plan is for the digital service to expand step-by-step to further airport and inner-city stations.

The SIXT rent product segment offers products for specific customer groups as well. This includes a wide variety of utility vehicles from well-known manufacturers, ranging from transporters to trucks with total weights of up to 12 tons. These vehicles can be rented out for shorter or longer terms, thereby catering to a multitude of potential deployment scenarios. The offer is rounded off by such services as accessories for removals, special equipment and fittings.

SIXT rent offers travellers an international holiday rental service tailored to mobility requirements at their holiday destinations. For this, customers make a down-payment on reservation and pick up the rental car at their vacation destination by simply presenting the required documents such as passport and driver's license. With its holiday vehicle rental service, Sixt fulfils the wishes of many travellers to fix rental prices and conditions ahead of their journey so that the collection of the rental vehicle is swifter and easier at the destination.

¶ **SIXT share:** With SIXT share the company provides a flexible carsharing service, which allows customers to return a vehicle even outside fixed business zones. Thus, returning the vehicle is possible in pre-defined business zones as well as at every Sixt station within Germany. Furthermore, Sixt has partly interlinked its vehicle fleets from the SIXT rent and SIXT share product segments, so that vehicles from both product segments can be deployed. This way, SIXT share can be used not only in larger cities and metropolitan areas – as it is the case with other carsharing offers – but also in smaller and mid-sized cities and towns. SIXT share customers also benefit from these bundled fleets and their larger selection of vehicle brands and categories. Interlinking SIXT rent and SIXT share also makes it possible to flexibly adapt usage times to the user's actual needs, whether these are a few minutes or up to several days. In each case the best possible price rate is offered. At the end of 2019 SIXT share was available in Berlin, Hamburg, Munich and select stations in other cities. The service is set to expand step-by-step across European countries.

|| **SIXT ride:** SIXT ride is an integrated mobility service with taxi, ride and transfer services (ride hailing). Sixt is cooperating internationally with over 1,500 partners to provide its customers with access to over 1.5 million drivers. SIXT ride allows customers to let themselves be collected in over 250 cities worldwide and book transfers in advance. The service is not limited to larger cities alone, but through cooperation with local partners can also serve smaller cities and rural areas.

The Sixt Limousine Service is also integral part of SIXT ride and constitutes an individual offer for customers with more exclusive mobility needs. It is used for business trips as well as sightseeing or special occasions such as large international events (event transportation) or the transfer of guests with special requirements for comfort and security. Moreover, the SIXT Limousine Service is a trusted partner of renowned hotels and airlines. For this, Sixt uses a fleet of vehicles from renowned brands with high-quality equipment as well as chauffeurs trained to uniform standards.

Complementing the core product segments SIXT rent, SIXT share and SIXT ride, Sixt also provides further products for the specific requirements of various different customer groups. These include, for example, SIXT unlimited, SIXT Flat or SIXT MaaS (Mobility as a Service).

|| **SIXT unlimited** combines the benefits of a company car that is readily available with the flexibility of a rental vehicle. The service is available to customers from over 800 service stations in 10 European countries. SIXT unlimited merely requires a monthly flat-rate for the usage of the vehicle of choice, and the other costs normally incurred for a privately owned car or taxi do not arise. The product is geared above all to frequent travellers who appreciate the cost advantages as well as the swift processing of the rental process.

|| **SIXT Flat** is a car subscription model, which offers users different solutions depending on their needs. These include SIXT Flat Nonstop as viable alternative to leasing or the SIXT Flat Seasons with vehicle configurations adjustable to each season.

|| **SIXT MaaS** is a mobility budget which corporations can grant its employees as an alternative to the usual company car. MaaS users receive an individual budget, which allows them to choose freely between vehicle rental, carsharing and ride hailing. To manage their mobility budget, Sixt provides users with the SIXT Milo app, and for billing the SIXT Mobility Visa Card.

|| **Sixt Sports & Luxury Cars:** In a number of select countries and regions Sixt offers a particularly exclusive service of luxury saloons and sports cars or SUVs.

3. LEASING BUSINESS UNIT

The Leasing Business Unit is represented through Sixt Leasing SE, Pullach, and its subsidiaries in Germany and abroad. The Sixt Leasing Group is one of the largest non-bank, vendor-neutral leasing providers in Germany and has operating subsidiaries also in France, the Netherlands, Austria and Switzerland. In addition, Sixt franchisees and cooperation partners offer lease financing and services in around 30 countries under the brand name of Sixt Leasing.

The Sixt Leasing Group categorises the two business areas (segments) Leasing and Fleet Management. The Leasing segment in turn is subdivided into the two business fields Fleet Leasing and Online Retail.

|| **Fleet Leasing:** In its Fleet Leasing business field, Sixt Leasing SE offers lease financing and associated services, the so-called full-service leasing, to corporate customers. The target customers here are on the one hand mid-sized to large companies whose fleets are made up of different manufacturers and have certain complexity. Sixt Leasing supports these customers with individual fleet solutions. On the other hand Sixt Leasing serves small companies, whose fleets are professionalised through standardised products and processes. Alongside classic finance leasing, the service range covers a multitude of additional services such as vendor-neutral online car configuration, advice concerning vehicle selection, online approval procedures following specific corporate guidelines, price-optimised vehicle procurement, vehicle maintenance over the entire contract period, tyre replacements, breakdown and damage assistance, damage management including the management of vehicle insurances, fuel cards, motor vehicle taxes and radio licence fees. Sixt Leasing SE's long-standing expertise in fleet procurement and fleet management shall enable customers to achieve sustainable optimisation of total cost of ownership of their vehicle fleets.

|| **Online Retail:** Through its Online Retail business field, Sixt Leasing SE offers private and commercial customers the possibility to configure the latest vehicle models from around 35 different car manufacturers and to request their individual leasing offer as well as place an order through the online platforms sixt-neuwagen.de and autohaus24.de. Customers

thereby should benefit from Sixt Leasing's expertise and economies of scale at vehicle procurement by receiving attractive conditions and additional services such as maintenance, accident and breakdown management, inspection or insurance packages. By offering online vehicle leasing to private and commercial customers, Sixt Leasing addresses an almost undeveloped sales channel in Germany.

‖ **Fleet Management:** The Fleet Management segment is operated by Sixt Mobility Consulting GmbH as well as through other subsidiaries of Sixt Leasing SE. This is done by offering the expertise for managing large vehicle fleets also to customers that have bought or leased their vehicles from other providers. The target group for this service ranges from mid-sized businesses to large international corporations.

4. SIGNIFICANT EXTERNAL INFLUENCING FACTORS

The Sixt Group is internationally active with a stock-listed holding as parent company. As a consequence, the business activities of the Group companies are exposed to the influence of a number of different legal systems and regulations. These include, among others, road traffic, environmental protection, customer and data protection and public order, as well as tax and insurance laws, and capital and financial market regulations.

Economically, the Group depends on the general economic conditions, which in particular affect the spending propensity of business travellers, the consumption behaviour of private customers and companies' willingness to invest. Next to these, changes in interest rates are another key external factor that can influence the Group's business operations. Additionally, factors, such as political crises, terror attacks, the outbreak of epidemics, but also social trends, such as the intensive debates surrounding climate protection, can also affect travel activities and the demand for mobility services, and thus influence the Group's business development.

5. BUSINESS MANAGEMENT

The long-term business success of the Sixt Group is measured centrally at Group level using pre-defined financial performance indicators.

The following financial performance indicators are particularly essential for the entire Group:

- ‖ Operating revenue
- ‖ Earnings before taxes (EBT)
- ‖ Operating return on revenues in the business units / EBT margin (EBT/operating revenue)
- ‖ Equity ratio (equity/total assets)

The Sixt Group aims to achieve the following returns and ratios over the long term and therefore on a sustained basis:

- ‖ An operating EBT margin of at least 10% in the Mobility Business Unit (with regard to the Business Unit's operating revenue)
- ‖ An operating EBT margin of 6% in the Leasing Business Unit (with regard to the Business Unit's operating revenue)
- ‖ An equity ratio of at least 20% at Group level

6. RESEARCH AND DEVELOPMENT

As a mobility service provider, Sixt consistently pursues a digitisation strategy with a keen eye on its product portfolio, sales channels and operating business procedures. This way, the Group takes due account of the rapid technological changes and the associated changes in the user behaviour of its customers. Against this background, Sixt believes that the development especially of software solutions will be of significant importance for its future success. Software developments affect, among other things, the mobile, web and back-end applications as well as extensive data-warehouse and reporting solutions.

In fiscal year 2019, next to the development of the mobility platform ONE and the Sixt App with the product segments SIXT rent, SIXT share and SIXT ride, the Sixt Group already worked on new software solutions. The development costs capitalised in the fiscal year for current and future software solutions amounted to EUR 9.4 million (2018: EUR 3.8 million).

B.2 || BUSINESS REPORT

1. ECONOMIC ENVIRONMENT

The increasing internationalisation of its activities means that the centre of Sixt Group's business is continuously shifting to the European Corporate countries as well as the USA, which has become the most important foreign market. Of particular importance for the Group's business development in these economic regions are corporate investment activities as a whole, the spending propensity of commercial and corporate customers as well as the consumer behaviour of private customers.

As projected by Sixt, the world economy's performance in 2019 slowed down compared with the previous year. The world economy was affected by significant uncertainties and high trade obstacles, such as the ongoing tensions between China and the USA. In this context, China recorded stable economic growth, which the government maintained through monetary measures, among other things. The US economy cooled down due to the effects of the tax cuts of 2018 gradually petering out and due to imports from China becoming more expensive. Other uncertainties affected the European Union, where the long drawn-out and unsuccessful negotiations on Brexit burdened the future relations between the United Kingdom and the EU. The big economies of Europe, in Germany, France and Italy, all saw a slowdown in economic growth, so that overall growth in the Euro area lost momentum.

According to the International Monetary Fund (IMF), global economic growth for 2019 amounted to 2.9% after growth of 3.6% the year before. The United States saw its economic growth fall to +2.3% (2018: +2.9%), while the Euro area recorded a growth of merely 1.2% (2018: +1.9%). The German economy with its strong focus on exports had to make do with an increase of 0.5%, according to the IMF, after it had grown by +1.5% in 2018.

Source

International Monetary Fund (IMF), World Economic Outlook Update January 2020

2. GROUP BUSINESS PERFORMANCE, OVERVIEW AND COMPARISON WITH PREVIOUS YEAR'S FORECAST

Sixt Group looks back on a very successful fiscal 2019, both from a strategic as well as an economic perspective. Consolidated revenue of EUR 3.31 billion (2018: EUR 2.93 billion) reached a record level, which for the first time exceeded the

EUR 3 billion mark. Group earnings before taxes (EBT) amounted to EUR 337.4 million and were thus on par with the year before (discounting the income from the sale of the DriveNow investment in 2018).

When communicating its annual forecast in March of the reporting year, the Managing Board had assumed that the overall economic development would deteriorate. Nonetheless, Sixt still expected that demand would continue to grow. This was due, on the one hand, to the ongoing expansionary measures which the Group undertook outside Germany, but also to additional stimulus generated after the successful launch of the integrated mobility platform ONE, together with the new SIXT app. The Board also pointed out that further investment would be necessary for digitisation and expansion abroad.

Allowing for these conditions, the Managing Board had expected consolidated operating revenue to show a substantial increase over the year before and foresaw stable Group EBT (after discounting the sale of the DriveNow investment in 2018). These forecasts were maintained throughout the entire reporting year.

Year-on-year consolidated operating revenue rose 13.3% to EUR 2.95 billion (2018: EUR 2.60 billion). Foreign operations within the Mobility Business Unit once again made the biggest contribution to growth with a 23.0% gain in consolidated operating revenue, to EUR 1.52 billion (2018: EUR 1.23 billion). Even in Germany, the Mobility Business Unit managed to increase its revenue even further, up by 8.4% to EUR 974.1 million (2018: EUR 898.6 million). The Leasing Business Unit registered a more constrained business development in 2019, but one that fell in line with expectations (EUR 455.8 million; 2018: 467.9 million; -2.6%).

The Group's profit before taxes climbed to EUR 337.4 million, which was on a par with the previous year's level (adjusted EBT of EUR 336.7 million discounting the income from the sale of the DriveNow investment in 2018 in the amount of EUR 197.8 million). This earnings performance was achieved taking due account of the set-up and launch of the mobility platform, the ongoing digitisation of products, processes and stations as well as the expansion of corporate presence in Europe and the USA. With an operating return on revenue of 11.5%, Sixt once more recorded profitability far higher than that of its key competitors.

Notwithstanding this significant growth, the Group recorded a very solid equity ratio of 25.5% on 31 December 2019. Though this falls marginally short of the corresponding figure for the previous year of 27.8%, it remained well above the minimum target level of 20%.

3. REVENUE DEVELOPMENT

3.1 DEVELOPMENT IN THE GROUP

Due to rounding it is possible that individual figures presented in this management report on the Group's and the Company's situation may not add up exactly to the totals shown. For the same reason, the percentage figures presented may not exactly reflect the absolute figures they relate to.

As in previous years, the Group's revenue development is measured by consolidated revenue as well as by the so-called consolidated operating revenue. Consolidated operating revenue

is the total amount of revenue from rental business (including other revenue from rental business) and leasing business (including other revenue from leasing business). Revenue from the sale of used leasing vehicles, which depends primarily on general fleet policy and is only partially based on buy-back agreements with manufacturers and dealers, is not recognised as operating revenue. Revenue from the sale of used vehicles from the Mobility Business Unit is not reported under revenue.

Total consolidated revenue increased by 12.9% to EUR 3.31 billion in the year under review (2018: EUR 2.93 billion). Operating revenue from rental and leasing business was with EUR 2.95 billion 13.3% higher than the prior-year figure (EUR 2.60 billion). This increase was due to the continued positive revenue development in the Mobility Business Unit. The basis for this growth is provided by the ongoing international expansion, above all in the USA, Italy, France and Spain as well as the positive development in the home market of Germany.

Breakdown of consolidated revenue				
	2019		2018	
	in EUR million	in %	in EUR million	in %
Mobility	2,490	75	2,131	73
Leasing	456	14	468	16
Leasing vehicle sales	356	11	325	11
Miscellaneous	5	0	5	0
Total	3,306	100	2,930	100

Consolidated operating revenue				
	2019	2018	2017	2016
in EUR million				
	2,945	2,599	2,309	2,124

3.2 REVENUE BREAKDOWN BY REGIONS

In Germany, consolidated revenue for 2019 was EUR 1.72 billion, an increase of 5.9% compared to prior year (EUR 1.62 billion). Rental revenue in the Mobility Business Unit reached EUR 844.5 million, 7.4% more than in 2018 (EUR 786.4 million). Other revenue from rental business rose by 15.5% to EUR 129.6 million (2018: EUR 112.2 million). Revenue from leasing activities in Germany decreased by 5.1% and came to EUR 199.2 million (2018: EUR 209.9 million). Other revenue from leasing business remained stable with EUR 201.9 million (2018: EUR 202.2 million; -0.1%). Revenue generated in Germany from the sale of used leasing vehicles, which is generally

subject to fluctuations, grew by 10.1% to EUR 336.8 million (2018: EUR 305.8 million).

Group revenue outside Germany performed more dynamically in 2019 thanks to the ongoing growth measures initiated with branch openings and increased capacities at existing branches. With EUR 1.59 billion, it was 21.5% higher than in the previous year (EUR 1.31 billion) and again at a new record level. A significant share of Group revenue outside Germany was generated by the activities in North America with EUR 492.9 million (2018: EUR 382.4 million). Within the European countries outside Germany France reached a total revenue of EUR 337.5 million (2018: EUR 291.3 million).

Also the rental revenue outside Germany continued to show a positive development and rose by 21.7% to EUR 1.40 billion (2018: EUR 1.15 billion). This development was particularly driven by activities in the USA, Italy, France as well as Spain. Other revenue from rental business registered EUR 111.6 million and was thus also substantially above the prior-year figure (EUR 78.5 million; +42.2%). Leasing revenue abroad declined by 5.2% to EUR 23.5 million (2018: EUR 24.8 million) due to the declining contract portfolio. With EUR 31.1 million other revenue from leasing business showed a slightly higher level versus the

previous year (2018: EUR 31.0 million; +0.4%). Foreign revenue from the sale of used leasing vehicles remained stable at EUR 19.5 million (2018: EUR 19.5 million; -0.1%).

Overall, the share of foreign business revenue increased further in 2019 and reached 48.1% of the consolidated revenue (2018: 44.7%). The share of consolidated revenue in Germany was 51.9% (2018: 55.3%). With regard to consolidated operating revenue, the share of revenue generated abroad also continued to grow and reached 53.3% (2018: 49.6%).

4. EARNINGS DEVELOPMENT

Consolidated income statement (condensed)				Change	Change
in EUR million		2019	2018	in total	in %
Consolidated revenue		3,306.5	2,929.5	377.0	12.9
Thereof consolidated operating revenue		2,945.4	2,599.0	346.4	13.3
Fleet expenses and cost of lease assets		1,135.9	1,000.6	135.3	13.5
Personnel expenses		503.3	419.8	83.5	19.9
Depreciation and amortisation expense		709.2	538.7	170.5	31.6
Net other operating income/expenses		-578.3	-597.3	18.9	-3.2
Earnings before net finance costs and taxes (EBIT)		379.7	373.1	6.6	1.8
Net finance costs		-42.3	161.5	-203.8	-126.2
Earnings before taxes (EBT)		337.4	534.6	-197.1	-36.9
Income tax expense		90.6	95.7	-5.1	-5.3
Consolidated profit		246.8	438.9	-192.0	-43.8
Earnings per share (in EUR) ¹		4.99	9.08	-4.09	-45.0

¹ Basic, in 2019 based on 46.9 million shares (weighted), in 2018 based on 46.9 million shares (weighted)

Other operating income rose by 5.6% to EUR 199.6 million (2018: EUR 189.0 million). While gains from currency translation declined slightly (EUR 95.6 million; -5.1%), income from forwarding costs to third parties increased significantly (EUR 55.8 million; +24.0%). Moreover, other operating income includes income from the reversal of provisions (EUR 3.1 million; -71.5%) as well as income from non-cash benefits (EUR 10.3 million; +36.9%). Gains from currency translation are offset by expenses from foreign currencies which are recognised under the other operating expenses.

The fleet expenses and cost of lease assets item comprises the following expenses:

- \\ Expenses for rental and leasing fleets during the useful lives of the vehicles (for example fuel, transport costs, insurance, motor vehicle taxes, vehicle maintenance and repairs, vehicle preparation)
- \\ Expenses relating to the sale of leasing vehicles (residual carrying amounts of vehicles as well as depreciation on vehicles intended for sale and sales-related costs)

Fleet expenses and cost of lease assets grew by 13.5% to EUR 1.14 billion (2018: EUR 1.00 billion). Costs thereby rose on a broad basis.

Personnel expenses climbed 19.9% to EUR 503.3 million (2018: EUR 419.8 million), mainly driven by the expansion abroad as well as the expansion of the IT department within the scope of the company's digitisation and annual salary adjustments.

Depreciation and amortisation expense amounted to EUR 709.2 million, a plus of 31.6% compared to the previous year's figure of EUR 538.7 million. The increase is due to higher depreciation on rental vehicles (EUR 408.1 million; +28.8%) in consequence of the increased fleet as well as higher depreciation of property and equipment (EUR 104.1 million; +>100%) mainly following the capitalisation of right of use assets from the first-time adoption of IFRS 16, while depreciation on lease assets decreased (EUR 188.0 million; -4.0%).

Other operating expenses declined slightly by -1.1% to EUR 778.0 million (2018: EUR 786.3 million). The reduction was mainly driven by effects from the first-time adoption of IFRS 16 (expenses for buildings and provisions) as well as expenses from currency translation, while amongst others selling and marketing expenses, a higher risk provisioning as well as miscellaneous personnel expenses had an increasing effect.

For 2019 the Sixt Group's earnings before net finance costs and taxes (EBIT) came to EUR 379.7 million, which is a plus of 1.8% compared to the previous year's figure of EUR 373.1 million. The EBIT margin, measured as ratio to consolidated operating revenue, was with 12.9% slightly below last year's figure (14.4%).

The financial result decreased to EUR -42.3 million from EUR 161.5 million. This development is mainly due to the sale of the 50%-stake in the joint venture DriveNow in the first quarter

2018. The income from the sale in the amount of EUR 197.8 million was included in other net financial income the year before (EUR -0.2 million; 2018: EUR 199.0 million).

In fiscal year 2019, no result from at-equity measured investments has been registered (2018: EUR -2.0 million). The interest result stood at EUR -42.1 million (2018: EUR -35.5 million).

The consolidated earnings before taxes (EBT) reached EUR 337.4 million (2018: EUR 534.6 million). Compared to the adjusted prior year figure (EUR 336.7 million; excluding the sale of the DriveNow investment), Sixt managed to keep its earnings stable (+0.2%) despite substantial expenses for the ongoing expansion and digitisation as well as the first-time adoption of IFRS 16. The EBT margin – expressed in relation to consolidated operating revenue – reached 11.5% (2018 adjusted: 13.0%).

Income tax expense came to EUR 90.6 million (2018: EUR 95.7 million) and developed with a change of -5.3% disproportional compared to the growth in adjusted pre-tax profit. The tax rate, calculated on the basis of EBT, stood at 27% (2018: 18%).

For fiscal year 2019 the Sixt Group reports a consolidated profit of EUR 246.8 million (2018: EUR 438.9 million; -43.8%). Minority interests reached EUR 12.5 million (2018: EUR 12.8 million). As a result, consolidated profit after taxes and minority interests was EUR 234.3 million (2018: EUR 426.0 million).

Earnings per share (basic) for the year under review amounted to EUR 4.99 per share. The year before, earnings per share had been EUR 9.08.

Earnings performance Sixt Group				
	2019	2018	2017	2016
in EUR million				
EBT	337.4	534.6	287.3	218.3
Consolidated profit	246.8	438.9	204.4	156.6
Return indicators Sixt Group				
	2019	2018	2017	2016
in %				
Return on equity (ratio of EBT to equity)	21.2	37.1	24.4	20.2
Return on revenue (ratio of EBT to operating revenue)	11.5	20.6	12.4	10.3

5. APPROPRIATION OF PROFIT

Sixt SE prepares its annual financial statements according to the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). It reported unappropriated profits of EUR 254.1 million for 2019 (2018: EUR 247.7 million).

Subject to the consent of the Supervisory Board, the Managing and Supervisory Board of Sixt SE propose that the Annual General Meeting on 24 June 2020 distributes these unappropriated profits as follows:

- || Suspension of dividend payment for ordinary shares
- || Payment of minimum dividend of EUR 0.05 per preference share
- || Carry-forward to new account EUR 253.3 million

The dividend proposal would result in a total dividend payment of EUR 0.8 million (2018: EUR 101.3 million). This takes account of the future demands placed on equity, the investment requirements and the future economic development, above all with a view to the extraordinary crisis situation caused by the corona virus and the uncertainties in the financial markets with possible consequences for the availability of capital.

6. NET ASSETS

As at the end of the reporting year 2019, Sixt Group's total assets came to EUR 6.25 billion, which was EUR 1.06 billion or 20.3% more than at 31 December 2018 (EUR 5.19 billion). The expansion of total assets is due to higher property and equipment and increased deferred tax assets on the non-current assets side and an expanded rental vehicles item as well as trade receivables on the current assets side following the higher business volume. Additionally, the amount of cash and bank balances increased.

Non-current assets amounted to EUR 1.84 billion (2018: EUR 1.50 billion; +22.7%), and are still dominated by lease assets, which year-on-year declined by EUR 84.7 million or 7.0% to EUR 1.12 billion (2018: EUR 1.20 billion). The share of lease assets in non-current assets stood at 60.8% and was thus below the level of the previous year (2018: 80.2%). The share of lease assets in total assets also decreased to 17.9% (2018: 23.2%).

Property and equipment climbed on the other hand by EUR 404.8 million or 200.9% to EUR 606.3 million (2018: EUR 201.5 million) mainly due to the capitalisation of right of use assets from the first-time adoption of IFRS 16 (Leases). Goodwill rose by EUR 0.7 million or 2.5% to EUR 28.9 million (2018: EUR 28.2 million). Intangible assets grew by EUR 3.1 million or 10.7% to EUR 32.6 million (2018: EUR 29.4 million). Deferred tax assets increased from EUR 29.7 million by 60.3% to EUR 47.5 million. There were no significant changes in the other items under non-current assets year-on-year.

Current assets increased in total by EUR 715.7 million to EUR 4.41 billion (2018: EUR 3.69 billion; +19.4%). Rental assets accounted for EUR 3.03 billion, EUR 428.2 million or 16.4% more than at the end of last year (EUR 2.61 billion). The share of rental vehicles in current assets amounted to 68.8% (2018: 70.6%) and 48.5% in total assets (2018: 50.2%).

The inventories position contains mainly rental vehicles taken out of the fleet and returned leasing vehicles as well as petrol stocks. With EUR 101.7 million they registered a growth of EUR 4.2 million or 4.3% above last year's figure (EUR 97.6 million).

Trade receivables of EUR 765.0 million were EUR 206.2 million or 36.9% above last year's figure (EUR 558.8 million) due to reporting date effects.

Current other receivables and assets increased by EUR 31.2 million to EUR 298.3 million (2018: EUR 267.2 million; +11.7%). The position contains mainly delivery claims for vehicles, insurance claims and other tax receivables.

Income tax receivables increased by EUR 21.5 million to EUR 37.7 million (+132.1%).

As at reporting date the Group's cash and bank balances amounted to EUR 170.5 million after EUR 145.9 million the year before (+16.8%).

The "Sixt" brand name in particular is a significant asset that is not recognised in the balance sheet. The value of this asset can be affected, among other things, by advertising campaigns. However, advertising expenses cannot be unambiguously allocated to this asset. Advertising expenses for fiscal year 2019 amounted to around 3.0% of consolidated operating revenue (2018: 3.1%).

Consolidated balance sheet (condensed)	2019	2018
Assets		
in EUR million		
Non-current assets		
Property and equipment	606.3	201.5
Lease assets	1,119.7	1,204.4
Miscellaneous	116.7	96.4
Current assets		
Rental vehicles	3,033.4	2,605.2
Cash and bank balances	170.5	145.9
Miscellaneous	1,202.8	939.8
Total assets	6,249.4	5,193.3

7. FINANCIAL POSITION

7.1 FINANCIAL MANAGEMENT AND FINANCIAL INSTRUMENTS

The financial management of the Sixt Group is centralised within the finance division and is performed on the basis of internal guidelines and risk policies as well as a monthly Group finance plan. The key tasks include safeguarding liquidity, cost-oriented, long-term coverage of financing requirements of the consolidated companies under the going concern assumption as well as managing interest rate, currency and credit risks. The finance division of the Group takes care of the operative liquidity control and the cash management for all consolidated companies of the Mobility Business Unit and "Other" segment. These tasks are separately carried out for the Leasing Business Unit.

For financing business operations Sixt uses credit lines granted by banks as well as borrower's note loans and a commercial paper programme. In addition to these, the Company regularly issues bonds on the capital market.

As at the end of 2019, the Sixt Group was primarily financed by the following instruments:

- \\ A bond (of Sixt SE) with a nominal value of EUR 250 million, maturing in 2024 and bearing a coupon of 1.50% p.a.
- \\ A bond (of Sixt SE) with a nominal value of EUR 250 million, maturing in 2022 and bearing a coupon of 1.125% p.a.

\\ A bond (of Sixt Leasing SE) with a nominal value of EUR 250 million, maturing in 2022 and bearing a coupon of 1.50% p.a.

\\ A bond (of Sixt Leasing SE) with a nominal value of EUR 250 million, maturing in 2021 and bearing a coupon of 1.125% p.a.

\\ A bond (of Sixt SE) with a nominal value of EUR 250 million, maturing in 2020 and bearing a coupon of 2.00% p.a.

\\ Borrower's note loans totalling EUR 1.09 billion, maturing between 2020 and 2026 and bearing fixed and variable market rates of interest

\\ Real estate redeemable loans maturing till 2027

\\ Drawn credit lines with a number of reputable banks, mainly based in Germany with short-term maturity

\\ Lease agreements with a remaining maturity of up to 2 years for refinancing leasing assets of Sixt Leasing SE

\\ Asset-backed securities programme of Sixt Leasing SE with a total amount of up to EUR 500 million to refinance leasing contracts

To finance the rental fleet, the Group also uses leases with external, manufacturer-bound financial services providers. These forms of lease financing continue to be an important part of the Group's refinancing portfolio.

7.2 EQUITY

As at 31 December 2019 the Group's equity amounted to EUR 1.59 billion compared to EUR 1.44 billion on the same reporting date the year before. The increase came from consolidated profit and is partially offset by the cash outflow for the dividend payments made for fiscal year 2018 (EUR 101.3 million of Sixt SE and EUR 5.7 million of Sixt Leasing SE). The equity ratio sank to 25.5% (2018: 27.8%) along with the expansion of total assets. Thereby the Sixt Group continues to report an equity ratio significantly higher than the average in the rental and leasing industry as well as above the targeted minimum of 20%.

The share capital of Sixt SE as at reporting date remains unchanged at EUR 120.2 million.

7.3 LIABILITIES

Non-current liabilities and provisions grew year-on-year from EUR 2.35 billion by EUR 370.9 million or 15.8% to EUR 2.72 billion. The change is mainly driven by the increase in financial liabilities by EUR 362.1 million or 15.8% to EUR 2.65 billion (2018:

EUR 2.29 billion). The non-current financial liabilities contain the bonds 2016/2022 and 2018/2024 issued by Sixt SE as well as the bond 2017/2021 and 2018/2022 issued by Sixt Leasing SE with nominal values of EUR 250.0 million each. Besides the item also contains borrower's note loans, bank liabilities and lease liabilities, mainly from the first time adoption of IFRS 16 (Leases) with remaining maturities of more than one year in the amount of EUR 1.66 billion (2018: EUR 1.05 billion).

Current liabilities and provisions increased by EUR 535.1 million to EUR 1.94 billion (2018: EUR 1.41 billion), particularly due to financial liabilities of EUR 784.5 million which grew by EUR 335.7 million (2018: EUR 448.8 million) including the reclassified Sixt SE bond 2014/2020 with a nominal value of EUR 250.0 million, the on reporting date by EUR 188.5 million increased trade payables of EUR 832.9 million (2018: EUR 644.4 million) as well as higher other liabilities of EUR 165.6 million (2018: EUR 146.1 million).

The short-term use of leases to refinance part of the fleet is also of importance for the Group's financial position.

Consolidated balance sheet (condensed)	2019	2018
Equity and liabilities		
in EUR million		
Equity	1,592.2	1,442.0
Non-current liabilities and provisions		
Provisions	4.2	3.5
Financial liabilities	2,652.7	2,290.6
Miscellaneous	59.8	51.7
Current liabilities and provisions		
Provisions	157.5	166.2
Financial liabilities	784.5	448.8
Miscellaneous	998.5	790.5
Total equity and liabilities	6,249.4	5,193.3

8. LIQUIDITY POSITION

For 2019 the Sixt Group reports gross cash flows of EUR 921.2 million, which is EUR 103.5 million above the figure for the preceding year (EUR 817.7 million). Adjusted for changes in working capital this results in a cash outflow for operating activities of EUR 40.7 million (2018: net cash outflow of EUR 346.4 million). The year-on-year changes are essentially due to the increase in trade payables and reduced net investments in lease assets.

Net cash outflow from investing activities amounted to EUR 44.7 million (2018: net cash inflow of EUR 148.9 million). The change – on balance – compared with the previous year is mainly due to the sale of the stake in the joint venture DriveNow in fiscal year 2018.

Financing activities resulted in a lower cash inflow of EUR 107.5 million compared to the previous year (2018: net cash inflow of EUR 255.7 million), mostly due to decreased payments received from borrower's note loans, bonds and bank

loans as well as higher payments for their redemption and also the lower cash outflow from dividend payments.

After changes relating to exchange rates and other factors, total cash flows resulted in a year-on-year increase in cash and cash equivalents as at 31 December 2019 by EUR 24.6 million (2018: increase of EUR 58.4 million). Cash and cash equivalents correspond to the balance sheet item "cash and bank balances".

Vehicles added to the rental and leasing fleets	2019	2018	2017	2016
Number of vehicles				
	270,300	249,100	233,400	208,900

Vehicles added to the rental and leasing fleets	2019	2018	2017	2016
Value of vehicles in EUR billion				
	7.84	7.02	6.11	5.68

10. SEGMENT REPORTS

10.1 MOBILITY BUSINESS UNIT

Sector developments

The international vehicle rental markets in 2019 were characterised, in Sixt's view, by ongoing intensive competition and a moderate growth of market volume. Thus, the industry kept following the key trends of the previous years. Once again, the global market was dominated by a few internationally focused vehicle rental companies. Topics for the future that are gaining more and more relevance are, in Sixt's opinion, the advancing digitisation of the vehicle rental process and the development of integrated mobility solutions.

The industry is undergoing a process of consolidation, which continued in the reporting year. This affects above all smaller car rental providers with only regional exposure and cannot adequately meet their customers changing mobility requirements. These include, for example, increasing demand for user-friendly online and mobile technologies, flexible mobility models as well as option packages and powertrains in the respective rental fleets.

Sixt thinks that smaller and locally active car rental companies still face structural competitive disadvantages. High fixed costs and a generally low capital strength make it difficult for these

9. INVESTMENTS

Sixt's fleet policy in the year under review was marked by the expansion of the vehicle rental business abroad. Around 270,300 vehicles were added to the rental and leasing fleets in 2019 (2018: 249,100 vehicles) with a total value of EUR 7.84 billion (2018: EUR 7.02 billion). Year-on-year, this is an increase of 8.5% in the number and an increase of 11.8% in the value of vehicles. The average value per rental car was around EUR 29,600 and thus above the prior year's level of EUR 29,000.

providers to implement modern business processes based on the usage of innovative technologies for booking vehicles as well as for vehicle pick-ups and returns and to provide the resources for their further development. Large internationally active providers, on the other hand, are capable of meeting the needs of private and business travellers as well as large tourist companies for time-saving and flexible solutions. They benefit from their offer of a dense network of stations that ensures smooth and efficient mobility for customers and speeds up the process of renting or picking up the vehicle.

In the year under review the industry continued to be influenced by the trend that ownership of a private vehicle is losing its significance, especially in larger cities and metropolitan areas, while a broad mix of mobility is gaining more appeal. More and more users prefer situation-specific mobility tailored to their individual needs whilst making use of combined mobility models. This development is also affecting corporate incentive models, as companies are looking for alternatives to the classic company car for their existing and potential employees.

For 2019, the market information service Euromonitor International registered revenue volumes just above the level of the preceding year for the large European vehicle rental markets. In Sixt's European corporate countries of Belgium, Germany, France, the UK, Italy, the Netherlands, Austria, Switzerland and Spain, market volume went up to EUR 11.5 billion from the

EUR 11.2 billion recorded the year before (+2.3%). In Germany, market volume climbed to about EUR 2.5 billion and was thus 2.7% higher than the previous year's level (2018: EUR 2.5 billion). The French vehicle rental market recorded a volume of EUR 2.7 billion (2018: EUR 2.7 billion, +1.0%). In Italy market volume expanded 3.8% to EUR 1.3 billion (2018: EUR 1.3 billion). Spain recorded growth of 2.4% to EUR 1.7 billion compared to EUR 1.6 billion the year before. Market volumes in the UK came to GBP 1.4 billion (2018: GBP 1.4 billion; +1.1%), while in the USA, the by far biggest rental market worldwide, market volume was USD 31.0 billion after USD 30.4 billion in 2018 (+1.9%).

Looking at the revenue shares by customer groups, the market information service could not detect any material changes from the previous year during the reporting year. In Germany the share of business travellers remained stable at 51%, with the share of private travellers also unchanged at 42%. In all of Sixt's European corporate countries for which detailed market data is available, the share of private travellers remained stable at 48%, with the ratio of business travellers also stable at 46%. Likewise, in the USA, no changes were recorded from the previous year. Thus, the proportion of business clients remained unchanged at 31% and the quota of private travellers at 39%. The fact that these ratios are smaller compared to the European market is the result of a substantially higher accident replacement business. It also recorded a stable revenue share of 29% compared to the previous year.

Germany's international passenger airports, where Sixt enjoys a strong presence, continued their growth trajectory. For fiscal year 2019 the German Airports Association (Arbeitsgemeinschaft Deutscher Verkehrsflughäfen) recorded around 248 million passengers, equalling a gain of 2% over the same period the year before (around 244 million passengers).

The carsharing market in Germany was characterised by lively growth over the last few years. According to the Federal German carsharing association, German carsharing providers had a total of around 2.3 million registered customers. The worldwide growth rates for carsharing are projected to be strong. The market research institute GMIInsights expects average annual growth rates of 20% for the years 2018 to 2024. The global market volume for 2024 is projected to be around USD 12 billion.

Ride hailing is also deemed to be a growth market. According to data from the market research institute P&S Intelligence, the global market volume for transfer rides in 2018 amounted to

USD 50.4 billion, measured by revenue. Based on these figures, P&S Intelligence estimates that between 2019 and 2024 average annual growth could come to 13.0% and hence reach a market volume of USD 120.2 billion by 2024.

Sources

Euromonitor International, Travel 2019, November 2019

Arbeitsgemeinschaft Deutscher Verkehrsflughäfen (ADV - German Airports Association), monthly statistics 12/2019, 13 February 2020 and monthly statistics 12/2018, 11 February 2019

Bundesverband Carsharing (Federal German carsharing association), press release of 18 February 2020

GMIInsights, Global Market Insights, April 2018

P&S Intelligence, press release of 5 November 2019

Developments in the Mobility Business Unit

In 2019 the Mobility Business Unit was characterised by increasing digitisation. At the start of the reporting year Sixt launched the SIXT app, which merges the product segments SIXT rent (vehicle rental), SIXT share (carsharing) and SIXT ride (transfer services) based on the new mobility platform. This way, Sixt is providing all services for individual mobility very flexibly through one single app. SIXT ride additionally integrates partner services from ride hailing and taxi services.

The digitisation of Sixt products includes interlinking the vehicle fleet based on telematic solutions. To this end, Sixt equipped many vehicles with the relevant technical means during the year under review.

With SIXT fastlane, the company can offer its customers the highly flexible and swift collection of their vehicle. To do so, the customer selects his vehicle of choice in the SIXT app, goes straight to the car at the collection points and also opens it by means of the app. Pick-up and return of the car is possible with SIXT fastlane at the classic Sixt stations, at purely digital stations without any service personnel or at so-called digital implants at corporate sites. If there is sufficient demand, Sixt will thus be able to provide additional locations at such digital sites besides its existing network of stations and thus offer private as well as corporate customers such important added value as shorter access routes and faster processing. SIXT fastlane was available during the year under review in Germany, the Netherlands and Italy, and will be expanded to additional Sixt corporate countries during the current year.

By interlinking its fleet, Sixt will also be able to deploy vehicles flexibly in the product segments of SIXT rent and SIXT share, and thus adjust the fleet sizes in question to changes in demand.

The seamless digitisation of the product segments SIXT rent, SIXT share and SIXT ride helped to improve the attractiveness of the mobility products and thus fostered the ongoing dynamic development of the Mobility Business Unit in fiscal year 2019. Demand thus exceeded initial expectations, above all from private customers and tourists.

Another reason for the positive business performance was the continued successful expansion abroad, which saw the development and expansion of selected individual markets. The key international Sixt corporate countries once again registered significant and, in most cases, double-digit percentage growth against the previous year.

In its competitive environment, Sixt benefits in its own view from the high degree of digitisation of its products and services as well as its vehicle fleet with its large share of very well-equipped cars from renowned manufacturers. Sixt sees further strengths in the focus on services and products with premium standards and the high level of recognition of the brand.

The Mobility Business Unit's operating revenue for 2019 rose 16.8% to EUR 2,489.6 million (2018: EUR 2,131.1 million). Rental revenue alone gained 15.9% over the previous year to EUR 2,248.4 million (2018: EUR 1,940.5 million). Other revenue from the rental business climbed by 26.5% to EUR 241.2 million (2018: EUR 190.7 million).

The Business Unit's operating revenue in Germany increased to EUR 974.1 million (2018: EUR 898.6 million). This means that the growth rate of 8.4% almost doubled compared with the

year before (4.3%) and that the company continued to expand its position as market leader at home. Rental revenue rose 7.4% to EUR 844.5 million (2018: EUR 786.4 million).

Outside Germany, the Business Unit saw its operating revenue climb by 23.0% to EUR 1,515.5 million (2018: EUR 1,232.5 million). Foreign rental revenues by themselves amounted to EUR 1,403.9 million, a gain of 21.7% on last year's total of EUR 1,154.1 million. The share of operating segment revenue generated outside Germany continued to grow further to 60.9% and thus for the first time exceeded 60% (2018: 57.8%). With regard to rental revenues, international operations actually contributed a share as large as 62.4% (2018: 59.5%).

The Business Unit's earnings before taxes (EBT) came to EUR 309.2 million, some 1.3% above the high previous year's figure of EUR 305.1 million. The comparative figure for the previous year was adjusted in keeping with the changes made to the segment reporting. The renewed increase in earnings was achieved despite the considerable extra expenditure incurred for the ongoing digitisation, the extension of the network of stations in the USA and the expansion in Europe as well as the first-time adoption of IFRS 16. The Business Unit's strong earnings performance is based on positive earnings contributions from all operative vehicle rental subsidiaries.

The Business Unit's operating return on revenue, measured as the ratio of EBT to operating segment revenue, came to 12.4% in the year under review (2018: 14.3%) and thus remains well above the long-term margin target of at least 10%.

Key figures for the Mobility Business Unit			Change
in EUR million	2019	2018 ¹	in %
Operating revenue	2,489.6	2,131.1	16.8
Thereof rental revenue	2,248.4	1,940.5	15.9
Thereof other revenue from rental business	241.2	190.7	26.5
Thereof abroad	1,515.5	1,232.5	23.0
Earnings before net finance costs and taxes (EBIT)	337.2	329.2	2.4
Earnings before taxes (EBT)	309.2	305.1	1.3
Operating return on revenue (EBT/operating revenue) in %	12.4	14.3	-1.9 points

¹ Prior-year figures were adjusted in line with changes in segment reporting

Accelerated growth in the domestic market of Germany:

Although Sixt has been the market leader in Germany for many years, the company still increased its rental revenue by another 8.4%, thereby doubling the growth rate from the year before (4.3%). It thus managed to extend its already strong position even further. According to its internal assessment, Sixt holds a market share of almost 40% on its domestic German market.

One key reason for this accelerated growth is, in Sixt's own view, the launch of the new SIXT app and with it the offer of a particularly flexible means of renting a vehicle e.g. using SIXT fastlane. Furthermore, Sixt continues to invest in its sales activities. Thus, the focus was on looking after and retaining existing customers as well as winning over new customers. The high demand during the year under review came above all from private as well as commercial customers.

In Germany, Sixt has a dense network of rental offices that offer private and business travellers flexible, convenient and seamless mobility. In the reporting year the network of stations was further optimised and at the end of the year comprised 531 offices (2018: 518 offices).

Dynamic developments abroad: The foreign rental business grew by a substantial double-digit percentage during the reporting year. In the USA, the world's biggest vehicle rental market, Sixt continued its growth course. Thanks to its approach of offering premium services and products, the company enjoys a very special position on the market and has managed to develop into the country's fourth biggest vehicle rental provider. In 2019 its activities focused on moving key airport stations from off-site locations to airport terminals, to gain better access to customers. In addition, Sixt expanded its network of stations and in its own assessment managed to increase market shares at existing sites.

In the year under review, Sixt placed special emphasis on improving the share of US customers and thus also its local business. At the same time, the company interlinked its business activities with the neighbouring regions, such as the Caribbean and South America, and thereby gained a high share of travellers coming to the US from these regions as new customers.

At the end of 2019 Sixt had a presence in the USA at 65 sites (2018: 58 locations; each measured as corporate and franchise locations). Of these, 26 were airport stations (2018: 24).

Key new stations were opened up in Washington and Aspen/Pitkin as well as further rental stations, for example in Phoenix, Orlando or Fort Myers.

In Europe, Sixt recorded strong growth, above all in France, Great Britain, Italy and Spain. The company benefited from the large number of tourists in the Mediterranean countries.

In France the company once again benefited from the strong development in the private customer business. Consequently, France cemented its position as the Sixt Group's strongest European market outside Germany.

In Italy, Sixt focused on its business at airport stations and used the lively tourist activity within the country for additional growth. Moreover, Sixt interconnected its Italian activities with those in neighbouring countries and, thanks to these network effects, generated additional business with travellers from other corporate countries.

Successful international marketing campaigns: Sixt promotes its business activities in the European corporate markets with attention-grabbing marketing campaigns. The company mostly uses humour and satire, often referencing current political or social topics to attract the public to its premium products and services using a variety of media channels. Sixt also attracts attention with its installations at airports, which are some of the key contact points with its customers.

In the year under review, Sixt invested above all in marketing activities for its domestic market in Germany, the BeNeLux states, France, Great Britain, Spain and Italy. Germany saw a number of successful marketing activities implemented in 2019. Thus, from January to December the advertisement motifs generated some 39 million impressions on Facebook alone. Added to these are over 35 million impressions on the platforms Instagram, Twitter and Youtube.

2019 also saw ample communication flanking the launch of the carsharing product SIXT share in all the cities where SIXT share is available, as well as the launch of SIXT ride.

In the European countries outside Germany, 2019 saw a host of marketing activities successfully implemented. This included, for example, a new multi-channel campaign (radio, TV and online) in the Netherlands and airport advertising in Italy with eye-catching installations and campaigns. This way, brand recognition improved further in the various countries.

Franchise network remains on growth track: Sixt is present outside Western Europe and the USA through franchisees. In 2019, business with its franchise partners once more developed very successfully on account of the numerous worldwide operative and sales measures.

New franchise partners started out in such existing Sixt markets as Ecuador, Chile, Oman and Barbados. In Gambia, Sixt opened up the first stations thanks to the collaboration with the existing franchise partner from the Senegal.

The number of reservations made through the franchise network rose significantly once again in the year under review compared with the preceding year. Particularly strong growth markets in Europe were Ireland, Portugal, Poland, Hungary, Croatia, Slovenia and Greece.

Together with its partners, Sixt also pursues the claim "Drive Premium – Pay Economy" in its franchise markets. To this end, the franchise partners invested in setting up fleets of well-equipped cars from renowned brands as well as in the expansion of the station network.

Rental offices	2019	2018
Corporate countries	1,036	1,044
Franchise countries	1,075	1,130
Total	2,111	2,174

Fleet of renowned brands: Besides its customer-oriented service, Sixt considers its fleet of vehicles to be the key USP in competition. Within its fleet, the company therefore offers its customers a high share of well-appointed vehicles by renowned manufacturers.

Among the manufacturers on offer were brands such as BMW (including the BMW M cars), Mercedes-Benz (including Mercedes AMG), Audi, Porsche, Jaguar and Maserati. In addition, the fleet also included electric vehicles such as the models BMW i3 and BMW i8, as well as the Jaguar I-PACE. In the summer of 2019 Sixt kicked off a successful campaign with electric cars. On the popular North Sea island of Sylt it brought together an extensive array of electric cars for its customers with the BMW i3, Jaguar I-PACE and Audi's e-tron.

In the reporting year, around 50% of the fleet's value in Sixt corporate countries was made up of cars from the premium brands BMW, Audi and Mercedes-Benz (2018: 49%).

On top of this, the European franchisees are now much more closely involved in corporate sales structures thanks to the implementation of uniform, software-based sales processes as well as the introduction of new and flexible long-term rental products.

To serve the growing customer base swiftly, professionally and in the local language, also in the international source markets, Sixt works together with so-called General Sales Agents (GSAs). The objective of the sales agencies in the respective countries is to offer Sixt products via B2B and B2C channels, to conclude booking partnerships with relevant travel portals and to provide customer service in the local language. In the reporting year, GSAs were active in such regions as Central and South America, Israel, Russia, China and the United Arab Emirates as well as Japan and Korea.

At the end of 2019, Sixt had a worldwide network of 2,211 (2018: 2,174) rental offices (including franchisees), in around 110 countries.

For its fleet Sixt places great emphasis on providing extensive and state-of-the-art equipment. Besides such functions as voice control and hands-free communication systems, this also includes such information services as BMW ConnectedDrive or Opel Onstar. Many premium vehicles, from Mercedes-Benz or Audi for example, also come fitted with modern driver assistance systems, such as autonomous parking.

In the Mobility Business Unit, the average number of vehicles held in Sixt corporate countries for 2019 came to 150,700, compared to 131,300 in 2018. The 14.8% increase reflects the growth in demand during the reporting year. A portion of the supply agreements with the OEMs and dealers continue to provide for the option of retrieving vehicle quotas flexibly so as to be able to react promptly to fluctuations in demand.

Including the vehicles of franchisees and cooperation partners, Sixt's global fleet totalled an average of 284,500 vehicles in 2019, compared to 270,100 vehicles the year before (+5.3%).

Average number of vehicles	2019	2018
Group and franchisees/cooperation partners		
Group	150,700	131,300
Franchisees/cooperation partners	133,800	138,800
Total	284,500	270,100

Business with private customers strongly influenced by digitisation: For a number of years now, Sixt has been paying more and more attention to business with private customers. The reason for this development is the company's ongoing international expansion. Associated with this is the special part played by tourism. Thus, the share of revenue generated with private customers increased still further in 2019 to 63% (2018: 62%).

Sixt considers the availability of its mobility services through online and mobile channels to be indispensable for the successful development of its private customer business. Furthermore, Sixt also offers its customers the possibility of getting into contact and receiving information through these channels.

Sixt did due justice to the changing mobility requirements of its customers by launching the new SIXT app and the integrated mobility platform ONE at the end of February in the reporting year. The app did extremely well and registered substantial gains in traffic both in the number of downloads as well as the number of bookings made using the app.

In the year under review, the share of bookings made through the internet and mobile end devices increased across all customer groups to 70% (2018: 67%).

In the summer of 2019 Sixt relaunched its international website **sixt.com**. For its customers in the USA the company revealed a new user interface and functionalities geared in particular to international travellers. The website uses a new cloud architecture so that offers are now shown up to five times faster than before. The relaunch will be extended to the other Sixt corporate countries during the current year.

During the year under review, Sixt also installed a chat customer service using the instant messenger service WhatsApp. Customers can now use WhatsApp to get directly in touch with Sixt.

The company passed an important social media milestone in the reporting year by crossing the threshold of one million Sixt

fans on its Facebook channel. To the knowledge of Sixt, none of its competitors has a Facebook site of comparable size or reach.

International corporate customer business on growth track: In 2019 Sixt continued to align its sales structures in the corporate customer segment to the shifting mobility requirements of companies. This includes, in particular, customer-specific individualisation of mobility solutions from one single source. This is essentially done through the bundled sales channels for Sixt Group products from the product segments SIXT rent, SIXT share and SIXT ride.

Business with corporate customers in the reporting year was once again very successful. The reasons were above all the increased acquisition of new customers and intensified cooperation with existing clients. In Germany measures were taken to increase the penetration rate of the business with existing customers. Business with mid-sized clients expanded still further at European level. Sixt simultaneously managed to convince large new and existing customers of the wide range of mobility solutions. This includes, for example, winning over software companies, international oil corporations, telecommunication companies and other tech companies. Sixt also increasingly integrated the services of SIXT ride in its sales activities.

In addition, the business using secondary sales channels also performed very well in the reporting year. This includes the areas of replacement, insurance and travel agents.

True to corporate strategy, 2019 saw great emphasis placed on the digitisation of services in the corporate customer business. Thus, Sixt successfully introduced the new SIXT app for its customers. Depending on their individual demands, Sixt set up digital implant stations for them. This way, the company was able to shorten access paths and procedures for users in several countries, accelerate the speed of processing and increase regional coverage.

With progressing digitisation, the digital sales area also saw further development. Sixt offers its customers numerous channels through which the user can connect with Sixt, independently and fully digitally. One essential example is the Sixt corporate customer website: so far, companies would go to corporate.sixt.com to retrieve comprehensive information about the services of Sixt. Since the summer of 2019, they have also been able to conclude a framework agreement fully digitally and within minutes, and also manage their mobility issues. During the reporting year, this new sales channel was rolled out across all European Sixt corporate countries. Moreover, the corporate customer website was supplemented with a corporate blog, and the website's information function was extended to the franchise countries of Poland, Sweden, Denmark and the Czech Republic.

Thanks to the high connectivity levels of the products SIXT rent, SIXT share and SIXT ride, Sixt is able to string together indivi-

dual mobility concepts for corporate and business customers and thereby generate time and cost savings for its clients. To this end, special products are deployed that are specific to the mobility demands of business travellers or that can be used as modern, up-to-date incentive models for companies. These include, for example, SIXT unlimited, the SIXT Flat models or the mobility budget entitled SIXT MaaS (Mobility as a Service). During the reporting year the service range of these products expanded still further.

When developing individualised solutions, Sixt pursues a holistic approach. The company assists customers during the entire rental process and analyses all relevant aspects, such as selecting the desired car manufacturer, utilising the booking processes, hand-over and return of vehicle or claims management.

Vehicle rental revenue breakdown by customer group in %	2019	2018
Private customers/tourists	63	62
Business customers	30	31
Accident replacement	2	3
Other	5	4
Total	100	100

SIXT share covers numerous German cities: At the end of February 2019, Sixt launched its own carsharing service with the product SIXT share. SIXT share benefits, among other things, from the digital connectivity of the Sixt fleet, as the vehicles can be deployed flexibly for the products SIXT share and SIXT rent, depending on demand.

This means that Sixt is taking the first steps towards merging vehicle rental and carsharing. It is also leveraging synergy effects between the mobility formats. SIXT share customers have the opportunity of accessing a varied fleet of different vehicle models from a range of different manufacturers. What's more, they are no longer tied to fixed business zones and selected cities. Interconnecting the fleet means that the carsharing service can now also be implemented in smaller and mid-sized cities and not just in the usual larger cities and metropolitan hubs. Unlike the previous service offers, customers can now return their vehicles not only within one business zone, but throughout the entire network of Sixt stations in Germany.

With the SIXT share carsharing offer, various factors play a role in determining the price, above all, as in classic car rental and as practised for decades in the tourism industry, a price system that is based on demand at a certain point in time, the local demand situation and the utilisation of our vehicles. Personal data are not factored in. Furthermore, depending on the usage duration, the system switches automatically from a minute-based carsharing rate to a daily vehicle rental charge. This further reduces the separation of the different mobility formats and customers can avail themselves of the vehicles very flexibly, from a few minutes to several days.

Sixt initially rolled out its carsharing product in Berlin, Hamburg and Munich, with Bochum, Dresden, Duisburg, Leipzig and Nuremberg joining them by the end of 2019.

In Germany SIXT share offers up to 3,500 vehicles that can be fed in or out of the system depending on demand. The share of electric vehicles averages between 10% and 20%.

For SIXT share, the SIXT app introduced further innovative functions. These include the possibility for customers to refuel their cars digitally at the partnering petrol stations of Shell and Total. This means that the app will guide the customer through the refuelling process and will automatically handle the payment. A new filter function also allows the user to choose from different manufacturers and vehicle types so as to find their preferred car.

Besides these additional functions, customers have also had the opportunity to use electric scooters from the partner TIER, available through the SIXT app in the SIXT share product segment since the middle of 2019. This means that micro-mobility is made available not only in the business zones of Sixt share, but also in around 30 German cities where the partner has a representation.

For its campaign "Carsharing in geil" (carsharing is really hot) Sixt used large billboards in the cities of Berlin, Munich and Hamburg and also extended the campaign through the usual online channels. The campaign focused in particular on the company's advantages over regular carsharing providers, the variety of the fleet, German-wide vehicle return options and trip distances, favourable pricing as well as "the first ride free of charge" campaign. This managed to significantly increase the awareness level on the market of Sixt share as a new carsharing provider. Calculations by the opinion research institute Civey showed that the awareness of SIXT share in Berlin had almost doubled within six months of the launch.

The campaign also caused a stir because of its activities in app marketing. The campaign was implemented not only through such target group-oriented platforms as Facebook or Instagram, but also for the first time on the student platform Jodel on the occasion of SIXT share's launch in Munich. On the latter the motifs garnered over one million impressions and were among the most popular on the platform with record figures among the interactions.

The **SIXT ride** product segment bundles together Sixt's range of transfer, driver and taxi services.

SIXT ride drives taxi cooperation forward: At the end of February 2019, with SIXT ride Sixt launched a comprehensive and integrated range of transfer, driver and taxi services. The aim is to give customers a consistently uniform solution for their trips for their current needs without having to resort to a multitude of different apps from different providers. The offer ranges from

economy and standard transfers through to first and business class limousine services as well as taxi rides. Payment is made using the SIXT app.

At the end of the reporting year, customers could use SIXT ride in over 250 cities across the globe to let themselves be picked up within minutes and to pre-book transfers. The service is not focused on larger cities and metropolitan areas alone but can also serve smaller cities and rural areas through cooperation agreements with local partners.

The associated partner companies are either licensed and tested limousine service providers, which can all be accessed using the SIXT app, or renowned international ride hailing networks such as the ride-sharing agencies Lyft in the USA, Cabify in Spain or Addison Lee in Great Britain.

Sixt worked particularly intensively at driving forward its strategic cooperation with the German taxi drivers sector. By the end of the reporting year, Sixt was cooperating with all the taxi headquarters in Germany's major cities. By integrating the largest German taxi networks, Sixt is pursuing the objective of drawing up a complete mobility package, especially for corporate customers, that covers vehicle rentals, carsharing and transfer services, all under one corporate account.

As a consequence, Sixt ride offers corporate customers a simple and uniform invoicing system, which allows them to include and invoice drive services in the scheduling and booking of business trips. By integrating AirPlus, Sixt provides a common payment method for this customer group. The interfaces linking it to corporate travel portals even enables SIXT ride to book a taxi directly when scheduling the trip. Thanks to the booking option in the Amadeus transfer hub, travel agents in turn have access to SIXT ride.

Alongside the mobility platform for the worldwide booking of drive services, SIXT ride offers a licensed limousine service in Germany, France, Switzerland and Austria, with its own fleet of vehicles and chauffeurs. This limousine service can also cover rides originating in the in-house mobility platform and is geared especially to the premium segment of customers.

Since June 2019, SIXT ride is also a listed transfer partner and exclusive fringe benefit for German members holding American Express Platinum status. American Express was especially convinced by SIXT ride's new focus on offering a hybrid mix of luxury limousine services, convenient standard transfers by taxi

or through cooperation agreements with third party ride service agents, but all coming from one single booking platform with a worldwide reach.

Alongside SIXT rent, SIXT share and SIXT ride, Sixt also offers *additional supplementary products and mobility models*.

Luxury vehicles for special requirements: Sixt Sports & Luxury Cars provides clients with a wide range of exclusive vehicles from the segments of convertibles, saloons, coupés, estate cars and large saloons. The luxury vehicles are available in Germany, Great Britain, Switzerland, Spain, France, and the USA. With Sixt Sports & Luxury Cars, customers receive personal assistance from a central contact point that is staffed by specialised and multi-lingual employees. The booking process is also cross-national. The website [sixt.com/sports-and-luxury-cars](https://www.sixt.com/sports-and-luxury-cars) lists the available vehicle models, complete with attractive images, extensive information on the different models, manufacturer and technical specifications.

Highly flexible mobility concepts: Based on its broad performance range of mobility services, Sixt has developed multiple innovative concepts for its customers' individual demands. One example is **SIXT unlimited**, Sixt's flat rate offer for rental cars. It had registered double-digit percentage growth rates in 2019, both for its contract portfolio and revenue, and so continued its dynamic development of the previous years. The product is offered not only in Germany but also internationally. SIXT unlimited enables its customers to rent a vehicle of a desired category at any time for a fixed monthly fee and from over 800 Sixt stations in 10 European countries. The mobility concept can thus cover the entire automotive mobility of a customer. SIXT unlimited has been specifically conceptualised for frequent travellers as it offers them savings potentials, flexibility as well as a premium service.

SIXT Flat is a car subscription for a fixed price, available in two models. The SIXT Flat Nonstop model caters to the requirements of a broad target group, as it can fully replace one's own car. This way, SIXT Flat Nonstop constitutes a fully flexible alternative to leasing, cash purchase and financing, where customers are not bound to contracts with long terms but can make the most of short delivery times for their vehicle of choice.

SIXT Flat Seasons, on the other hand, is designed for more discerning customer groups, who wish to drive a convertible in summer and a SUV in winter, for example.

Exclusive Diamond Lounges: In 2019 Sixt continued its services with the SIXT Diamond Lounges for customers to give them an exclusive option for a most comfortable travel experience. Customers with Diamond status are welcomed at various airport stations in lounges that provide them with numerous amenities such as meeting rooms with state-of-the-art equipment. Besides these lounges, Diamond customers can also avail themselves of preferential treatment at Diamond counters.

Key significance of customer feedback: Sixt is continuously working to improve its products and services over the long term. Comprehensive feedback from customers is essential here. Over the last few years, Sixt has taken numerous measures to obtain such feedback, evaluate it and implement it in its mobility services.

One example for this is the collaboration with so-called undercover customers, which was also continued throughout 2019. To this end, selected customers are contacted before they hire a vehicle and are asked whether they want to give detailed feedback about the rental process after the return of their vehicle. These activities continue worldwide.

In addition, Sixt continued its work with the Customer Experience Board. Workshops held jointly with Sixt employees and customers seek to formulate Sixt's special strengths from the customer's perspective, thereby allowing potential improvements as well as developing new services.

Another example is the so-called "CES Heartbeat". This uses anonymised customer feedback (CES – Customer Excitement Score) and displays it on monitors in the worldwide Sixt stations as well as in Sixt corporate headquarters. The aim of visualising this feedback is to further sharpen employees' awareness of the wishes and requirements of customers.

In the reporting year, Sixt significantly enhanced the measuring of customer feedback. Customer satisfaction is logged in detail at multiple measuring points, such as during customer service, booking or vehicle hand-over. This makes it possible to deduce actions for the special departments in question.

Award-winning mobility services: For years now, Sixt has been winning awards for the high quality of its work, including its products and services, as well as for its vehicle fleet and innovative mobility solutions. In 2019 Sixt received several prestigious awards in Germany and internationally for its high degree of customer orientation as well as for its high-quality mobility services. Key awards in Germany included:

- \\ World Travel Awards: Sixt is voted "Germany's Leading Car Rental Company" and "Germany's Leading Chauffeur Company"
- \\ Game Changer Award: Bain & Company select Sixt as winner in the category "Customer Experience 2019"
- \\ Business Traveller Award 2019: the Business Traveller magazine picks Sixt as "Best vehicle rental company" in Germany and worldwide
- \\ Digital Champions Award 2019: Alexander and Konstantin Sixt receive the award from the German weekly Wirtschaftswoche
- \\ 1st place "Highest customer trust 2019" and 1st place in "Best Service 2019" from Wirtschaftswoche
- \\ German Fairness prize 2019, Germany's savings champions 2019, German service award 2019 and Germany's best online portals 2019, all by the news broadcaster n-tv
- \\ DtGV Deutsche Gesellschaft für Verbraucherstudien mbH: Top spots for the categories: Customer satisfaction carsharing, Customer service carsharing, Customer satisfaction vehicle rental, Outstanding customer satisfaction carsharing, Outstanding customer service carsharing, Outstanding price-performance ratio carsharing.

Further to these, Sixt also received numerous foreign awards, including:

- \\ Great Britain: Digital Experience Awards 19 in bronze, The Business Travel People Awards 2019, Business Travel Awards 2020
- \\ BeNeLux: The Innovation Award – Schiphol Business Awards, Best Mobility Provider of the Year – Business Travel & Mobility Conference, Reismedia
- \\ France: Capital Magazin Leader in Quality in Service, Travel d'Or – Best car rental company in France
- \\ Worldwide: Prizes from a total of 22 World Travel Awards in the categories Car Rental and Business Car Rental, Luxury Car Rental, Luxury Chauffeur Service and Chauffeur Company.

Certified quality: Sixt stations in all its European corporate countries as well as the Sixt headquarters are certified in accordance with the quality management standard ISO 9001:2015 and the environmental management standard ISO 14001:2015. These certificates are, in Sixt's view, proof of the great importance Sixt attaches to the quality and compliance with environmental standards of its premium services. Moreover, the certificates are a vital USP in tenders for key accounts that set the company apart from its competitors.

10.2 LEASING BUSINESS UNIT

Sector developments

During the first half of 2019 the European leasing industry showed a generally positive development. According to the industry association Leaseurope, the volume of new business grew 9.0% year-on-year to EUR 183.1 billion (first half of 2018: EUR 168.1 billion). The new business volume in the leasing of equipment and vehicles increased from EUR 161.9 billion to EUR 172.1 billion, a gain of 6.3%. At the time of preparation of this management report, Leaseurope did not yet have any key figures on the development of the European leasing industry for the whole of 2019.

The German leasing market, the second biggest in Europe after the UK, also developed positively. For 2019 the German Association of Leasing Companies (BDL – Bundesverband Deutscher Leasing-Unternehmen), registered an 8.7% increase in leasing solutions, up from EUR 60.1 billion to EUR 65.3 billion. Of this, some EUR 63.8 billion was attributable to the leasing of moveable assets, which was 8.7% more than the year before (2018: EUR 58.7 billion). At 78.0% the new business in vehicle leasing with passenger and utility vehicles makes up by far the largest portion in the leasing market (2018: 77.0%).

Sources

Leaseurope, Biannual Survey 2019, November 2019

Leaseurope, Biannual Survey 2018, November 2018

Bundesverband Deutscher Leasingunternehmen e.V. (BDL – German Association of Leasing Companies), Leasing market 2019, presentation of 4 December 2019

Bundesverband Deutscher Leasingunternehmen e.V. (BDL – German Association of Leasing Companies), Leasing market 2018, presentation of 21 November 2018

Developments in the Leasing Business Unit

The Leasing Business Unit was covered by Sixt Leasing SE and its operating subsidiaries during the reporting year. The company is one of the largest providers of vehicle leasing among the vendor-neutral, non-bank related leasing providers in Germany. Furthermore, it is represented in around 35 countries through its subsidiaries and franchise partners.

Sixt Leasing distinguishes between the segment Leasing with the business fields of Fleet Leasing and Online Retail (leasing services for private and commercial customers) and the segment Fleet Management. In Fleet Leasing, Sixt Leasing develops full-service solutions for companies for the sustainable and vendor-neutral optimisation of the total costs of ownership of the fleet. In Fleet Management, Sixt Leasing offers this expertise through the subsidiary Sixt Mobility Consulting GmbH to companies, which purchased their vehicles or leases them from a third party. The business field Online Retail is covered with the online platforms [sixt-neuwagen.de](https://www.sixt-neuwagen.de) and [autohaus24.de](https://www.autohaus24.de). These platforms enable customers to configure the latest models of numerous car manufacturers.

The contract portfolio of the Business Unit as per 31 December 2019 in Germany and abroad was around 136,200 contracts (excluding franchisees and cooperation partners) and therefore slightly higher than the previous year's level (2018: 129,700 contracts; +5.0%). In the Online Retail business field the contract portfolio decreased by 0.8% to 44,300 (2018: 44,700 contracts). In the business field Fleet Leasing the number of contracts declined to 40,400 (2018: 43,000; -6.1%). The Fleet Management segment, on the other hand, increased its contract portfolio by the end of the reporting year to 51,500 contracts (2018: 42,000 contracts; +22.5%). This growth is mainly due to the acquisition of Flottenmeister GmbH, Pullach.

Taking into account the leasing contracts of franchisees and cooperation partners, the Business Unit's contract portfolio at the end of 2019 came to 205,400 after 198,400 contracts at the end of 2018 (+3.5%).

Operating leasing revenue for the reporting year amounted to EUR 455.8 million, (2018: EUR 467.9 million; -2.6%). Leasing revenue decreased 5.1% to EUR 222.7 million (2018: EUR 234.7 million). Other revenue from leasing business, mainly service revenue, remained stable at EUR 233.1 million (2018: EUR 233.2 million).

In Germany, operating leasing revenue accounted for EUR 401.2 million, some 2.6% below the previous year's figure (EUR 412.0 million). It is made up of leasing revenue in the amount of EUR 199.2 million (2018: EUR 209.9 million; -5.1%) and of other revenue from leasing business in the amount of EUR 201.9 million (2018: EUR 202.2 million; -0.1%). In the other European countries, where Sixt Leasing is active – in France, the Netherlands, Austria and Switzerland – the operating leasing revenue declined to EUR 54.7 million (2018: EUR 55.8 million; -2.1%). Leasing revenues here totalled EUR 23.5 million as against EUR 24.8 million in 2018 (-5.2%). Other revenue generated from leasing business abroad came to EUR 31.1 million (2018: EUR 31.0 million; +0.4%).

The Business Unit generated revenue from the sale of used leasing vehicles in 2019 of EUR 356.3 million, a gain of 9.5% on the previous year (EUR 325.3 million). Revenue from the sales in Germany increased 10.1% to EUR 336.8 million (2018: EUR 305.8 million) due to the significant increase in the number of vehicle returns. Sales revenues from abroad remained on the previous year's level at EUR 19.5 million (-0.1%).

In total the Business Unit generated revenue in 2019 of EUR 812.1 million, an increase of 2.4% compared to the previous year's figure (EUR 793.2 million).

The Business Unit's earnings before taxes (EBT) declined by 4.9% to EUR 29.2 million after EUR 30.7 million the year before. The operating return on revenue, defined as the ratio of EBT to operating segment revenue, was 6.4% (2018: 6.6%). Thus, it continued to remain above the long-term target of 6%.

Key figures for the Leasing Business Unit

in EUR million	2019	2018	Change in %
Operating revenue	455.8	467.9	-2.6
Thereof leasing revenue	222.7	234.7	-5.1
Thereof other revenue from leasing business	233.1	233.2	0.0
Thereof abroad	54.7	55.8	-2.1
Sales revenue	356.3	325.3	9.5
Thereof abroad	19.5	19.5	-0.1
Total revenue	812.1	793.2	2.4
Earnings before net finance costs and taxes (EBIT)	41.1	43.9	-6.3
Earnings before taxes (EBT)	29.2	30.7	-4.9
Operating return on revenue (EBT/operating revenue) in %	6.4	6.6	-0.2 points

Marketing- and sales activities: In 2019 Sixt Leasing conducted multiple marketing and sales activities in the Online Retail business field. These included in particular the sales cooperation of *sixt-neuwagen.de* with Fiat and Tchibo from the end of June to mid-September. It was the first collaboration of Sixt Neuwagen with a car manufacturer, car dealers and a marketing partner. The objective of the cooperation was to market leasing contracts for a pre-configured Fiat 500 Lounge, offered at special conditions. A few weeks after the conclusion of the contract, the first vehicles from the campaign were already being delivered to private customers through the participating Fiat dealerships.


At the start of the year, Sixt Leasing had already teamed up with Miles & More, so that the users of the Miles & More loyalty programme received extra award miles from Sixt Neuwagen if they ordered an SUV as private customers from *sixt-neuwagen.de*. In the year under review, Sixt Leasing for the first time also elicited the attention of bargain hunters on the occasion of November's "Black Friday". Launching the "Black Leasing Friday" event, where private and commercial customers were offered a limited quota of selected new vehicle models at discounted prices.

During the third quarter Sixt Leasing for the first time tested a leasing service for electric scooters. Made available through

sixt-neuwagen.de the aim was to gather experience in the expansion of the product portfolio with environmentally friendly micro-mobility solutions. The cooperation partner for this limited activity was the Swedish manufacturer Vässla.

In the fourth quarter Sixt Leasing kicked off the digital after-sales of service products. Existing customers are given the chance to order a "carefree package for maintenance as well as wear and tear" by fully digital means, even after submitting their order for a new vehicle. Previously, this was only possible when signing a leasing contract. In addition, Sixt Leasing also announced that it was going to offer the "carefree package" as well as other service products irrespective of a leasing contract as of 2020, through cooperation agreements for example.

Extending the business with smaller corporate customers: In the Fleet Leasing business field, Sixt Leasing generally can generate higher margins per contract with smaller fleet customers that have 20 to 100 vehicles than with larger fleet customers. Moreover, the competitive situation is less intense than with the key accounts. In the reporting year Sixt Leasing therefore extended its activities in this customer segment in line with its strategy and managed to diversify its customer portfolio still further.



Digitisation of fleet management: In September 2019 Sixt Mobility Consulting, which represents the Fleet Management segment, launched the smartphone app “The Companion” on the market. The app allows company car drivers to perform vehicle-related tasks, such as scheduling inspection dates with the partner dealerships, using their smartphones. Furthermore, they can avail themselves of additional functions to facilitate car usage and reduce the number of administrative tasks. Fleet managers can use a messaging service to communicate directly with the company car users. The app is continually being enhanced and updated.

In November 2019 Sixt Mobility Consulting GmbH bought all the shares in Flottenmeister GmbH. This independent fleet manager is also domiciled in Pullach near Munich and as of the end of

September 2019 had over 7,000 company cars under management. The acquisition meant Sixt Mobility Consulting expanded its market position in Germany still further and extended its contract portfolio for Europe to more than 50,000 contracts. Besides volume growth, Sixt Mobility Consulting also expects to achieve synergy effects from the integration.

During the year under review Sixt Mobility Consulting managed to recruit new executives and sales personnel for its foreign subsidiaries in Austria, Switzerland, France and the Netherlands. The aim of Sixt Mobility Consulting is to significantly expand its European business and also extend its service range. Customers are taken care of by local teams on site to benefit above all from the many years of expertise in fleet management as well as from Sixt Mobility Consulting’s service network across Europe.

B.3 || HUMAN RESOURCES REPORT

1. OUR EMPLOYEES

Our employees are the beating heart that allows us to realise our premium standards in all products and services. This is why Sixt applies high internal standards, even during the recruitment phase, to secure a worldwide consistent and uniform level of quality with regard to customer and service orientation of its employees. By making the wishes and requirements of customers their own and by consistently convincing them of Sixt, our workforce makes a sustained contribution towards our business success. In this, Sixt expects its workforce to act on their own responsibility and in an entrepreneurial way, to continuously improve Sixt's services and thereby meet the changing needs of the customers for the most flexible and demand-driven mobility.

Human resources work takes its cue from the company's strategic targets and thus supports its international expansion. Onboarding of all new recruits into the human resources department secures that the internationally uniform principles of human resources work are truly lived.

Modern standards and mainly digital solutions are used, from employer branding, selection of the personnel, through initial and further training services to the international promotion and fostering of junior and executive staff. For these very reasons, keynote speakers from Sixt's human resources divisions find themselves in high demand for numerous professional conferences.

Attractive employer

Sixt undertakes extensive measures to position itself as an attractive employer on the labour market. Besides the classic job portals and career shows, Sixt takes new and novel approaches when presenting itself as a company and relies to this end on an innovative virtual reality-based experience presentation. This technology allows career show visitors to browse and find their way around their potential job at Sixt directly at the company's exhibition stand. It highlights above all the multitude of working worlds available: from working at a Sixt station, through the service centre in Berlin/Rostock, to the open office at headquarters in Pullach. This virtual reality experience can be deployed in various situations and is positively received by the recruiting target groups, from developers to rental sales agents. Sixt also works permanently to optimise the digital job experience across all social media platforms as well as on its career website.

Over the last few years, Sixt placed special emphasis on recruiting international IT experts to drive forward the digitisation of the company, its products and services as well as its internal processes. To increase its appeal as an employer for the Tech area, internally as well as externally, and to meet the requirements of an increasingly international workforce, the company, for example, conducted intercultural training sessions and individual orientation workshops. For the implementation of these various measures, so-called Feel Good Managers continuously work to ensure employee satisfaction, especially in the Tech department. One of their work's focal points is on taking good care of international professionals who are new to Germany. Thus, they receive support for such things as looking for an apartment, visits and appointments with official authorities or getting children into kindergarten and schools. Thanks to all these activities, Sixt has managed to gain a name for itself as an attractive employer in the Tech scene over the last few years.

A new initiative is the DiverSIXTy network, which employees founded to support the most varied aspects of diversity in the company. Project groups organise activities and panel discussions to address such key topics as interculturality, LGBTIQ¹, promotion of women or gender equality. Besides participation in three Christopher Street Day events, other focal points are issues such as job & family, internationality and diversity mentoring.

To support the recruitment of graduates, the Sixt University Relations Team once again attended numerous university job fairs over the past year and also held various guest lectures at universities of choice. This focus on selected universities was also reflected in Sixt's very strong rating in the university efficiency analysis conducted by trendence. In the nation-wide comparison between corporations, Sixt came 8th in the category "efficient university planning".

To further strengthen the name and awareness of Sixt as an employer at its sites in Rostock and Berlin, Sixt started numerous successful out-of-home campaigns during which, besides classic city-light posters and billboards, trams also received eye-catching branding. The advertising particularly used Sixt-typical slogans to advertise customer service positions, claims handling and backoffice functions.

¹ LGBTIQ is an acronym for "Lesbian, Gay, Bisexual, Transgender, Intersex, Queer"

Traineeship

Against the background of rapid technological developments and the associated permanent shift in customer needs and requirements, Sixt attaches great significance to the strong competence of its employees.

Sixt safeguards this, among other things, through corresponding trainee programmes for graduates in its branch offices as well as its headquarters in Pullach. In the year under review, 74 trainees (2018: 79 trainees) were recruited for future management tasks. The trainee programme in the branch offices is held in all corporate countries. In 2019, measures were defined to standardise the trainee programme internationally so as to secure a high level of quality. The intensive training over a period of 12 to 24 months prepares the trainees very specifically for their subsequent management tasks, which they can assume directly once they have successfully completed their trainee programme. Trainees who have successfully completed their course are also employed directly in the different central departments of the company's headquarters.

Promotional programmes

In addition to high-quality international training, employees can use several options for their professional and personal development, both at headquarters and at the branch offices. Key elements are different promotional programmes that qualify employees to take on more advanced activities such as Branch Manager, Supervisor Operations and Service Centre or Team-lead Service Centre.

In preparation for the demands placed on them at higher executive and expert level, there is a support pool whose participants are qualified individually with intensive assistance for their future tasks.

The international promotional programmes seek to identify the development potential of employees, offer them structured support and thus train future top performers and executives. In the year under review, 172 employees participated in this promotional programme (2018: 169 employees). This ensures a consistent succession plan and long-term development.

Sixt Campus

The Sixt Campus training centres provide training on business-relevant topics to employees at all functional and hierarchical levels from Germany and abroad. The internationally standardised training measures are geared towards raising everyday

work performance and strengthening both technical and personal competencies over and above the current job requirements. The company thus offers a wide range of face-to-face training seminars in the areas of customer advice provided at the counter, the service centre or in the field, behavioural skills for trainees and executives in their dealings with fellow colleagues or the professional expertise required by future branch managers as well as sales consultants. All training formats are adapted to the different requirements of the international sites. The courses also offer extensive further training, for example in foreign languages, IT as well as soft skills. The training programme was supplemented by agile methods to support professionals and executives in change processes during the digital transformation. To guarantee internationally uniform training quality, the internal trainers undergo a training programme of their own focusing on classic training methods as well as work with modern digital learning formats.

In 2019, another focus was placed on the further development of the digital training landscape, so that further training measures are even more target group-specific and demand-oriented (learning on demand). By extending the previous curriculum with a variety of digital learning tools such as videos, quiz formats, interactive e-learning content with playful elements (gamification) as well as the dedicated Sixt Campus app, employees now can acquire skills and knowledge in an even more intuitive and self-controlled manner.

The learning content management system Sixt Campus provides over 1,100 web-based training units in different languages, over 370 knowledge tests as well as over 90 assessment forms. In addition, Sixt Campus currently provides roughly 50 training plans specifically addressed to the needs of different target groups in the onboarding process. The relevance of the digital transformation in the area of training is demonstrated by the fact that employees are given flexible learning and study times during their dynamic working day and that the transmission of the expertise is done in line with different learning styles. In 2019 the company registered training sessions with around 14,500 (2018: 15,800) participants, corresponding to around 5,500 training days. During fiscal year 2019, some 83,233 e-learning views resulted in 33,355 e-learning hours.

Feedback culture

Sixt cultivates an active feedback culture in its corporate countries. During the reporting year, the frequency of the employee survey increased to respond even better to the feedback coming from the workforce. In 2019 the so-called SixtPulse survey was

rolled out internationally. Two rounds of questionnaires saw vital feedback from the workforce being implemented both in branch office sites as well as in administration locations.

Supporting this, the company also undertakes 360-degree feedback among executives. Thereby one's own assessment is compared with the assessment of supervisors, colleagues and direct reports. Another key instrument in this feedback culture is the annual performance review, with which the performance and potential of employees can be gauged.

These feedback tools serve the employees as well as Sixt as decision aids and as the basis for future development and promotional programmes tailored to the employee in question. Sixt thereby guarantees continuous personnel development geared to the requirements and needs of professionals' daily work.

Number of employees

In 2019, the Sixt Group had an average workforce of 8,748 employees (2018: 7,540 employees). The increase of 16.0% is based on the strong growth of the operating rental business in Sixt's corporate countries as well as the expansion of the IT with the digitisation of the company.

The Mobility Business Unit employed in 2019 an average of 7,815 employees, some 14.5% more than in the previous year (2018: 6,826 employees).

In 2019 the Leasing Business Unit had an average of 643 employees on its books (2018: 591 employees).

The Other segment had an average of 290 employees (2018: 123 employees).

Number of employees by business unit (average)	2019	2018
Mobility	7,815	6,826
Leasing	643	591
Other	290	123
Total	8,748	7,540

2. KEY FEATURES OF THE REMUNERATION SYSTEM

The objective of the remuneration system for the Managing Board and Supervisory Board is to remunerate the members of the two bodies in accordance with the statutory requirements that were valid at the time at which the remuneration was determined and essentially with the recommendations and suggestions of the German Corporate Governance Code (Code).

It is the Supervisory Board's responsibility to determine the remuneration paid to members of the Managing Board of Sixt SE. The structure of the remuneration system is regularly reviewed to test its appropriateness.

The Managing Board's remuneration comprises fixed and variable components as well as other customary fringe benefits. These are reported as a total amount for all Managing Board members and, in accordance with section 285 number 9 of the German Commercial Code, separately for each individual member of the Managing Board, broken down into non-performance-related and performance-related components and components with a long-term incentive effect. The individual disclosure of allowances, compensations and other pension benefits for each

member of the Managing Board in accordance with the recommendations of the Code by using the model tables provided in the Code going beyond the legal requirements is not published (section 4.2.5 sentence 5 and 6 of the Code) as Sixt SE believes that such a disclosure does not enhance the clarity and comprehensibility of the remuneration report. In addition, the implementation of the second Shareholder Rights Directive (ARUG II) will imply extensive and detailed legal requirements for the remuneration report in the future.

The fixed component is commensurate with the responsibilities and the individual performance of the respective Board member and is paid in twelve equal instalments.

On top, a variable remuneration is granted, which is paid out over a period of up to four years. This portion of the remuneration is based on consolidated earnings before taxes (EBT) of the Sixt Group, whereby variable remuneration only becomes payable to Managing Board members once a defined minimum EBT has been reached. In addition, contracts of service with Managing Board members impose a cap on the variable portion of the remuneration.

Next to these two components the members of the Managing Board – like other senior executives of the Sixt Group – also receive non-cash benefits in kind such as company cars, mobile phones and accident insurance contributions. Furthermore, a D&O insurance policy has been taken out for members of the Managing Board. The remuneration paid to members of the Managing Board and the Group's senior executives also includes a share-based payment component, as they can participate in the employee equity participation programme (Matching Stock Programme – MSP 2012). Details of share-based payment are provided in the section entitled "Share-based payment" in the notes to the consolidated financial statements.

The total remuneration of the Managing Board according to the German Commercial Code separately for each individual Managing Board member is shown below. As a component with long-term incentive effect, the total remuneration of the Managing Board includes the exercise profit (gross) from the exercise of stock options granted within the framework of the employee participation programme in the financial year. In addition, the performance-related remuneration component obtained in the financial year 2019, which will be paid out within the next four years, is shown.

Total remuneration of the Managing Board according to the German Commercial Code

in EUR thou.	Non-performance-related components	Performance-related components	Components with long-term incentive effect	Total remuneration	Obtained performance-related components
Erich Sixt	3,792	1,200	-	4,992	1,200
Jörg Bremer	621	117	-	737	697
Detlev Pättsch	651	700	400	1,751	700
Alexander Sixt	1,099	1,500	400	2,999	1,369
Konstantin Sixt	1,163	1,500	600	3,263	1,369
Total	7,325	5,017	1,400	13,742	5,335

The remuneration paid to members of the Supervisory Board is governed by the Articles of Association of Sixt SE. These provide solely for a fixed component and therefore do not specify any variable performance-based components. In each fiscal year, each member of the Supervisory Board receives fixed remuneration of EUR 50,000. The Chairman receives twice this amount. 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.

The Group has no pension obligations towards members of the Managing Board or members of the Supervisory Board.

B.4 || DISCLOSURES IN ACCORDANCE WITH SECTIONS 289A (1) AND 315A (1) OF THE HGB

The disclosures in accordance with sections 289a (1) and 315a (1) of the HGB refer to the version valid before 1 January 2020. Sections 289a and 315a of the HGB in the version of the Act Implementing the Second Shareholder Rights Directive (ARUG II) apply for the first time to the management report on the Group's and the Company's situation for the financial year 2021.

Composition of subscribed capital, share categories

As at 31 December 2019, the subscribed capital of Sixt SE amounted to EUR 120,174,966.48 in total and was composed of 30,367,110 ordinary bearer shares, two ordinary registered shares and 16,576,246 non-voting preference bearer shares.

The Company's shares are all no-par value shares with a notional interest in the subscribed capital of EUR 2.56 per share. As at 31 December 2019, the ordinary shares therefore account for a total of EUR 77,739,806.72 of the subscribed capital, and the preference shares for a total of EUR 42,435,189.76. All shares have been fully paid up.

Only the ordinary shares carry voting rights. Each ordinary share conveys one vote at the Annual General Meeting. Subject to mandatory statutory provisions, the preference shares do not convey any voting rights. To the extent that preference shares are accorded a voting right, one preference share carries one vote. Preference shares grant a preferential right to profits, based on which holders of preference shares receive a dividend from unappropriated profit for the year that is EUR 0.02 higher than that paid to holders of ordinary shares, and a minimum dividend of EUR 0.05 per share. Holders of preference shares have a right to subsequent payment on the minimum dividend, if the unappropriated profit of one or more financial year(s) does not suffice for distribution of the minimum dividend. Further details can be found in article 22 of the Articles of Association of Sixt SE.

Restrictions on voting rights or the transfer of shares

Apart from excluding voting rights for preference shares, 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 restrictions on voting rights or the transfer of shares arising from agreements between shareholders. However, lock-up periods apply to shares received by employees, senior executives

and members of Sixt Group's Managing Board as part of the matching stock programme. For further details, please refer to the corporate governance report.

Shareholdings in Sixt SE

As at 31 December 2019, Erich Sixt Vermögensverwaltung GmbH, in which all shares are directly and indirectly held by the Sixt family, holds 17,701,822 ordinary voting shares, conveying 58.3% of 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 2019.

Shares with special rights

In accordance with article 10 (1) of Sixt SE's Articles of Association, the Company's Supervisory Board consists of three members. According to legal provisions two of these members are elected by the Annual General Meeting. One further member of the Supervisory Board is appointed by the shareholder Mr Erich Sixt. This right to appoint one member of the Supervisory Board also extends to his heirs providing that they are shareholders. In all other respects, 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

Sixt 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 articles 39 (2) sentence 1 and 46 of the SE Regulation, section 16 SEAG, article 9 (1) lit. c) (ii) of the SE Regulation, sections 84, 85 of the AktG (German Stock Corporation Act) and article 7 of the Articles of Association. In accordance with these the Managing Board is made up of one or more members. The Supervisory Board determines the number of Managing Board members. In accordance with article 7 (2) of the Articles of Association, the Managing

Board members can be appointed by the Supervisory Board for a period of up to five years. The Supervisory Board adopts resolutions in this regard by a simple majority of votes cast. Reappointments are permitted. The law only permits the Supervisory Board to dismiss a member of the Managing Board prior to the expiration of the term of office for good cause.

Amendments to Sixt SE's Articles of Association are passed by the Annual General Meeting. Subject to mandatory statutory provisions, the preference shares do not carry any voting rights in this context. 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) of the SE Regulation, section 179 (2) sentence 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, or for cases where a higher majority of capital is mandatory under statutory provisions (article 59 (2) of the SE Regulation, section 51 SEAG).

Sixt 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 article 20 (2) of the Articles of Association, amendments to the Articles of Association can be adopted by a simple majority of votes cast, if at least half of the voting share capital is represented and insofar as this does not conflict with any mandatory statutory provisions. However, under article 20 (2) sentence 3 of the Articles of Association, capital increases from corporate funds may only be passed by a majority of 90% of the votes duly cast. 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 passed by the Supervisory Board instead of the Annual General Meeting.

Powers of the Managing Board, with particular regard to the issue and buy-back of shares

In accordance with article 4 (3) of the Articles of Association, the Managing Board is authorised to increase the share capital on one or more occasions in the period up to 1 June 2021, with the consent of the Supervisory Board, by up to a maximum of EUR 35,840,000 by issuing new no-par value bearer shares against cash and/or non-cash contributions (Authorised Capital 2016).

The authorisation also includes the power to issue new non-voting preference shares up to the legally permitted limit. For the distribution of profits and/or company assets these non-voting preference shares are ranked equal to the non-voting preference shares previously issued. Further details, including details of the Managing Board's authorisation to exclude shareholders' subscription rights in specific cases, follow from the aforementioned article of the Articles of Association.

The total notional amount in the share capital attributable to the new shares, for which the subscription right is excluded on account of aforesaid authorisation may not exceed 20% of the share capital either at the time when the authorisation takes effect or at the time of exercise of the subscription right exclusion. This limitation also applies to new and existing shares of the Company, which are issued with an exclusion of subscription rights or sold during the term of this authorisation strength of another authorisation. In addition, new shares of the Company must be added that are issued and/or are to be issued so as to serve conversion or option rights and/or to meet conversion or option obligations from conversion or option bonds, to the extent that the bonds and/or profit participation bonds are issued during the term of this authorisation strength of another authorisation under exclusion of the subscription right. This does not include under specific conditions a crossed exclusion of subscription rights.

The Managing Board is authorised, with the consent of the Supervisory Board, to stipulate the further details of the pre-emptive rights and the terms and conditions of the share issue. The Managing Board may resolve, with the consent of the Supervisory Board, that the new shares shall also carry dividend rights from the beginning of the financial year preceding their issue if the Annual General Meeting has not adopted a resolution on the appropriation of the profit for the financial year in question at the time the new shares are issued.

The authorisation to issue new shares from authorised capital enables the Managing Board to meet potential capital requirements of Sixt SE quickly and flexibly and to make use of attractive financing options as they arise on the market.

By resolution of the Annual General Meeting of 2 June 2016, the Managing Board is authorised to issue, on one or more occasions in the period up to and including 1 June 2021 with the consent of the Supervisory Board, convertible and/or option bonds registered in the name of the holder and/or bearer by up to a maximum of EUR 350,000,000 with a fixed or open-ended term

and to grant conversion or option rights to holders and/or creditors of conversion or option bonds to acquire a total of up to 6,000,000 new ordinary bearer shares in Sixt SE and/or to provide corresponding conversion rights for the Company. Taking due account of statutory requirements, the respective conversion or option rights can provide for the subscription of ordinary bearer shares and/or preference bearer shares without voting right. The conversion or option bonds can also be issued by a company in which Sixt SE is directly or indirectly invested with a majority of votes and capital. In this case the Managing Board is authorised to assume for the issuing company the guarantee on behalf of Sixt SE that the bonds are repaid and that the interest due thereon is paid and that the holder and/or bearer of such bonds are granted conversion or option rights on shares of Sixt SE. Conversion and/or option bonds can be issued against cash and/or non-cash contributions. The shareholders of Sixt SE are accorded in principle the statutory subscription right. However, with the consent of the Supervisory Board, the Managing Board is authorised to exclude the subscription right under certain conditions, which follow fully from the resolution taken by the Annual General Meeting on 2 June 2016.

In this context the Company's share capital has been conditionally increased strength of the resolution taken by the Annual General Meeting on 2 June 2016 by up to EUR 15,360,000 through issue of up to 6,000,000 new ordinary bearer and/or preference bearer shares (Conditional capital 2016). The conditional capital increase serves to grant shares to the holders or creditors of convertible bonds and holders of option rights from option bonds, which were issued until and including 1 June 2021 on the basis of the aforelisted resolution taken by the Annual General Meeting of 2 June 2016 by the Company or a German or foreign subsidiary, in which the Company holds directly or indirectly a majority of voting rights and capital. The conditional capital increase is only to be effected insofar as the conversion or option rights from the aforelisted bonds are actually exercised or the conversion obligations from such bonds are fulfilled and no other form of settlement is being used. The Managing Board is authorised to determine further details for implementing the conditional capital increase.

By resolution of the Annual General Meeting of 30 June 2017 the Managing Board is authorised to issue, on one or more occasions in the period up to and including 29 June 2022 with the consent of the Supervisory Board, profit participation bonds and/or rights registered in the name of the holder and/or bearer by up to a maximum of EUR 350,000,000 with a fixed or open-ended term

against cash and/or non-cash contributions. The profit participation bonds and rights issued under this authorisation may not provide for conversion or subscription rights to shares of the Company. The issue can be effected by a company in which Sixt SE is directly or indirectly invested with a majority of votes and capital. In this case, the Managing Board is authorised to assume for the issuing company the guarantee on behalf of Sixt SE that the ensuing liabilities will be met. The shareholders of Sixt SE are accorded in principle the statutory subscription right. However, with the consent of the Supervisory Board, the Managing Board is authorised to exclude the subscription right under certain conditions, which follow fully from the resolution taken by the Annual General Meeting on 30 June 2017. The authorisation of the Managing Board to issue profit participation bonds and rights extends the range of financing instruments at the Company's disposal and thereby offers attractive financing means as they arise on the market that go beyond the classic forms of raising equity and debt capital. Depending on the definition of the conditions for the bonds and/or profit participation rights, this may also offer the possibility to classify the financing instruments as equity for rating and/or accounting purposes.

The Annual General Meeting on 2 June 2016 resolved to authorise the Managing Board, in accordance with section 71 (1) number 8 of the AktG and until 1 June 2021, to purchase ordinary bearer and/or preference bearer shares of the Company representing up to a total of 10% of the Company's share capital in existence at the date the authorisation was granted or, if lower, at the time of the exercise. At no point shall the shares acquired under the above authorisation, together with other treasury shares owned and assigned to the Company under sections 71d and 71e of the AktG, represent more than 10% of the share capital.

With the approval of the Supervisory Board the authorisation may be exercised in full or in part, on one or more occasions, by the Company or its dependent or majority-owned companies, as well as third parties acting for the account of the Company or for the account of its dependent or majority-owned companies. The authorisation may be exercised for any purpose permitted by law. Acquisitions for the purpose of trading in treasury shares are excluded. According to the resolution of the Annual General Meeting of 2 June 2016 the Company is also authorised to acquire treasury shares by using derivatives. The complete wording of the aforementioned authorisation to acquire treasury shares, also with the use of derivatives, follows from the resolutions taken during the Annual General Meeting on 2 June 2016.

On 8 December 2016, 12 February 2018 as well as 8 April 2019 the Managing Board with the consent of the Supervisory Board used the authorisation from 2 June 2016 to acquire treasury shares. The acquisition served to meet the Company's obligation to grant preference shares to employees and members of the Company's and its affiliated companies' administrative or management bodies under the Matching Stock Programme (MSP 2012). The share buy-back initiated on 12 December 2016 was completed on 17 January 2017. The Company acquired a total of 62,700 preference shares to meet its obligations under the MSP 2012. The share buy-back initiated on 14 February 2018 was completed on 21 February 2018. The Company acquired a total of 43,685 preference shares to meet its obligations under the MSP 2012 thereby. The share buy-back initiated on 18 April 2019 was completed on 29 April 2019. The Company acquired a total of 40,679 preference shares to meet its obligations under the MSP 2012.

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

In the event of a change of control, including as the result of a takeover bid, various creditors of the Company have the following rights:

¶ The respective creditors of the 2014/2020 bond (ISIN: DE000A11QGR9) issued by the Company in the total amount of EUR 250.0 million have, among other things, a special right of termination, subject to one month's notice after a change in control has been announced. According to the terms and conditions of the bond, a change in control occurs if the proportion of the Company's share capital held directly or indirectly by Mr Erich Sixt, his direct descendants, his spouse and/or a family foundation together falls below 30% or if one person or several persons acting together gain control of the Company. Control in this context means direct or indirect (as defined in section 34 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act)) legal or economic ownership of ordinary shares which together convey more than 50% of voting rights. The term person refers here to any natural or legal person or to any kind of organisation, but excluding affiliated subsidiaries of the issuer within the meaning of sections 15 to 18 of the AktG.

¶ The respective creditors of the 2016/2022 bond (ISIN: DE000A2BPDU2) and the 2018/2024 bond (ISIN: DE000A2G9HU0) issued by the Company in the total amount of EUR 250.0 million each have, among other things, a special right of termination, subject to a notice period of 30 days after a change in control has been announced (or 30 days after the next interest payment deadline, subject to this deadline falling within the aforelisted 30 day period). According to the terms and conditions of the bonds, a change in control occurs if one person or several persons acting together within the meaning of section 34 of the WpHG gain control of the issuer after the issue date. Control in this context means direct or indirect (as defined in section 34 of the WpHG) legal or economic ownership of ordinary shares which together convey more than 30% of voting rights. The term person refers here to any natural or legal person or to any kind of organisation, but excluding (i) affiliated subsidiaries of the issuer within the meaning of sections 15 to 18 of the AktG, (ii) Mr Erich Sixt, (iii) his direct descendants, (iv) his spouse or the spouses of his direct descendants, (v) a Sixt family foundation and/or (vi) a company or joint venture or other organisation or combination, irrespective of the fact whether these may be a natural or legal person, and which is under the control of one of the persons listed under (ii) to (v) within the meaning of sections 15 to 18 of the AktG.

All the rights described above are creditor rights commonly encountered on the capital markets and in lending transactions.

Furthermore, there are individual cases in which Group companies have concluded vehicle delivery contracts, under which the supplier reserves the right to assert a potential right of termination in the event of a change in control.

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

Compensation agreements between the Company and members of the Managing Board or employees in the case of a takeover bid do not exist.

B.5 || REPORT ON OUTLOOK

1. ECONOMIC ENVIRONMENT

In 2020 the world economy's growth was set to pick up speed again. According to the International Monetary Fund IMF, key influencing factors were the expected improvements in the economic performance of a number of emerging economies in Latin America and the Middle East as well as in some European countries. Thus, the IMF projected the world economy to grow by 3.3% in 2020, compared to 2.9% in the previous year.

Nonetheless, the IMF has identified a number of risks for the above growth projections, above all from the still simmering trade conflict between China and the USA and the political tensions between Iran and the USA, which flared up at the start of the year. For the two economic powerhouses the IMF expected growth to drop compared to last year, with the economic output in USA estimated to gain just 2.0% in 2020, after 2.3% in 2019, and China with an estimated increase of 6.0% compared to 6.1% in 2019.

The Euro area was set to gain 1.3% in economic output after 1.2% last year. According to the IMF, the key factors for this will come from increased foreign demand and the expiry of such temporary factors as the introduction of new emissions standards for the German automotive industry that had burdened the start of 2019.

The IMF's outlook for Germany was more optimistic. Following the projected increase of 0.5% for 2019 the experts foresaw a gain of 1.1% for 2020. The outlook of the German Institut der deutschen Wirtschaft (IW – German Economic Institute) was a little more cautious, expecting a gain of 0.9% in 2020. German industry, which is particularly strong in the international capital goods business, was said to be hampered by the numerous geopolitical tensions.

The forecasts so far do not yet take into account the effects of a further spread of the corona virus for individual countries and the global economy. According to the Organisation for Economic Co-operation and Development (OECD), economic growth prospects remain highly uncertain. If the corona epidemic in China reaches its peak in the first quarter of 2020 and outbreaks in other countries prove mild and contained, annual global GDP growth is expected to decline from the already weak 2.9% in

2019 to 2.4% in 2020. In the event of a prolonged and more intensive outbreak, global economic growth could even fall to 1.5% in 2020.

In its most recent forecast, the Institut für Weltwirtschaft Kiel (IfW Kiel – Institute for the World Economy) expects German GDP to slump by between 4.5% and 8.7% in 2020, depending on whether the measures to contain the corona virus will last until the end of April or the end of July. In its spring forecast, however, IfW Kiel had still assumed a decline of only 0.1%.

Sources

International Monetary Fund (IMF), *World Economic Outlook, Update January 2020*
Institut der deutschen Wirtschaft (IW – German Economic Institute), *IW-Trends 4/2019, IW economic outlook*
Organisation for Economic Co-operation and Development (OECD), *Interim Economic Assessment, 2 March 2020*
Institut für Weltwirtschaft (IfW Kiel – Institute for World Economy), *Update economic report, 19 March 2020*

2. SECTOR DEVELOPMENT

2.1 MOBILITY BUSINESS UNIT

For 2020 so far, Sixt expected its European core markets to see economic conditions for mobility service improve marginally over last year. In view of the economic projections for its core market USA, on the other hand, the Company expected a more restrained performance. However, one will have to see how the so-called Phase 1 deal, which entails the conclusion of a trade deal between the economic superpowers USA and China, but also the spread of the corona epidemic across all continents, will affect the economy in the United States as well as other markets. This will also affect the travel behaviour of business and private travellers. Sixt will therefore keep a very close eye on economic developments as the year unfolds. Due to the substantial impediments caused by curfews and travel restrictions on the worldwide tourism and mobility markets a reliable outlook is currently not possible.

Euromonitor International previously forecasted that 2020 revenue for the large European vehicle rental market was going to surpass last year's level slightly. Thus, the market volume in Germany was expected to climb by 2.4% to EUR 2.6 billion (2019: EUR 2.5 billion). In Sixt's European corporate countries of Austria, Switzerland, Belgium, the Netherlands, France, the

UK, Italy and Spain, the accumulated market volume was expected to rise by 2.1 % to EUR 9.1 billion (last year: EUR 8.9 billion). Euromonitor saw the vehicle rental market in the USA up by around 4.7% to USD 32.4 billion (last year: USD 31.0 billion).

According to the European Travel Commission (ETC), worldwide travel activities were going to increase in 2020 by 2.8% over last year (2019: +3.3%). The European umbrella organisation of national tourism associations assumed that tourism in Europe would grow by 2.4% (last year: +3.3 %) and in North America by 2.1% (last year: +3.1%) (All data refer to outbound journeys).

These projections do not take into account the partly drastical impact of measures taken by individual countries to contain the corona epidemic on travel behaviour in general. The ETC takes as a guideline the impact of the SARS virus at that time and expects, for example, that Chinese arrivals to European destinations will be 7.0% lower in 2020 compared to the original forecast. In the worst-case scenario, the ETC expects a 25.0% decrease from the original forecast. The Arbeitsgemeinschaft Deutscher Verkehrsflughäfen (ADV – German Airports Association) has also already commented on the dramatic effects of the corona crisis on air traffic and announced a massive decline in bookings in all traffic sectors as well as a drop in traffic at all airport locations.

Sources

Euromonitor International, Travel 2019, November 2019

European Travel Commission (ETC), European Tourism 2019: Trends & Prospects (Q4/2019)

Arbeitsgemeinschaft Deutscher Verkehrsflughäfen (ADV – German Airports Association), press release of 17 March 2020

2.2 LEASING BUSINESS UNIT

For 2020 the German leasing industry expected so far to see a stable development in new business. In view of economic forecasts and the ongoing restrained mood on the investment side, the Bundesverband Deutscher Leasing-Unternehmen (BDL – German Association of Leasing Companies) did not expect to see any major growth rates. The German government appointed council of economic experts forecasted an increase in equipment investments of around 0.8% (2019: 1.6%).

For 2020 the Verband der Automobilindustrie (VDA – German Association of the Automotive Industry) expected the worldwide passenger car market to contract by 3% to 78.2 million units sold.

The European market is expected to contract by 3% to 15.4 million units, among other things because of CO₂ regulations. For Germany the VDA projected a drop of 4% to 3.43 million new registrations, even though this forecast is still subject to major uncertainties.

These forecasts do not yet take into account the effects of the rapidly expanding corona crisis. According to the VDA, in February 2020 China already experienced a considerable slump in passenger car sales as a result of the effects of the pandemic and the measures taken to contain it. The VDA also expects vehicle sales outside China to fall in the coming months, in some cases substantially.

According to estimates by Sixt Leasing, providers of fleet management services will generally continue to register stable demand, as corporations are increasingly paying attention to cost and planning safety when managing their vehicles fleets, and are therefore counting on the specialised expertise of service providers such as Sixt Mobility Consulting. This way they will 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

Bundesverband Deutscher Leasingunternehmen e.V. (BDL – German Association of Leasing Companies), press release of 4 December 2019

Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung, (German Council of Economic Experts), Annual Report 2019/20, December 2019

Verband der Automobilindustrie (VDA – German Association of the Automotive Industry), press release of 4 December 2019

Verband der Automobilindustrie (VDA – German Association of the Automotive Industry), press release of 27 February 2020

Verband der Automobilindustrie (VDA – German Association of the Automotive Industry), press release of 18 March 2020

3. EXPECTED DEVELOPMENT FOR FISCAL YEAR 2020

3.1 MOBILITY BUSINESS UNIT

Sixt will continue to pursue its digitisation strategy in 2020 and in the following years. The mobility platform ONE addresses the digitisation of all activities in the Mobility Business Unit from the business conducted with end customers using the SIXT app, which was launched in 2019, through all sales channels to operative business procedures. The goal is the further development of Sixt into one of the leading digital mobility providers.

Sixt is convinced that the significance of integrated mobility is likely to increase, especially against the background of increasing urbanisation and the associated individual requirements for flexibility and availability. Thus, the United Nations expects that by 2050 around 70% of the entire world's population will live in metropolitan areas and large cities. According to Sixt, it will therefore become increasingly important for customers to have access, from one single source, to a mix of mobility that can cater to every situation and demand. Against this background, Sixt reckons that the demand for its digital services is set to increase in 2020 and beyond.

As part of the ongoing digitisation process, the **SIXT rent** product segment will offer customers the opportunity to book their momentary vehicle of choice using the app and then collect and return it at the Sixt stations. The app will feature a number of functions that provide added values as flexibility, time savings and convenience. Sixt will continuously upgrade and enhance the SIXT app, planning to connect further partners through its mobility platform. The network of stations likewise is set to expand with "digital stations" at locations like car parks or shopping centres, where customers can collect their car using their smartphone.

In the **SIXT share** product segment, Sixt will drive forward the interlinking of vehicles in the Sixt fleet to have them flexibly available for both vehicle rentals and carsharing. This brings Sixt into a position to make carsharing vehicles available even outside pre-defined business zones. One focal point will be to extend the presence of SIXT share into European countries outside Germany. At the end of 2019 the product segment was available in selected major German cities.

The **SIXT ride** product segment is set to expand through the integration of further efficient mobility partners that are hooked up to the mobility platform. So far, Sixt is collaborating with German taxi associations and ride hailing providers, concentrating on the core countries of Germany, the USA, Great Britain, France, Spain, Portugal as well as the BeNeLux countries. This way, Sixt is offering its private and business clients the means to utilise individually tailored transfer services in a given city. In addition, customers can receive pre-bookable transfers in over 250 cities worldwide.

SIXT ride offers corporate travel managers the means to professionally procure taxi and driver services globally. All invoices issued for business trips can be retrieved centrally from Sixt from

one contact point and in one format. In addition, a global mobility reporting function eases the workload of the travel managers in the corporations. Cooperation agreements in Corporate Travel Management are set to expand continuously.

In future, up-to-date mobility models that are geared towards the customers' requirements will continue to supplement the services of Sixt. These will continue to include such integrated models as SIXT unlimited or SIXT Flat, which can address the medium to long-term mobility needs of customers. The mobility budget called SIXT MaaS (Mobility as a Service) will also see further developments and upgrades to meet the wishes and requirements of corporations and users.

For reasons of user friendliness and design, Sixt will continue to enhance the SIXT app as well as its other online- and mobile portals with key functions of the individual solutions. In addition, Sixt will continue, as in the past years, to integrate its services into the booking processes of cooperation partners, such as hotel chains and airlines as well as travel apps and other partners.

As with all its activities, in 2020 Sixt will pursue the strategic objective of expanding its actions in the mobility market and increasing revenue from foreign operations so that it can outperform the market average. The main focus of the expansion will continue to be on the Sixt corporate countries in the USA and Europe. In these regions, market shares are expected to keep growing, with its presence being extended at key destinations for private and business travellers.

Sixt will continue to keep a very keen eye on the US market, to be able to react at short notice to market opportunities and thereby expand its presence there. This means above all selective participating in bids for stations at attractive and important traffic intersections such as airports.

Another focal point of future activities concerns the expansion and optimisation of the worldwide franchise network. Sixt is sticking to its objective of cooperating in key economic regions of the world with franchise partners that stand out with a relevant market position and comprehensive industry expertise. This also refers to the collaboration with so-called General Sales Agents (GSAs). This way, Sixt products are to be offered through B2B and B2C channels in the various national markets, booking partnerships with relevant travel portals are to be concluded and a customer's service is to be offered in the local language so as to generate outbound business in the Sixt countries.

3.2 LEASING BUSINESS UNIT

On 21 February 2020 Sixt SE announced that it had concluded an agreement on the sale of its entire stake in Sixt Leasing SE. Sixt SE expects the sale to be completed in the second half of 2020. In fiscal year 2020 until the sale is completed the Leasing Business Unit will be reported as discontinued operation in the consolidated financial statements.

The Sixt Leasing Group, which represents the Leasing Business Unit in the Sixt Group, intends to expand its leading position in online sales of new vehicles and as specialist for managing and offering full-service leasing of corporate fleets.

The measures started as part of the strategy programme "DRIVE>2021" are to be continued in 2020. "DRIVE" stands for digitisation, risk management, internationalisation and volume and earnings growth. The aim of the programme is to increase the pace of digitisation, actively improve the risk-return profile, further promote internationalisation and increase the contract portfolio and earnings in the next years.

In 2020 the Business Unit plans to 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 digitising the business model and to focus the organisation on future national and international growth.

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.

The **Online Retail** business field offers the company in Germany attractive growth potential. Sixt Leasing expects that in future, the purchase of new cars will switch more and more to online channels. As one of the leading providers in the direct online sales of new vehicles, Sixt Leasing is well positioned to conquer the young German 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.

Sixt Leasing 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 the **Fleet Leasing** business field, Sixt Leasing is operating in a market dominated in Germany by the large manufacturer-controlled leasing companies. Consequently, in its corporate customer segment Sixt Leasing is focusing particularly on strengthening long-standing customer relationships and expanding business with smaller corporate customers. Based on this, the Managing Board expects that the share of customers with smaller fleets will increase within the business field's contract portfolio.

The **Fleet Management** segment 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 Europe, especially by using existing customer relationships and strengthening of sales in the foreign subsidiaries. A key role will be accorded to the Sixt Global Reporting Tool, which enables the management of fleets worldwide.


Sixt Mobility Consulting will continue to rely on intelligent IT solutions and will continually invest in the further development of the digital infrastructure and digitisation of its business model. The aim is to further increase the service level for corporate customers and the user experience of company car drivers through digital solutions.

4. FINANCIAL OUTLOOK

The spread of the corona virus is having a significant impact on the tourism and mobility sector worldwide and thus also on the demand for Sixt SE's mobility services. This negative development could intensify as the corona crisis spreads.

Sixt has therefore adopted a comprehensive package of measures. In particular, the vehicle fleet is to be reduced significantly in the short term. In addition, planned investments are to be postponed and personnel and material costs are to be saved to a considerable extent.

Based on the projected economic and industry-specific conditions and in particular the current developments in context with the spread of the corona virus, Sixt expects the Mobility Business Unit to see a sharp decline in demand for 2020.



For the Leasing Business Unit, which will be reported as discontinued operation in 2020, the expectations are that the Group's contract portfolio will see a slight increase over last year with operating revenue approximately on the previous year's level. With regard to earnings from operating business, not taking into account the positive effect of the sale of the stake in Sixt Leasing SE, the Managing Board expects EBT to be substantially lower than in the previous year.

For the Sixt SE Group, the Managing Board expects, based on the evaluation of the current situation and not taking into account the positive effect of the sale of the stake in Sixt Leasing SE, a clearly positive consolidated EBT for the full year 2020 which will remain very strongly below the previous year's level. With regard to consolidated operating revenue, the Managing Board of Sixt SE also expects a sharp decline compared with last year, not

taking into account the discontinued Leasing Business Unit. The extent of the decline in consolidated operating revenue and consolidated EBT will be strongly influenced by the further course and duration of the corona crisis and its macroeconomic effects. In this the Managing Board assumes that the significant curtailment in public life as well as in private and business travel activities in the markets of relevance for Sixt will gradually be reduced again during the course of 2020 and that demand for mobility products will gradually normalise again. Due to the substantial uncertainties a reliable outlook for the further development in 2020 is currently not possible. For the year 2021, the Managing Board of Sixt SE expects a return to normality and projects consolidated operating revenue to see significant uptake as well as a slight increase in Group EBT, both compared to the previous year 2019 and not taking into account the discontinued Leasing Business Unit.

B.6 \ REPORT ON RISKS AND OPPORTUNITIES

1. INTERNAL CONTROL AND RISK MANAGEMENT ORGANISATION

1.1 RISK MANAGEMENT SYSTEM

Sixt SE has installed an internal control and risk management system to identify at an early stage and actively cope with all developments that could lead to significant losses or endanger the existence of the Company or the Group. Sixt's risk management system covers all activities for the systematic handling of risks in the Company, starting with risk identification and documentation, analysis and assessment up to monitoring and managing of material risks, as well as coordinating and maintaining the internal control mechanisms and counter measures. This systematic handling of risks is defined by a process that firmly integrates all relevant Group divisions. The active management of relevant risks is secured by decentrally defined risk owners as well as through the coordination of the risk management measures by central functions. Opportunities management is not part of the risk management system.

Sixt Group's overall risk management system is composed of detailed planning, reporting, early warning and internal control systems, some of which have been proven in years of practice, both centrally and decentrally in the respective functional areas down to the level of the individual rental offices. The system is regularly optimised. The Group units Controlling as well as Governance, Risk Management & Controls (GRC) are responsible for central risk management and report directly to the Chief Financial Officer. The internal audit monitors the efficiency of the risk management system and reports directly to the Chief Financial Officer.

The Group's Business Units and functional divisions determine the decision makers, communication and reporting paths, structures and risk owners involved in the risk management process. The risk owners on the level of the decentralised risk management organisations are equipped with adequate early-detection systems tailored to their areas, as well as analysis and reporting tools and monitoring systems. They are also responsible for implementing and executing appropriate controls and counter-measures. At the level of the central risk management organisation, the individual risks recorded decentrally are also assessed according to defined key parameters, condensed appropriately,

allocated to suitable risk categories and reported to the Managing Board and Supervisory Board, and the implementation of the measures is monitored.

Due to regulatory stipulations and the special business requirements of Sixt Leasing SE, the latter has its own risk management cycle, which is managed through its own internally established risk management functions. Coordinated communication processes ensure that the risks recorded by Sixt Leasing SE are also duly considered at Group level.

Sixt thereby complies with the Gesetz zur Kontrolle und Transparenz im Unternehmensbereich (KonTraG – German Act on Control and Transparency in Business) and other specific provisions especially relating to certain consolidated business areas such as Sixt Leasing. In this context, section 25a of the Kreditwesengesetz (KWG – German Banking Act), including the minimum requirements of the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – Federal Financial Supervisory Authority) for the risk management of institutes (MaRisk) in connection with the supervisory requirements for IT in financial institutions (BAIT), has to be met among others.

1.2 RISK ASSESSMENT

After considering the risks in the installed planning, reporting, early warning and internal control systems, the organisational unit's risk owners regularly record all business-relevant and significant risks within the entire Group during the risk inventory, which is regularly conducted by the GRC department. To this end, they analyse the assessments of the executives as well as further relevant information. The installed risk management system at Sixt thus records the relevant individual risks and their dependencies. Any changes in the risk assessment and new risks are communicated immediately to the Managing Board of Sixt SE.

The individual risks' probability of occurrence is measured in the categories "highly improbable" (risk occurrence probably in more than 10 years), "improbable" (risk occurrence probably in up to and including 10 years), "possible" (risk occurrence probably in up to and including three years), "probable" (risk occurrence probably in up to and including two years) and "very probable" (risk occurrence probably in up to and including one year). The individual risks are assigned to the defined risk categories and

the corresponding damage classes. On the Group level the GRC department centrally agglomerates the decentrally registered individual risks in a risk inventory and clusters them into groups according to set criteria such as probabilities of occurrence. The risk portfolio determined on this basis and the risk report based on it are part of the reporting to the Managing Board and Supervisory Board of Sixt SE.

1.3 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM FOR (GROUP) ACCOUNTING (DISCLOSURES IN ACCORDANCE WITH SECTIONS 289 (4) AND 315 (4) OF THE HGB)

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, a formalised delegation of key responsibilities, the central accounting and reporting organisation for all consolidated companies, the technical stipulations contained in guidelines, working instructions, manuals and Group guidelines, the guarantee of controls in accordance with the so-called "four eyes principle" (two man rule), the implementation of quality assurance processes and control tests, effectiveness tests by the internal audit and external audit procedures and consulting, system-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. The department GRC continuously monitors the adequacy and effective implementation of the main measures through regular walkthroughs and tests. To guarantee the safety of data, the accounting-related systems have access restrictions and functional access rules. Employees receive appropriate information and training on data protection rules and regulations as well as information security. In addition, general behavioural provisions for employees relating to compliance or to financial matters are part of the regulations of Sixt's internal Code of Conduct.

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 auditor.

2. RISK SITUATION

As an internationally operating company, Sixt is exposed to a variety of different risks, which can have material effects on the Group's business performance, net assets, financial position and results of operations. The following provides an aggregate overview of the relevant risk factors. The structure of risk categories outlined follows the categorisation in the reporting of the central risk management system.

2.1 GENERAL MARKET RISKS (ECONOMIC, SOCIAL, REGULATORY AND ENVIRONMENTAL RISKS)

The Sixt Group's main business units are mobility and leasing, the business focus of which is centred in Germany. Nonetheless, as part of Sixt's internationalisation business activities outside of Germany, both in Europe and outside Europe, gain more and more importance.

Both business units are, to a certain extent, dependent on the general economic environment especially in Germany, Europe and in the Mobility Business Unit also in the USA, as this has a major effect on the investment inclination and spending propensity of customers and, in turn, on the demand for mobility and leasing services.

During phases of economic weakness, demand for mobility and leasing services may fall due to cost-saving measures of companies and private households. Higher default risks (for example industry sector risks, counterparty credit risk) can also generally be expected in these times. A downturn in the overall economy could therefore adversely affect demand and profitability of vehicle rental and leasing products.

Sixt also depends on developments in tourism and personal transport. In turn, developments in the latter are dependent on a variety of factors that the Sixt Group cannot influence. These include, for example, the consequences of political decisions, the expansion of the public transport infrastructure, improvements in traffic flow and the coordination of the combined use of different transport modes. Legal requirements relating to environmental protection, which are growing in importance above all in the European Union but also in other regions of the world, can, when combined with widespread public debate, bring changes in mobility patterns. This could generally have both positive and negative effects on demand for the mobility services offered by Sixt.

Demand could also be adversely affected in the long term by alternative mobility solutions that replace the classic rental and leasing products. These could be driven forward and brought to market, especially from start-ups, but also from internal business units of established car manufacturers.

To do justice to market conditions that can change very rapidly and also to meet customer demands, Sixt develops new product ideas and business models, whose market launch and penetration, also on an international level, might require high up-front investments. Relevant market analyses and plans cannot guarantee that the products will meet the expected acceptance and demand. This can negatively impact the Group's net assets, financial position and results of operations.

In addition, the Group's business can be adversely affected by national and international developments such as political upheavals and revolutions, armed conflicts, acts of terrorism, environmental disasters, epidemics or pandemics like the current one caused by the corona virus and by massive restrictions on private and business travel as a result of such events. Since the occurrence and effects of such events are difficult or even impossible to predict, consistently reliable forecasts regarding the development and the demand for travel can only, if at all, be made to a very limited extent, even over the short term.

Sixt intends to continually extend revenue and market share by expanding above all in the USA as well as in key Western Europe countries. This objective is to be achieved primarily by organic growth. Nonetheless, especially for growth outside Germany, well-considered acquisitions cannot be ruled out.

The internationalisation strategy contains a number of different risks, such as market-specific, political, legal, fraud, financial and personnel risks. These include possible incorrect assessments of market conditions in the countries in question, changes to national legal or tax frameworks, the costs associated with the establishment of an effective business organisation and the need to find qualified management personnel and suitable employees. In the case of acquisitions, there are also the customary transaction risks. Due to the initiating and expanding foreign operations the Group's profit situation can be impacted negatively. The failure or delay of the foreign expansion could affect existing customer relations adversely, as especially business and corporate customers, who are one of Sixt's main customer groups, require more and more mobility offerings of international scale.

Moreover, the two operating Business Units, Mobility and Leasing, are highly dependent on the development of the national used car markets. Though Sixt is constantly striving to mitigate the residual risks in vehicle fleets by concluding area-wide buy-back agreements, the risk of an adverse development in residual value cannot be completely avoided. In this context Sixt closely follows the intensive debate about the future of the various different powertrain technologies.

Furthermore, Sixt's business activities are also affected by specific tax frameworks. These include the taxation of leasing transactions and company cars, which has been the subject of political discussions for years. The taxation of fuels and of emission-based motor vehicles may also have a material effect on customers' investment behaviour.

In addition, Sixt is exposed to developments following the discussions regarding the compliance with emission limits, climate protection measures and potential local driving bans. Therefore, it is probable that in the medium or long term, requirements relating to rental and leasing fleets equipped with alternative powertrains might change.

2.2 SPECIFIC RISKS IN THE MOBILITY AND LEASING BUSINESS UNITS

Specific market risks – Mobility Business Unit

The national and international vehicle rental industry continues to be dominated by intense predatory competition, which in many cases is fought out over pricing. The trend in demand – mainly among corporate customers – towards large, mostly international providers, which has been noticeable for years, continues. Due to its high ratio of corporate customers, it is essential for Sixt to provide customers with a global rental infrastructure that is available in particular in areas with a high volume of traffic, such as airports and train stations and with a continuous and best quality as possible.

Intense competition also carries the risk that individual market participants attempt to gain market share in the short term by consciously implementing an aggressive pricing policy, in some cases even accepting operating losses.

General developments in the automotive industry are important for the Mobility Business Unit, owing to their effects on terms and conditions for purchasing vehicles and potentially selling them again. Sixt is highly dependent on the supply of popular vehicle models, to be able to purchase them on competitive terms and

– for reasons of pricing certainty and the reduction of residual value risks – on buy-back agreements with manufacturers and dealers. These external factors influence both the purchase prices of vehicles and the revenue that can be generated when the vehicles are sold back.

By remaining vendor-neutral, Sixt can diversify risks when purchasing vehicles for the vehicle rental fleet. The Group can select marketable popular models and negotiate favourable terms and conditions from a number of different manufacturers and dealers in each case, without having to take the specific sales interests of particular manufacturers into account. Sixt distributes its purchasing volumes over a number of suppliers and bases vehicle deliveries on intra-year requirements planning. Flexible agreements with vehicle manufacturers and dealers enable the company to a certain extent to stagger vehicle orders over a period of time to meet concrete demand. This is especially important during times of great economic uncertainty and downturns, as well as in phases of increased demand, when the requirements for mobility services are even more difficult to predict. Specific supply agreements provide the possibility for Sixt to react to unforeseeable fluctuations in demand at short notice and to a limited extent.

Furthermore, Sixt's international expansion changes its purchasing requirements. Sixt relies on having a broad supplier base in all corporate countries, whereby some vehicle fleets have to be tailored to specific regional needs. If Sixt would no longer be able to add a sufficient number of vehicles to the rental fleet, or to offer enough vehicles with features that reflect the Group's premium orientation, this could adversely affect its revenue and earnings development. This would apply to an even greater extent if the Group's operating business were to expand dynamically, boosting demand for vehicles. Such a bottleneck would also be conceivable, for example, in the event of adjustments to the sales strategy of car manufacturers, for example as a result of changes in customs law, for example in the context of Great Britain's withdrawal negotiations from the European Union (Brexit), or, at least locally, due to registration restrictions.

The Managing Board is keeping a very close eye on the debate regarding emissions as well as local driving bans. It is probable that in the medium or long term, requirements relating to rental fleet equipped with alternative powertrains might change. The possibility cannot be ruled out that in the short term, temporary supply shortages for specific vehicle models can occur. In such an event, though, the Managing Board believes it is in a position to adapt the fleet setup adequately and swiftly.

Alongside the general economic conditions, demand in the vehicle rental business is difficult to forecast as it depends on numerous external, unforeseeable random factors, such as the weather and short-term changes in customers' mobility requirements.

The combination of high economic capacity utilisation of the rental fleet and simultaneous vehicle availability is of great importance for the Group's success. Availability not only relates to the absolute size of the rental fleet but also to individual vehicle classes and types that meet customer wishes. Declining demand can result in a lower-than-expected utilisation of the rental fleet that is provided up-front, which in turn can affect the profitability of rental products adversely. This is why sophisticated, reliable and tried-and-tested fleet management tools are even more important.

Sixt's internal yield management system – a sophisticated IT tool that has been constantly updated over the years and that is tailored to the various requirements of the rental business – enables the Company to align its purchasing activities with demand and to manage the availability of vehicles at the individual rental offices. The yield management system is permanently optimised. This is based on the volume of historic data generated from the rental activities that has constantly grown over the years. The systematic fleet and offering management achieves the highest possible level of fleet utilisation. Through the increasing integration of carsharing and classic rental, Sixt will be able to further optimise the profit-oriented management of its fleet in the future.

The development of the used car market, especially in Germany and the USA are important for the prices Sixt generates from selling rental vehicles on the used car market. In 2019 the German market for used cars continued to be affected by a slight drop in residual values with prices for used diesel vehicles continuing to stabilise. The price development of the used car market in the USA also remained at the prior-year level overall.

Sixt strives to hedge the remarketing of rental vehicles as far as possible through buy-back agreements with manufacturers and dealers to mitigate the risks associated with the sale of vehicles. This means that buy-back conditions for these vehicles are already fixed at the time of acquisition. The company therefore has a more reliable basis for calculating the development of its fleet costs. By reducing the resale risk, Sixt is to a large extent independent of the situation on the used car market. Around 92% of all vehicles added into the rental fleet during the fiscal year were secured by means of buy-back agreements.

However, within this context the risk persists that contractual partners, dealers or manufacturers, may not be able to comply with the buy-back agreements. Moreover, given the economic risks or a possible deterioration of the used car markets, there is a risk that Sixt will generate lower-than-expected revenues.

Sixt regularly assesses the creditworthiness of its contractual partners according to strict standards. This is especially important when the automobile trading markets are tight, so that the risk of contractual partners, dealers or manufacturers, not meeting their buy-back agreements can be detected early on and to provide for the risk appropriately. In the case of a partner defaulting, Sixt would be obliged to market the vehicles on the used car market at its own economic risk, for example through its own stationary dealerships (Sixt Car Sales) or through online trading platforms.

Commercial customers from the Mobility Business Unit, who receive vehicle rental quotas on account, have their creditworthiness regularly reviewed and monitored based on internal guidelines.

Specific market risks – Leasing Business Unit

In the Leasing Business Unit one focus of business activities is on corporate customers so that the Business Unit's performance is highly dependent, among other things, on companies' investment behaviour. This investment behaviour can be influenced – apart from general cyclical factors – especially by the underlying economic, financial accounting and fiscal conditions for commercial vehicle leasing. Companies need the best possible planning security to base their investment decisions. Higher taxes on leasing transactions and company cars, or potentially adverse changes to the international accounting stipulations relating to leasing contracts can adversely affect the attractiveness of fleet solutions based on leasing.

The leasing market in Germany continues to be dominated by various manufacturer- or bank-controlled companies. These enjoy on the one hand good purchasing terms, owing to their close relationships with the manufacturers, and on the other hand, as bank-controlled providers, advantageous refinancing terms. For this reason, there is intense competition in terms of price and conditions in the automobile leasing market, which could negatively affect the achievable margins and, as a consequence, the Sixt Group's results of operations.

In the Fleet Leasing business field, Sixt Leasing focuses its offering on full-service leasing solutions, which, in addition to finance leasing, provide a variety of top-quality services, as well as vehicle fleet management. Owing to its consistent positioning as a full-service leasing company, Sixt wants to reduce the dependence of its business success in the fleet segment on pure finance leasing, which is under price pressure. Moreover, the continuous development of new, mostly internet-based products gives Sixt the opportunity to set itself apart from its competitors. In fleet management, Sixt benefits from its many years of experience in the management of vehicle fleets and its position as a major fleet operator.

Alongside fleet leasing and fleet management solutions for corporate customers, the business with private and smaller commercial customers gains more and more importance for the Leasing Business Unit and shall be set for further expansion. The associated diversification of the customer portfolio shall contribute to counter bulk risks that can stem from the economic, accounting and fiscal conditions prevailing for commercial vehicle leases in the business with fleet customers.

To guard against the risks of remarketing vehicles, the Leasing Business Unit also partially covers the residual values, which are calculated in the leasing contracts according to market conditions, through buy-back agreements with manufacturers or dealers. This applies in particular to vehicles in the business with fleet customers. As of 31 December 2019, based on lease assets, inventories and new orders, around 33% of the vehicles of Sixt Leasing SE were covered by buy-back agreements.

The Managing Board closely monitors discussions regarding to emissions as well as potential local driving bans and their effects on the development of the residual value of vehicles. The part of the affected vehicles in the portfolio of the Leasing Business Unit, for which there are no buy-back agreements with dealers or the manufacturer, has been further significantly reduced in the fiscal year 2019. The Managing Board also keeps a very close eye on the political discussion regarding new emission stipulations for diesel-powered vehicles. In this context, the Sixt Group could face lower-than-expected proceeds from remarketing and as a consequence the residual value risk could increase further.

In the event that used leasing vehicles are sold on the open market the Leasing Business Unit depends on the developments on the used car market, particularly in Germany.

The value of vehicles to be sold directly by Sixt Leasing on the used car market is analysed regularly based on market reports, the company's own experience and market observations. Mostly, these vehicles are sold by in-house specialists at specially established locations of the brand Sixt Car Sales. In addition, the vehicles as well as supplementary services are also offered to commercial as well as private customers through internet platforms.

Nonetheless, the risk that contractual partners may not be able to meet their buy-back commitments cannot be excluded. Therefore, when selecting vehicle dealers, Sixt pays great attention to their economic stability and conducts regular and strict creditworthiness reviews of vehicle suppliers.

Next to the general risks of remarketing vehicles on the open market, there is also the risk that customers fail to meet their payment obligations during the term of the contract or only pay parts thereof, resulting in payment defaults. This counterparty default risk in the customer business generally increases with a worsening economic climate, as it can trigger more payment defaults of leasing customers.

Risk management identifies every single contract's risk of counterparty default already at receipt of the leasing agreement. Risks of counterparty default are checked at regular intervals and are managed pro-actively. Furthermore, with corporate customers their creditworthiness is regularly monitored during the lease period.

This way any potentially adverse developments at leasing or fleet management customers or vehicle suppliers can be identified immediately, so that corresponding countermeasures can be initiated early on. Contracts with a higher risk potential and/or positions threatened by default are monitored particularly intensively by the risk controlling of Sixt Leasing SE.

This precautionary measure helps to avoid and/or mitigate future risks arising from the customer or supplier relationship. The risk metering and control systems as well as the organisation of the credit risk management established within Sixt Leasing SE are based on the minimum requirements for risk management of institutes (MaRisk) as defined by BaFin (Federal Financial Supervisory Authority).

2.3 FINANCIAL RISKS

The Sixt Group's ordinary business activities are exposed to various financing risks. These include interest rate risks and exchange rate risks, which can be limited using derivative financial instruments, among other things.

In specific cases, interest rate caps, interest rate swaps or other interest rate derivatives can be used for hedging. Entering into these types of hedges allows variable-rate financial liabilities to be converted into synthetic fixed rate financing in order to limit the interest rate risk for the Group. In contrast, given appropriate expectations on the future development of short- and long-term interest rates, derivative instruments can also be used to achieve a defined proportion of variable-rate liabilities. In this context, internal Group guidelines stipulate the main duties and competencies, responsibilities, reporting requirements and control tools.

Operations, and particularly the rental business, generally use short-term financing facilities such as bank credit lines or, alternatively, lease agreements. In view of the ongoing changes in the banking sector, e.g. due to higher equity requirements for credit operations or changed risk weightings, financial institutes may radically change their financing policies to the detriment of the Sixt Group.

Sixt Leasing's interest risks include potential losses from changes of the market's interest rates. They can arise if fixed-interest periods of assets and liabilities have mismatched maturities. In addition, variable interest rates of financing instruments can also trigger an interest rate risk if market interest rate conditions change.

Generally Sixt strives for a high share of fixed-rate financial instruments for refinancing.

The Leasing Business Unit aims to take out refinancing means with matching maturities to avoid mismatched maturities and will also take out demand-driven derivatives to hedge against interest rate risks. However, no guarantee can be given that such hedging is fully effective and that losses can be completely avoided.

In view of the aim to make the Sixt Leasing Group's refinancing more independent, the Leasing Business Unit's capacity of finding external financing possibilities could be limited or more expensive contingent on the assessment and appraisal of the

Sixt Leasing Group's creditworthiness by market players. However, as common in the leasing industry, asset-based financing opportunities (for example forfeiting or securitisation of leasing receivables) are available to Sixt Leasing Group. Nevertheless, the risk remains that any increase in refinancing costs can significantly affect the cost base and that this higher refinancing costs could not be passed on to customers to the same extent.

The Sixt Group continues to have a broad and robust financing structure, which provides an adequate framework for financing. A positive factor in this context is that the residual values of the vehicles in the rental fleet are largely and the residual values of the vehicles in the leasing fleet are partly covered by buy-back agreements with manufacturers and dealers, which significantly increases the security for the financing banks.

However, since banks depend on the market situation and have to accept increased risk premiums when refinancing their own activities, it cannot be ruled out that these higher premiums will be passed on to customers taking out loans. Moreover, the ever tighter legal rules and regulations, which financial institutes have to comply with when granting credit, require that they underlay these with more equity. This could result in Sixt Group's financing costs increasing or that they remain at a high level.

The Sixt Group continues to have a strong equity base and a broad financing mix. The Group's solid financial circumstances provide good access to the capital markets, which it used successfully in the past by placing bonds and issuing borrower's note loans on the market. However, one can never fully rule out the possibility that the capital markets, temporarily or for longer, will have only a limited capacity and willingness to absorb such issuances.

Alongside bonds and borrower's note loans, the Sixt Group also regularly uses leases and credit finance as refinancing instruments. In the year under review the Group only partially utilised its credit lines that are mainly based on short-term commitments. Sixt SE and its subsidiaries maintain trustworthy business relationships with a number of banks since many years.

The exchange rate risk is of minor significance in the Sixt Group, since the vast majority of receivables and liabilities are due in the local currency in the country in which the respective Group company is domiciled. Exchange rate risks arise mainly from receivables from or liabilities to subsidiaries in non-euro countries. Currency swaps or other currency derivatives can be used for hedging purposes. By entering into such hedging transactions,

the exchange rates of receivables or liabilities are fixed in order to limit exchange rate risks within the Group.

2.4 INVESTMENT RISKS

Sixt SE is exposed to a direct investment risk with the shareholding in Sixt Leasing SE. The independence of Sixt Leasing SE in connection with the granted trademark rights could also result in the potential risk that the customer and supplier awareness of the brand "Sixt" is affected by adverse communication. However, given the contractual relationships between Sixt SE and Sixt Leasing SE, this currently seems unlikely.

2.5 OPERATIONAL RISKS

Operational risks are understood as risk of a loss caused by human behaviour, individual faults, technological failure, inappropriate or faulty processes, for instance in payment processes, or external events. Such a definition of operational risks includes regulatory, legal and tax related risks.

Complex, high-performance IT systems are essential for processing rental and leasing operations. Hard- and software related system malfunctions and failures can considerably affect operating processes and, in serious cases, even bring them to a standstill. When implementing new, replacement or supplementary software, the high complexity of the IT systems places high demands on compatibility to existing systems so as to guarantee smooth continuation of the operating business. Alongside these internal operational risks there is also the risk of targeted external attacks aiming at Sixt's IT infrastructure and corporate data inventory (hacking, DDoS attacks etc.). To counter these risks, Sixt has its own IT department charged with carrying out ongoing monitoring, servicing and enhancements, and with protecting the availability of all the Group's IT systems and data.

As in the past, the Sixt Group intends to continue investing in internet-based as well as in mobile services for smartphones, tablet PCs and other devices as a sales and communications channel for its mobility and leasing products and as basis for further business models. A number of risks associated with this (for example uncertainty regarding the protection of intellectual property or registered domains, possible violation of data protection, dependence on technological conditions, system failures, viruses, spyware, etc.), could affect the use of the internet or mobile services as an independent and cost-effective sales and communications channel.

However, general usage of such systems is constantly increasing and thereby changes consumer behaviour fundamentally. Accordingly, it has to be noted that the customers' use of such offerings and products of the Sixt Group increased continually for years. On the background of media convergence, i.e. the convergence of different technical devices and services and the ever-increasing presence of online services in everyday life, one may well assume that the utilisation of such offers is set to continue in future.

As Sixt continues its efforts to further expand its position as an innovative mobility service provider, more and more established business processes will gradually be digitised and automated. This technological development generally entails increased risks, such as temporary system failures or increased external attacks.

Therefore Sixt has implemented an information security function, that together with the operating IT departments, is tasked to ensure the security and safety of the technological platforms and internet based sales channels.

Sixt's activities involve entering into a large number of different agreements. This is only possible by using standardised agreements that have to be mapped to the operative processing systems accordingly. As a consequence, even minor inaccuracies in the wording or changes in the legal framework could have a material effect on business activities. Sixt counteracts the resulting risks via contract management with the help of legal experts and various system controls.

The Sixt Group also relies on intellectual property rights to protect its business activities. Preserving these rights at national and international level is one important precondition for maintaining competitiveness.

The personal know-how and skills of the Group's employees constitute an important success factor. Particularly in times of expanding business operations and the associated recruitment of new staff, Sixt depends on having a sufficient number of suitable staff who are able to perform the required work to the required quantitative and qualitative standard. If, for instance, there is greater fluctuation and therefore a loss of know-how, this could affect the quality of service in the car rental and leasing business or the effectiveness of operational or administrative processes. Sixt guards against these risks through increased involvement in training and professional development by firmly establishing staff development as part of its corporate culture and through the use of incentive systems.

Strategic partnerships and cooperative ties with airlines, hotel chains and other key players in the mobility and tourism industry are an important factor for the Sixt Group's success. Agreements with these partners often contain short notice periods and are – with a few exceptions – non-exclusive. Therefore, it cannot be ruled out that existing cooperative ties will be terminated or will not be expanded due to changes in market conditions or to the partners' marketing or business strategies. However, a number of these partnerships have been in place for many years and are based on a spirit of long-term and trustworthy collaboration. In addition, Sixt permanently adds partners from different industries to its network.

In general, the business activities of the Sixt Group are subject to numerous legal and governmental rules and regulations as well as individual agreements with business partners. These have the potential to lead to official reviews and examinations or contested issues, which under certain circumstances might have to be settled in court. At the same time, the Sixt Group is subject to a multitude of different legal constellations and consumer protection legislation, which also follows from its international expansion. There is a risk that it could fail to meet all regulatory requirements or to react in time to changes in the regulatory environment.

Provisions have been recognised in the balance sheet to the extent deemed necessary by the Sixt Group.

3. MANAGING BOARD'S ASSESSMENT OF THE OVERALL RISK PROFILE

Sixt SE has installed a Group-wide internal control and risk management system designed to identify at an early stage all developments that can lead to significant losses or endanger the continued existence of the Group. As part of the established risk management system, all risks listed here are regularly reviewed, analysed and the probability of their occurrence and effect is assessed. The result is communicated to the Managing Board and Supervisory Board so that the necessary countermeasures can be initiated if needed.

Both the overall risk and the risk profile of the Sixt Group as well as the Sixt SE have remained essentially unchanged from the previous year. At present, no risks are identified, which alone or in their entirety, could endanger the Company's going concern.

4. OPPORTUNITIES REPORT

As an international mobility service provider, the Sixt Group offers products and services with a premium claim catering to many different needs and requirements in around 110 countries. The Group operates through its own organisations as well as with franchise and cooperation partners. In this, Sixt pursues a consistent digitisation strategy, geared towards the permanent introduction and further development of technological innovations in both its business units Mobility and Leasing. This way its competitive position, its service range, industry environment and its own innovative prowess afford Sixt a number of opportunities that can positively affect the company's business performance.

Sixt defines the term "opportunities" to mean the possibilities arising from events, developments or actions that enable it to achieve and/or outperform the scheduled Company targets. It is the operative business unit's responsibility to identify and exploit them in line with corporate strategy.

4.1 MARKET OPPORTUNITIES

General economic development

The business development of the Sixt Group is to a certain degree dependent on general economic conditions especially in its domestic market of Germany, as well as the Western European Corporate Countries and the USA. An improvement in the economic situation generally leads to an increase in the propensity of companies to invest as well as a higher willingness of private individuals to spend. Both these developments would have a positive effect on demand within the mobility industry.

In its budget for the current fiscal year, the Sixt Group takes due account of economic analysts' assessments of the wider business developments in 2020, as the report on outlook outlines. In the event that the worldwide economy or key regional markets should perform better than forecast, this could raise demand for Sixt's products and services.

Main target groups with increasing demand

The proportion of Sixt's private customer base, as measured against revenue in the Mobility Business Unit, increased continually over the past few years and was 63% in the reporting year (2018: 62%). According to Sixt's own assessment, this growth is attributable to its premium strategy, combined with successful advertisement campaigns in individual countries, as well as the expansion of its network of stations, especially in the corporate countries with a great affinity to tourism. Another factor is the

continuing further development of its service range, above all with a view to customer friendliness and changing usage habits.

In 2019 the target group of business and corporate customers accounted for a 30% revenue share in the Mobility Business Unit (2018: 31%). Based on the latest available economic forecasts, the Sixt Group does not anticipate an increase in business travel in 2020 due to the corona epidemic. In the event that economic developments in the relevant markets should outperform expectations, this could have a positive effect on business travel and consequently lead to additional contributions to revenue and earnings for Sixt.

4.2 OPPORTUNITIES FROM COMPETITION

Accelerated expansion through acquisitions

The Sixt Group generally pursues the objective of driving forward its expansion in relevant markets through organic growth. Nonetheless, the possibility of accelerating the Group's growth by acquiring local and regional competitors at favourable conditions cannot be precluded. To this end, Sixt is permanently reviewing relevant market opportunities. This is done by keeping in mind that vehicle rental markets are concentrating more and more on large, powerful providers with at least a nation-wide reach. What's more, new mobility service providers with digitally-rooted business models are entering the market. From a strategic perspective, the key criteria when assessing potential take-overs are the expansion of customer groups as well as winning over attractive market segments, such as the acquisition of airport concessions. From a technological perspective, the focus is on the innovation potential, above all with a view to the further digitisation of Sixt's business model. All potential take-over candidates must meet very strict criteria regarding earnings situation, risk profile, management quality, corporate culture and their compatibility with Sixt's own business model.

Defaulting competitors free market capacities

Sixt's business model in Germany and abroad is highly capital-intensive. The markets in which it operates are very much characterised by a strong predatory character, especially in the vehicle rental industry. Some competitors are pursuing an aggressive price strategy that could make it difficult or even impossible for them to cover their operative costs over the long term. As a consequence, the situation could arise where competitors no longer have access to fresh capital and have to abandon business operations due to insolvency or excessive debt levels. As a company with a solid economic position and with adequate

financial resources, the Sixt Group could be capable of exploiting such potential supply gaps in the markets and thus generating additional revenue.

Popularity of premium vehicles

With a view to its products and services, Sixt stands by its premium claim of offering its customers preferential services and providing them with well-equipped vehicles from renowned manufacturers, such as BMW, Mercedes-Benz and Audi. It is Sixt's experience that the demand for vehicles from these brands is comparatively high in the two main target groups, which is why the company can charge above-average prices. Where the economic situation of companies and private households improves and customers have higher levels of expectations for their mobility, the demand for premium vehicles could exceed planning assumptions. The Sixt Group in particular would benefit from such a development.

Marketing activities trigger higher demand

The Sixt brand stands for a very special form of marketing and advertising. In the advertising industry the term "Sixt ads" has become a term in its own right. Sixt uses its distinctive marketing to increase brand awareness and thus transport brand values. The principal aim of advertisements is to increase demand and to win over and inspire new customers for the brand.

In future, wide-reaching advertisement and marketing campaigns will also continue to open up opportunities to raise the brand awareness for the Sixt brand and support the growth of the business units of the Sixt Group. An intelligent media mix with tailored activities on social media channels offers new opportunities for so-called viral marketing.

Internationalisation and online sales

With its two business units, the Sixt Group is pursuing its strategic objective of expanding its international presence. To this end the Mobility Business Unit is reviewing the possibilities of expanding into further national markets via franchise partners as well as measures to increase market shares in existing countries, either through changes in the network of franchise partners or by developing its own structures.

A key role will be played by the mobility platform ONE that was launched in 2019 with the SIXT app, which makes available services for vehicle rentals, carsharing or transfer services (taxis, ride hailing) in an integrated international approach. It has optimised the processes for business travellers' bookings and billings, for example by integrating new payment methods or

linking up with portals for business travellers. Combining the offer of different mobility services in one digital channel and hooking up additional partners, such as those from taxi and ride hailing services, opens up opportunities of raising the recognition of the Sixt brand and increasing the growth of the Group.

The Leasing Business Unit also permanently monitors the expansion of its international presence to open up new growth potential. Moreover, in its Fleet Leasing business field, Sixt Leasing works through its own national subsidiaries and also relies very much on its collaboration with proven franchise and cooperation partners, with whom it currently maintains a network of around 30 countries.

In its Fleet Management business field, Sixt Leasing pursues the objective of overseeing the fleets of its international customers across national boundaries. A key instrument for this is the Sixt Global Reporting Tool, which enables companies to manage and optimise their fleets worldwide. The increasing spread in the usage of Sixt Global Reporting increases the chances of acquiring further international fleet volume from existing customers.

In the Online Retail business field, Sixt Leasing is present in the German market and also in Switzerland. In perspective the "first mover" advantage shall also be used to operate the online-based business with private and commercial customers in other countries as well.

4.3 OPPORTUNITIES FROM INNOVATIONS – MOBILITY

The mobility platform ONE and the SIXT app

In the reporting year 2019 Sixt launched the mobility platform ONE and the associated SIXT app. The objective of the integrated app is to offer customers the right mobility solution for their respective needs from one single source, nationwide and for every situation. Thus, with the platform ONE, customers receive very special flexibility and additional comfort, as they can freely decide whether they want to pick up a car at the next rental station, simply step into the next available car at the street corner or call a taxi. This way, especially users in large metropolitan areas will no longer need a vehicle of their own.

With this offer Sixt is taking due account of the requirements of modern mobility. According to Sixt's own findings, customers want an innovative mobility mix, which offers straightforward, fast and flexible solutions, providing more space in cities and ultimately giving them an alternative to owning their own car and having to cover the associated costs. The background to this

development is not least the population growth seen in large cities and metropolises. Thus, the United Nations expects that urbanisation and population growth will mean that by 2050 around 70% of the entire world's population will live in large cities. Concurrent with this development, the privately-owned car is losing importance for people because of changing outlooks on life, rising costs and the low daily utilisation of the car.

With its integrated mobility platform, Sixt is strengthening its position as the industry's innovation leader in a global growth market, and at the same time is generating countless opportunities such as increasing cross-selling opportunities and the expansion of its target groups: customers, who for example have only used SIXT rent so far, will now have access to further Sixt mobility services thanks to the SIXT app. The app therefore constitutes a competitive edge over individual, fragmented offers for vehicle rentals, carsharing and transfer services.

By integrating all its services and solutions, Sixt is reducing the complexity of existing offers for its customers and can thus become their preferred partner for all their mobility requirements.

Should the demand for integrated mobility solutions exceed expectations, this would impact positively on the Group's revenue and earnings situation.

SIXT rent

In the SIXT rent product segment, the Sixt Group is working to continually digitise the entire rental process and thus enable customers to book their vehicle of choice using the app and to open it keylessly and without having to go to a counter first. Select sites also offer the means to pick a specific car by smartphone just shortly before the rental period.

Connected to this is the expansion of the worldwide network of Sixt stations as well as the availability of vehicles, irrespective of physical stations, by having these vehicles available in the car parks of hotels or shopping centres. Alongside the continually growing number of digitally connected cars already available in the rental and carsharing fleet, Sixt is also planning to further extend these digital stations. Digitising the rental fleet will thus lead to an increase in the number of contact points between Sixt and its customers, which in turn will open up additional growth opportunities.

SIXT share

In the SIXT share product segment, Sixt is merging the previously separated products of vehicle rental and carsharing.

To this end, Sixt is increasingly interlinking its vehicle fleet to make it as flexibly usable for vehicle rentals as for carsharing. Customers will thus have access to a varied fleet not only in large conurbations but also in smaller and mid-sized cities. In addition, given the specific utilisation pattern in vehicle rentals and carsharing, Sixt can also optimise the utilisation of its fleet thanks to this combined offer. The Group is therefore generating additional opportunities in the sharing market, which itself is characterised by growing demand.

SIXT ride

Together with the service offers from partners, SIXT ride offers an almost worldwide network of taxi and ride hailing services. The market for such on-demand driver services is expanding, above all in the large metropolitan areas. Sixt is planning to give other mobility service providers access to the platform ONE so that it can upscale its mobility services worldwide. Hooking up additional partners can be carried out swiftly and easily. This way the Sixt Group is able to make new products available to customers and thus achieve a higher market penetration.

Mobility concepts specific to target groups

Sixt is capable of offering its customers mobility from a few minutes through to several months. To this end the Group is making use of a multitude of demand-adjusted solutions developed in-house, which it is constantly developing further, such as SIXT unlimited, SIXT Flat and SIXT MaaS (Mobility as a Service). Some of these products have enjoyed years of successful market presence and can specifically cover the mobility demands of special customer groups. Sixt reckons that the acceptance of products that are tailored to the demands of specific target groups will continue to grow. This means that there are opportunities for winning over new customer groups who normally would use their own vehicle, a company car or a leasing vehicle, and retaining them over the medium to long-term, for additional services of the Group as well.

Services via online and mobile channels

Business and private customers are relying to a great degree on technical interfaces such as computers, smartphones or tablets to organise their travel arrangements, such as flights, hotel reservations or choosing their rental car using the relevant travel portals and apps. This is why Sixt has user-friendly online and mobile solutions that are permanently upgraded and enhanced. Moreover, Sixt integrates its various products and services into the booking procedures of hotels and airlines to extend the reach of its services. Should the intensity of use and thus the volume

of online bookings exceed expectations, this would have a positive effect on the Sixt Group's business situation.

To communicate its many different services Sixt uses its own channels, such as the SIXT app, the SIXT blog or its own extensive social media presence. Against the background of event-driven communication and marketing opportunities, the company is testing out new platforms and is working together with influencers. Influencer marketing is particularly suitable for appealing especially to younger target groups, raising the brand awareness of Sixt and thus strengthening the brand.

4.4 OPPORTUNITIES FROM INNOVATIONS - LEASING

Digitising services

The digitisation is of vital importance for the growth of Sixt Leasing, above all in the Online Retail and Fleet Management business fields. Sixt Leasing laid out the groundwork with setting up the online platform sixt-neuwagen.de and by introducing attractive digital offers such as the fully digital ordering process and the "flat rate for the road", which will serve to further digitise the sale of new vehicles. Moreover, with its digital tools such as the Global Reporting Tool and the "The Companion" app the company has built up an extensive portfolio of innovative IT solutions for fleet managers and company car drivers. Sixt Leasing thus sees itself prepared for the future developments in these areas.

Individual online and mobility solutions

In the Leasing Business Unit, digitisation is expanding customer solutions across all business fields. In Fleet Leasing and Fleet Management, aspects such as automation, efficiency and process safety are thus gaining in significance for companies.

In this context, a trend towards outsourcing fleet management services can be observed, as companies focus on their core business and at the same time want to make sure that their fleet is optimally managed. In the Online Retail business field, aspects such as transparency, individuality and convenience are coming increasingly into focus.

Sixt Leasing puts great emphasis on the development of modern online and mobility solutions. In the business with corporate customers, leasing processes are optimised especially in the form of reportings and apps. These applications, such as the Sixt Global Reporting Tool, shall allow the company to meet customer demands for increasingly individualised solutions and to identify and leverage optimisation potentials in customer fleets. In its business with private and commercial customers, the leasing process will be made easier above all through use of an online configurator and digital ordering steps.

The Leasing Business Unit is permanently driving forward its solutions and is working on new digital products to provide optimum customer benefit and achieve further market penetration.

Growth market electric mobility

Electric mobility is gaining more and more importance due to climate change. For years now, Sixt has been assisting and following the developments in electric mobility as it promotes these in the Leasing Business Unit through cooperating with manufacturers and electric utility suppliers. In addition, Sixt Leasing has extensive expertise in the selection and deployment of electric vehicles and sees itself capable of giving interested customers competent and in-depth advice. This way existing fleets can be optimised to improve the overall pollutant emissions for example.

B.7 || SUMMARISED NON-FINANCIAL DECLARATION OF THE GROUP PURSUANT TO SECTIONS 315B AND C IN CONJUNCTION WITH SECTIONS 289B TO E OF THE HGB

1. SUSTAINABILITY AT SIXT

Sustainable mindsets and actions, based on firm values and principles, are key factors for Sixt's success. Sixt assumes its responsibility towards society and thereby adheres to the principle of sustainable development. The Group 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 Sixt also considers ecological, social and ethical aspects.

1.1 ENTREPRENEURIAL IDENTITY

The Sixt Group is a worldwide provider of top-quality mobility solutions. Alongside renting out premium vehicles, its services comprise fleet management, leasing offers, chauffeur services and carsharing services, as well as the integration of external mobility services. Through its highly individualised products and services provided by its business units Mobility and Leasing, the company can offer its private and corporate customers bespoke mobility to match their individual requirements. The all-in mobility concepts, a high level of service and technological innovations in conjunction with a premium vehicle fleet constitute key features that set Sixt apart from its international competitors.

For a detailed description of the business model and the corporate structure, please refer to the section "Group Fundamentals" in this Annual Report 2019 of Sixt SE.

1.2 PRINCIPLES OF REPORTING

Sixt undertakes to provide its stakeholders with transparency and orients its sustainability reporting along the criteria outlined by the Deutscher Nachhaltigkeitskodex (DNK – German Sustainability Code). The summarised non-financial declaration of the Group for fiscal year 2019, which is included in the management report on the Group's and the Company's situation, was prepared in accordance with disclosures required under sections 315b and c of the Handelsgesetzbuch (HGB – German Commercial Code) in conjunction with sections 289b to e of the HGB. It contains the information required according to the CSR-

Richtlinie-Umsetzungsgesetz (CSR Directive Implementation Act) on material environmental, labour and social issues, respect of human rights as well as combating corruption and bribery. The duty to report additional aspects is determined by their materiality for the Sixt Group. Within these separate aspects, due consideration is given to the underlying concepts and due diligence procedures. Moreover, reporting covers the available results. Given the many different sustainability measures within the Sixt Group, only selected examples are listed, especially for the results. In accordance with section 315b (1) sentence 3 of the HGB, individual aspects relating to, among other things, non-financial disclosures are referred to in other passages of the management report on the Group's and the Company's situation. Moreover, the summarised non-financial declaration of the Group specifies material risks pursuant to section 289c (3) number 3 and 4 of the HGB, as far as these disclosures are required for an understanding of the development and performance of the business, the situation of the Group and the Company as well as the effects on non-financial matters.

According to section 289c (3) number 5 of the HGB, there are no non-financial key performance indicators that are of material significance for the business activities of the Sixt Group. Management of the Sixt Group is done essentially by means of financial parameters and performance indicators. Material management control indicators are listed in the section "Group Fundamentals". There is no direct connection between the amounts recognised in the consolidated financial statements of Sixt SE according to section 289c (3) number 6 of the HGB and the five non-financial issues pursuant to section 289c (2) number 1 to 5 of the HGB.

The Supervisory Board examined the lawfulness, propriety and expediency of the summarised non-financial declaration of the Group in this management report on the Group's and the Company's situation of Sixt SE in accordance with section 171 (1) sentence 4 of the Aktiengesetz (AktG – German Stock Corporation Act). Pursuant to section 317 (2) sentence 4 of the HGB it was presented to the auditors, but not subjected to an audit of its content.

In accordance with section 289b (2) of the HGB, Sixt Leasing SE is exempt from the duty to extend its management report on the Group's and the Company's situation by a non-financial declaration as it is included in the summarised non-financial declaration of its parent company Sixt SE.

2. STRATEGY AND MANAGEMENT

Sixt is positioning itself as a premium provider and innovation leader in the mobility industry. Its service range is continuously being extended with new products and services. One focal point are technologies to meet growing customer demands for flexible and state-of-the-art mobility. With a keen eye on demand, Sixt further develops its wide range of products along the value-add chain to react quickly to new trends. A more detailed description of the service range is included in the section "Group Fundamentals". Among other things, it covers paper-free ordering and billing procedures, special applications for smartphones or tablet PCs and as the digitisation of existing processes and services, for example:

- ‖ **Fastlane** offers customers renting out a car via smartphone directly in the parking garage. Especially for business customers this reduces the waiting time and increases the flexibility in choosing a car.
- ‖ **SIXT share** is a flexible, environmentally friendly carsharing product. Customers can reserve and rent different cars via the Sixt App on a minute basis. Contrary to other carsharing offers, customers can return the vehicle flexible at every Sixt station or in the respective business zone.
- ‖ **Sixt Neuwagen** offers private and commercial customers leasing services as well as service components for new vehicles from around 35 brands. This all from one single source via its online platform.
- ‖ **Sixt Mobility Consulting** conceptualises and implements IT-based fleet management solutions, optimises fleet costs and, if the client requests, also actively oversees operative fleet management.

The Sixt management is focused on responsible and long-term value creation. A key element of the business model are vehicle holding periods of generally around six months in the Mobility Business Unit and an average of 42 months in the Leasing Business Unit. This means that the Sixt fleet is continuously being replaced by state-of-the-art vehicles with regard to efficient

use of resources, low pollutant emissions and modern safety systems.

At the same time as B2B and B2C provider Sixt is part of the shared economy and therefore contributes to a more sustainable and efficient use of resources.

With the launch of the platform ONE the department Sixt X has brought forward the development of sustainable, customer orientated business models in the context of new mobility and shared economy. Next to the expansion of carsharing activities, the inclusion of partner offers in the area of micro mobility (e-scooters) as well as transfer services (taxis) increases the relevance and appeal of the integrated Sixt offers. Thereby, shared mobility for the customer is going to become a real alternative to an own car, which will increase the utilisation of cars and animate customers to use a mix of different mobility solutions. Thereby the urban traffic can be noticeable reduced, along with an emission reduction.

In addition, Sixt also invests into innovative e-mobility concepts. Since 2018 Sixt has been holding an investment in Chargery, a mobile charging service based in Berlin. Furthermore the percentage of electrically powered cars continuously increased especially in carsharing.

For the first time in 2019 Sixt Leasing via its online platform [sixt-neuwagen.de](https://www.sixt-neuwagen.de) has offered private customers the leasing of e-scooters. The limited offer was provided in cooperation with a Swedish manufacturer.

2.1 MATERIALITY

The reporting for the summarised non-financial declaration of the Group is based on the principle of materiality. To determine material issues, Sixt regularly conducts a materiality analysis. This is based on the established management systems for quality and environment, their inherent fields of action as well as the measures deducted therefrom. The further process includes industry-relevant aspects and insights gained from the analysis of competitors and other comparative companies. Workshops or surveys conducted with the professional departments then identify and prioritise the material issues that are of relevance for Sixt. A cross-departmental team coordinates the entire process. The analysis findings established are transferred into key fields of action and then validated by the Managing Board.

Sixt has identified six material fields of action which can be assigned to the five non-financial aspects formulated in the CSR Directive Implementation Act:

Non-financial aspect	HGB	Material fields of action	Section
Combating corruption and bribery	Section 289c (2) number 5	Corporate governance and compliance	3.1
Environmental issues	Section 289c (2) number 1	Climate protection	3.2
		Utilisation of resources	3.3
Employee issues	Section 289c (2) number 2	Employer attractiveness	3.4
		Staff development and promotion	3.5
Social issues	Section 289c (2) number 3	Social commitment	3.6
Respect for human rights	Section 289c (2) number 4	For Sixt no material field of action as defined by the CSR Directive Implementation Act	-

These material fields of action are of special significance for business development and demonstrate in which areas Sixt identifies focal points of action.

The materiality analysis determined that the non-financial aspect of "Respect for human rights" for Sixt due to its activities and the business segments of the Group, does not constitute a material field of action in the meaning of the CSR Directive Implementation Act. This notwithstanding, Sixt explicitly undertakes to respect human rights. Further information regarding the respect for human rights within the Sixt Group can be found in the section "Corporate governance and compliance" in this summarised non-financial declaration of the Group.

2.2 STRATEGY AND MANAGEMENT APPROACH

It is Sixt's declared objective to integrate the principle of sustainable development into its entrepreneurial decision-making procedures in the long run. The Group uses its organisational structures and governance processes to promote and control responsible entrepreneurial actions, from strategy through to implementation. Moreover, Sixt has implemented management systems in keeping with international standards for quality (DIN EN ISO 9001:2015) and environmental protection (DIN EN ISO 14001:2015). This way, Sixt 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 determines the corresponding strategies and programmes. A voluntary commitment declaration for

"Health, Safety, Security, Sustainability and Environmental Protection" adopted and signed by the Managing Board back in 2015 serves employees in the Sixt Group as a guideline for sustainable action in their day-to-day business activities. The various business units and professional departments implement and manage the sustainability measures and report the sustainability data against the background of their respective core business activities and/or task fields. The monitoring of targets and measurements is performed and continuously optimised by the People Management department, the Operations department and the function Governance, Risk Management & Controls (GRC). The finance department will prepare the summarised non-financial declaration of the Group. Regular recurring activities will include above all the reviewing and monitoring of sustainability targets for the relevant departments and preparation of the relevant issues and analyses for the Managing Board.

For collecting, analysing and implementing improvement measures on the basis of customer feedback a comprehensive process was established. Sixt has been regularly conducting standardised surveys to obtain customer feedback ever since 2008. In addition, it has also implemented a complaint management system, which handles customer concerns in a timely and effective manner.

In order to be able to objectively assess the development of sustainability measures, Sixt cooperates with sustainability rating agencies. From the obtained external feedback, Sixt derives goals and measures for further sustainability optimisation.

Over and above statutory requirements, Sixt'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.

3. MATERIAL FIELDS OF ACTION

The objective of Sixt's sustainability management is to harmonise the Group's business activities with ecological, social and ethical aspects. It is operationalised through 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 thereby attached to customers, employees, suppliers and investors.

Alongside the higher-level areas of "Sustainability at Sixt" and "Strategy and Management" the Group's sustainability management is divided up into six further material fields of action, which are outlined in the following.

3.1 CORPORATE GOVERNANCE AND COMPLIANCE

The success of Sixt rests not only on the Group's 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 Group. Such trust can only be won and maintained if all employees adhere to the law and legislation and maintain Sixt's strict behavioural standard. Franchise and agency partners likewise are obliged by the same duties, as outsiders recognise them as Sixt's representatives. It is Sixt's declared aim to make all employees as well as franchise and agency partners regularly aware of the issue of compliance. A key role is afforded here to the Group-wide applicable Code of Conduct. All employees, franchise and agency 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 Sixt, intellectual property of third parties and information.

Conceptual chart: Corporate governance and compliance

Objective	Measures	Performance indicator
Sensitising employees, franchise and agency partners to compliance	Regular review of the Code of Conduct Integration of further compliance requirements into the Code of Conduct Obliging employees, franchise and agency partners to adhere to the Code of Conduct, extended guidelines for especially sensitive business areas	J.
Compliance organisation	Implementation of an internal governance structure according to the three lines of defence model Compliance audits among others by internal audit	J.

The Code of Conduct specifies, among other things, the institution of an external ombudsman. In case employees have 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 to the Managing Board and assists as well as advises the Board with respect to preventive measures. All Group companies worldwide are regularly inspected regarding their compliance with all laws and adherence to the Code of Conduct.

Moreover, Sixt has formulated clear expectations concerning its employees' correct behaviour and ensures that business relations can only be maintained with customers and business partners whose business activities comply with statutory stipulations and whose financial means have a lawful origin. Those

companies of the Sixt Group that are legally bound to, have instituted an anti-money-laundering officer with a clear brief and have drawn up organisational guidelines to prevent money laundering, terrorist financing and other criminal activities. Every employee has signed and accepted the relevant guidelines. In addition, all employees receive regular training relating to this thematic complex. Their due participation in these training sessions is recorded and filed.

External service providers and suppliers also contribute to Sixt's value creation. These are carefully selected according to commercial and ecological aspects as well as from the aspect of compliance with legal requirements and social standards. In Germany, the selection criteria for cooperation with temporary employees include compliance with the minimum wage law and

the application of collective agreements for temporary work. The external service providers and suppliers are regularly checked.

As an internationally active company Sixt 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, Sixt contractually obliges its franchise and agency partners to comply with strict social standards and to act with integrity in accordance with ethical principles.

3.2 CLIMATE PROTECTION

As a provider of mobility solutions Sixt is aware of its responsibility for climate protection and has set itself the target of continually lowering the average CO₂ emissions of its 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 Mobility and Leasing Business Units as well as by providing attractive 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

All vehicles of the Mobility Business Unit in Sixt's corporate countries are state-of-the-art in terms of resource efficiency, CO₂ emissions and safety systems. As a rule, passenger cars in the rental fleet are held for a period of six months or a mileage of around 25,000 kilometres, before they are replaced by the latest models available on the market. Furthermore, the number of vehicles with electrical or hybrid powertrains and those vehicle versions showing higher energy efficiency in the Sixt fleet increases continuously. When extending its product range, Sixt makes sure that the generally higher CO₂ emissions of vehicles in the premium segment will not adversely affect the average emissions level of the entire fleet. For over ten years now Sixt has been successful in reducing the average CO₂ emissions of its European rental fleet. Since 2008 CO₂ emissions have come down from 160 g/km to currently 140 g/km. The nominal

increase in 2019 (+12%) stems from new exhaust test procedures (WLTP). According to the German Association of the Automotive Industry (Verband der Automobilindustrie), the automotive industry expects an average nominal increase in fuel consumption values of 15 to 20% when using the WLTP procedures. It cannot be ruled out that the average CO₂ emissions of the fleet will not decrease as expected in the coming years due to changes in the fleet mix in the course of discussions about the use of diesel vehicles. This does not affect the sustainability strategy. Sixt aims to keep the average CO₂ emissions in 2020 on a similar level as 2019.

Source

<https://www.vda.de/en/topics/environment-and-climate/exhaust-emissions/emissions-measurement>; 13 March 2020

Average CO ₂ emissions of the European fleet in the Mobility Business Unit in g/km	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	140	125	123	122	126	129	133	138	144	149	157	160

Sixt Leasing offers leasing agreements to private, commercial and corporate customers for new vehicles with terms anywhere between twelve and 54 months. As per 31 December 2019 the contracts had an average term of around 42 months. Consequently the leasing fleet is continually being renewed with the more modern vehicles carrying more efficient technologies.

For years now Sixt Leasing has been assisting and following the developments in electric mobility and alternative vehicle powertrains as it promotes these by cooperating with manufacturers, dealers and electric utility suppliers. The company has extensive expertise in the selection and deployment of hybrid and electric vehicles and is therefore capable of giving interested customers competent advice and can optimise cor-

porate fleets with regard to its sustainability aspects. This includes for example the use of e-car pools, improving pollutant emissions and introducing a CO₂ bonus-malus system.

Average CO ₂ emissions of the fleet in the Leasing Business Unit in g/km	2019	2018	2017	2016
	125	124	126	128

3.3 UTILISATION OF RESOURCES

The protection of the environment and responsible utilisation of resources are taken for granted by Sixt. In its own sphere of influence the Group keeps its energy and water consumption as low as possible. With the assistance of its environmental management systems, which at its key locations are certified according to the international standard DIN EN ISO 14001:2015, Sixt regularly monitors its consumption of resources and strives to achieve continuous improvements in efficiency.

Sixt 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. Measures to increase energy efficiency can be easily implemented, above all, in Sixt's corporate headquarters for the Mobility and Leasing Business Units, as the Group has direct responsibility there for the planning, erecting and operating of buildings, the technical infrastructure and

IT. According to the energy audit after DIN EN 16247-1, which was conducted for last time in fiscal year 2017 for the calendar year 2016 and is to be renewed every four years, the consumption ratings for the corporate headquarters are within the normal parameter range, while the heating demand is below average. Since 2018, the corporate headquarters of Sixt SE is connected to geothermal energy. This reduces the gas consumption of the companies site in Pullach by 95 kWh natural gas / m²a. Further modernisation measures have significantly improved energy efficiency, among other things. One part is the increased use of LED lightning. This will lead to a 50% savings in electricity for lightning according to the last energy audit.

As the buildings at other corporate sites are rented, Sixt has a more limited influence on their energy efficiency. Nevertheless, Sixt pays close attention to the use of sustainable technologies in the ongoing renewal, the expansion and the new furnishing of stations. Sixt stations are almost exclusively equipped with energy-saving LED lightning.

Conceptual chart: Energy

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

Total energy consumption of the audit includes all of the Group's German sites. The corporate headquarters in Pullach and the Berlin site were audited. The multi-site procedure was applied for the rental station cluster. Almost half of the company's energy

consumption is generated in form of fuel (business trips, transfers and defleeting). The conduction of an up-to-date energy audit and therefore an update of the consumptions figures according to the current planning is intended for the year 2020.

Total energy consumption (compiled 2017 for fiscal year 2016, according to energy audit)	2016	
	in Gigawatt hours (GWh)	in %
Electric power	7.8	30
Passenger car fuel	14.6	56
Heating	2.5	9
District heating	0.2	1
Natural gas	1.2	4
Total	26.3	100

Conceptual chart: Water

Objective	Measures	Performance indicator
Optimising water consumption in the corporate headquarters compared to the previous year	Implementing water saving measures in the corporate headquarters and other stations	Total water consumption in the corporate headquarters
Optimising water consumption at rental stations compared to the previous year	Increasing cleaning of passenger cars without the use of car washing facilities Using non-toxic detergents	Share of cleaning without the use of car washing facilities in Germany

Next to improving its energy efficiency, Sixt has set itself the target of continually optimising its water consumption. Accordingly, water saving measures have been carried out not only in the corporate headquarters but also at rental stations with car

washing facilities. Thus, the water consumption per employee in corporate headquarters could be further reduced to 6.5 m³ in 2019 (previous year: 7.9 m³). Notwithstanding this, further measures to reduce consumption are being examined.

Water consumption per employee in corporate headquarters in m ³	2019	2018	2017
	6.5	7.9	8.6

When procuring new car washing facilities Sixt pays attention to their energy efficiency, the best possible grey water usage and resource-saving operation. For detergents Sixt buys products that are environmentally compatible. In 2016 Sixt started

to introduce alternative solutions to generally reduce the car washing with water consuming car washing facilities. By this next to water Sixt also saves an imputed number of between 2.6 and 3.0 million kilometres in mileage.

Share of cleaning of passenger cars in Germany without the use of car washing facilities in %	2019	2018	2017
	ca. 20	ca. 16	ca. 16

Sixt is also consistently converting the printing and dispatch of rental contracts and invoices to electronical document dispatch. In 2019, Sixt largely discontinued printing and mailing of rental contracts on paper in Germany. Exceptions relate, for example, to explicit customer requests for paper form or processes that require a rental agreement or invoice on paper.

3.4 EMPLOYER ATTRACTIVENESS

Sixt takes intensive measures to be and continue to be an attractive employer to its workforce. To actively promote its development and health, integrate it into decisions and to provide equal opportunities for all.

The newly established DiverSIXTy network supports the most varied aspects of diversity in the company. Project groups or-

ganise activities and panel discussions to address such hot topics as interculturality, LGBTIQ, promotion of women or gender equality.

Furthermore, so called Feel Good Managers were established, which look after the onboarding process, especially taking into consideration the growing number of foreign members of staff in the corporate headquarters. The pilot stage of the Feel Good Managers in the IT department was successfully completed and will be extended in the future for the IT as well as other departments. The employee satisfaction as well as the satisfaction with the onboarding process increased significantly.

Besides, the Group has set its sights on improving the work-life balance of its members of staff. To this end, flexible working time programmes are extended. Employees in the central and administrative functions, as well as executives, for example enjoy working time arrangements based on trust. As of 31 December 2019 around 39% (2018: 37%) of all employees in the Mobility Business Unit in Germany have working time arrangements based on trust, all other employees record their working hours. Furthermore, Sixt aims to keep employee satisfaction at a high level. To this end, the company conducts regular employee surveys, from which it then derives further measures. In addition, Sixt relies on an active feedback culture, 360-degree feedback and customised development and promotional programmes. In order to further advance the topic of occupational health management, Sixt offers its employees health offers like sports classes or so called health days.

In addition Sixt strives to continuously attract the best talents and to position itself as an attractive employer on the labour market.

Besides the classic job portals and career shows, Sixt takes new and novel approaches when presenting itself as a company and relies to this end on an innovative virtual reality-based experience presentation. This technology allows career show visitors to browse and find their way around their potential job at Sixt directly at the company's exhibition stand. To support the recruitment of graduates, the Sixt University Relations Team once again attended numerous university job fairs over the past year and also held various guest lectures at universities of choice.

In the current year, Sixt placed special emphasis on recruiting international IT experts to drive forward the digitisation of the company, its products and services as well as its internal processes. To increase its appeal as an employer for the Tech area, internally as well as externally, and to meet the requirements of an increasingly international workforce, the company, for example, conducted intercultural training sessions and individual orientation workshops. Emphasis was also placed on promoting professional exchanges and communication, both through internal Tech Summits and Townhall Events as well as through external events such as MeetUps and Hackathons, which were also open to the public.

Further information on strategic personnel development and the relevant KPIs can be found in the section "Human resources report" of the Annual Report 2019 of Sixt SE.

Conceptual chart: Employer attractiveness		
Objective	Measures	Performance indicator
Increasing Sixt's attractiveness as employer of choice	Continual further development of a global employer branding concept	J.
	Extension of Feel Good Management to further departments	Number of departments with Feel Good Management support
Improving employees' work-life balance	Expanding the programmes to strengthen work-life balance	Quota of employees in time arrangements based on trust
Maintaining high satisfaction levels among employees	Regular execution and evaluation of surveys on employee satisfaction	J.
	Deducing potential action requirements from the survey findings	

3.5 STAFF DEVELOPMENT AND PROMOTION

Sixt's entrepreneurial success is vitally dependent on the knowledge, skills and commitment of its employees. In this Sixt challenges its workforce to act on their own responsibility, to continually improve Sixt's services and to meet the changing mobility requirements of customers. The Group is therefore committed to a culture that has the people at its centre who work for Sixt. It is Sixt's 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.

Finding and promoting talents goes hand in hand with further developing professional expertise. To this end Sixt 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.

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	Number of trainings and participants
Further development of remuneration models	Regular evaluation and improvement of employee participation programmes	./.

The existing remuneration models are regularly evaluated. In addition, as part of studies, Sixt ascertains whether the remuneration paid to its workforce is still in line with the market and deduces corresponding measures.

Relevant parameters and further information on the employee promotional programmes, the key features of the remuneration system as well as the employee participation programme can be found in the "Human resources report" as well as the "Corporate governance report" in the Annual Report 2019 of Sixt SE.

3.6 SOCIAL COMMITMENT

Sixt 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 Sixt's identity, principles and values. The Group 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.

As a cooperation partner Sixt supports the independent "Regine Sixt Kinderhilfe Stiftung", 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. Throughout the year, the "Regine Sixt Kinderhilfe Stiftung" receives numerous proposals and applications also from Sixt employees to support projects and initiatives that benefit children worldwide. The selection and implementation of the projects are carried out in close co-ordination between the Company and the foundation.

For many years now Sixt employees at their various work sites have been taking up the opportunity to engage in social actions. This can take the form of visits to hospitals over Christmas or Easter as well as renovation work as part of children's aid projects that are supported by the "Regine Sixt Kinderhilfe Stiftung". As part of the initiative Drying Little Tears Day which was launched in 2018, the Sixt Group offers its employees one day off to support these activities. In 2019, 91 employees (2018: 99 employees) in Germany used this possibility.

Conceptual chart: Social commitment		
Objective	Measures	Performance indicator
Expanding social commitment	Drying Little Tears Days	Number of employee days
Continuing the partnership with the "Regine Sixt Kinderhilfe Stiftung"	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	J.

The financial contributions and non-profit charity work provided over the last years has seen support going to institutions worldwide, among others, in Germany, Israel, Northern Ireland, Switzerland, Nepal, Eritrea and Barbados. Since 2010 over 175 projects and initiatives in over 50 countries have been supported and assisted.

4. MATERIAL RISKS

The Sixt Group has installed a Group-wide internal risk management and control system designed to identify at an early stage all developments that can lead to significant losses or endanger the continued existence of the Group. As part of the established risk management system, the Group department GRC regularly reviews, analyses and assesses the probability of the occurrence and the effects of all the risks listed. The results are communicated to the Managing Board and Supervisory Board so that the necessary counter measures can be initiated at an early stage if needed.

In addition, the risk metering and control systems as well as the organisation of risk management established within Sixt Leasing SE comply with the minimum requirements for credit risk management of institutes (MaRisk) as defined by Bundesan-

stalt für Finanzdienstleistungsaufsicht (BaFin – Federal Financial Supervisory Authority). Internal MaRisk guidelines and controls are constantly reviewed and enhanced.

The CSR Directive Implementation Act on the disclosure of information of non-financial nature and regarding diversity provides for companies to disclose also those risks stipulated in section 289 c (3) number 3 and 4 of the HGB, alongside their reporting on non-financial matters. The summarised non-financial declaration of the Group submitted by Sixt views risks from a net-perspective, i.e. risks are assessed after allowance for risk-mitigating measures. As a purely tertiary service provider, the Sixt Group could not identify any material risks associated with non-financial aspects which are connected to the Company's own business activities or with business relations, products and services of the Company and which could have any severe adverse effect on non-financial matters. Risks such as climate change, whose risk content can as yet not be reliably assessed (so-called emerging risks) are monitored as part of the Group-wide risk management process.

For a more detailed insight into the risk management system and the material risks associated with the business activities, business relations and services of Sixt, reference is made to the "Report on risks and opportunities" in the Annual Report 2019 of Sixt SE.

B.8 || DEPENDENT COMPANY REPORT

In accordance with section 17 of the AktG, Sixt SE is a dependent company of Erich Sixt Vermögensverwaltung GmbH, Pullach, as well as ES Asset Management and Services GmbH & Co. KG, Pullach. According to article 9 (1) lit. c) (ii) of the SE regulation, section 49 (1) SEAG in conjunction with section 312 of the AktG

a report is therefore prepared containing the following concluding declaration by the Managing Board:

“There were no legal transactions or measures subject to disclosure requirements in the fiscal year.”

B.9 || CORPORATE GOVERNANCE DECLARATION IN ACCORDANCE WITH SECTIONS 289F AND 315D OF THE HGB

The corporate governance declaration in accordance with sections 289f and 315d of the HGB is contained in Sixt SE's Annual Report 2019 as part of the corporate governance report and is

available to the general public online at ir.sixt.eu under “Corporate Governance”.

B.10 || ADDITIONAL INFORMATION FOR SIXT SE PURSUANT TO HGB

Fundamentals and business performance

Sixt SE (European Stock Corporation – Societas Europaea) is the parent company that acts as the holding company for the Sixt Group. The legal form “SE” of the holding reflects the Group's strong international orientation. Sixt SE assumes central administrative and management tasks and is responsible for the strategic and financial management of the Group. To provide those administrative tasks employees that carry out Group-wide functions have been taken over from Sixt GmbH & Co. Autovermietung KG as of 1 January 2019. Sixt SE also carries out various financing functions, primarily for the key companies of the Mobility Business Unit. Sixt SE holds a percentage of 41.9% in Sixt Leasing SE, which together with its subsidiaries forms the Leasing Business Unit. Sixt SE fully consolidates Sixt Leasing SE including its subsidiaries in its consolidated financial statements due to control according to IFRS 10. Sixt SE is headquartered in Pullach with registered branches in Leipzig and at Munich Airport.

In its function Sixt SE's business performance, net assets, financial position and results of operations as well as its risks and opportunities are essentially dependent on the development of Sixt Group's consolidated companies.

Business performance of Sixt SE is characterised by the services provided to its subsidiaries, by the financing requirements and the proceeds distributed or transferred by Sixt Group's subsidiaries. The annual financial statements of Sixt SE are prepared pursuant to (German) commercial law and the legal stipulations on stock corporations and serve as the basis for the fiscal year's allocation of the unappropriated profit to be approved by the Annual General Meeting.

Results of operations, net assets and financial position

For its services rendered, Sixt SE receives remunerations of EUR 83.4 million (2018: EUR 9.1 million). The year-on-year increase is due to taking over additional Group-wide administrative tasks. Other operating income includes among others income from forwarding costs. In the previous year the income from the sale of the stake in the joint venture DriveNow of EUR 171.8 million was also included. Besides this, Sixt receives EUR 37.0 million (2018: EUR 35.7 million) from financing services and income from investments and earnings transfers of EUR 141.0 million (2018: EUR 107.7 million). This is set off by personnel and operational expenses of EUR 222.2 million (2018: EUR 33.5 million) as well as interest and similar expenses of EUR 23.2 million (2018: EUR 24.0 million). There were loss

transfers in the year under review in the amount of EUR 5.1 million (2018: EUR 8.9 million). The taxes on income are at EUR 16.3 million (2018: EUR 31.2 million). Net income for the period under review is EUR 107.7 million (2018: EUR 239.0 million).

Sixt SE's significant assets consist of shareholdings in affiliated companies and investments of EUR 803.5 million (2018: EUR 758.9 million). In addition, Sixt SE recognises receivables from affiliated companies and investments of EUR 2,087.4 million (2018: EUR 1,542.8 million).

As in the year before, the share capital of Sixt SE amounts to EUR 120.2 million. The equity reported amounts to EUR 691.0 million (2018: EUR 684.5 million).

Significant financial liabilities are the outstanding bonds of EUR 750.0 million (2018: EUR 750.0 million), liabilities from borrower's note loans in the amount of EUR 995.0 million (2018: EUR 738.0 million), as well as commercial paper with EUR 70.0 million (2018: EUR - million). Further to these, Sixt SE has liabilities to affiliated companies of EUR 212.2 million (2018: EUR 83.3 million).

Risks, opportunities and outlook

As far as its opportunities and risks are concerned, Sixt SE's development is essentially dependent on the performance of the operating companies within the Sixt Group. To this extent, the overall assessment in the report on risks and opportunities of the Sixt Group serves as reference. The economic development of Sixt SE is likewise significantly determined by the performance, financing requirements and earnings strength of the Sixt Group's companies. Their earnings distributions are directly or indirectly determined by the resolutions of Sixt SE. The realised annual results from Sixt Leasing SE are dependent on the resolution of the Annual General Meeting of this company. In line with its expectations regarding the impediments of the business development of the operating subsidiaries by the spread of the corona virus, for the current year Sixt SE expects positive but sharply declining earnings before taxes (EBT). These expectations are currently characterised by a high degree of uncertainty.

Investments

As part of its financing function within the Sixt Group, Sixt SE will provide consolidated companies with loans and funds in the form of equity when required. Potential company start-ups or acquisitions could require investments to be made by Sixt SE.

Pullach, 31 March 2020

Sixt SE

The Managing Board

ERICH SIXT	JÖRG BREMER	DETLEV PÄTSCH	ALEXANDER SIXT	KONSTANTIN SIXT
------------	-------------	---------------	----------------	-----------------

ANNEX TO THE MANAGEMENT REPORT ON THE GROUP'S AND THE COMPANY'S SITUATION: REPORT ON EQUALITY AND EQUAL PAY (UNAUDITED)

In accordance with the provisions of the Entgelttransparenzgesetz (EntgTranspG – Transparency in Wage Structures Act) and pursuant to section 21 of the EntgTranspG Sixt SE is obliged for the first time in fiscal year 2020 to publish a report on equality and equal pay as an annex to the management report on the Group's and the Company's situation 2019, which must refer to the 2018 fiscal year. This reporting duty is incumbent on the Company due to its workforce exceeding the threshold of 500 employees as per 1 January 2019. The higher number of employees of Sixt SE resulted from structural changes undertaken within the Sixt Group.

In fiscal year 2018, only one full-time employee was employed by Sixt SE. Therefore direct measures to promote equality and to achieve equal pay were not necessary within the workforce in fiscal year 2018 and also not implemented.

In principle, Sixt SE and its associated companies, as employers, promote equality between women and men by taking various measures. The foundation for the reorientation of the talent programs was laid in fiscal year 2018. Furthermore, the introduction of Feel Good Managers created the basis for facilitating the in-

tegration in particular of foreign employees in Germany. In addition, fiscal year 2018 saw the introduction of the Female Career Tandem to secure qualification for women and equal opportunities. For the same reason, the program was then rolled out in a second step for all employees. Thereby, experienced managers exchange their practical knowledge and experience for one year across company and hierarchy boundaries with the tandem partners of either gender.

Flexible working time models such as so-called mobile work allow employees in the headquarters to better integrate work and private life. Despite the issues of shift work prevalent in many parts of the company, extra care is taken to reconcile the legitimate needs of the employees with the operational requirements of the company.

The Company is also involved in numerous associations active in the promotion of women. These include, for example, the association of German female entrepreneurs – Verband deutscher Unternehmerinnen, the association Femmes Chefs d'Entreprises Mondiales, the VICTRESS Initiative e.V. as well as the Women's International Zionist Organisation.

C || CONSOLIDATED FINANCIAL STATEMENTS

C.1 || CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

of Sixt SE, Pullach, for the year ended 31 December 2019

Consolidated Income Statement					
in EUR thou.		Notes	2019	2018	
Revenue	4.1\		3,306,498	2,929,534	
Other operating income	4.2\		199,641	189,013	
Fleet expenses and cost of lease assets	4.3\		1,135,936	1,000,644	
Personnel expenses	4.4\		503,326	419,821	
a) Wages and salaries		426,402		355,396	
b) Social security contributions		76,924		64,425	
Depreciation and amortisation expense	4.5\		709,192	538,735	
a) Depreciation of rental vehicles		408,124		316,944	
b) Depreciation of lease assets		188,030		195,919	
c) Depreciation of property and equipment		104,078		16,937	
d) Amortisation of intangible assets		8,961		8,935	
Other operating expenses	4.6\		777,986	786,295	
Earnings before interest and taxes (EBIT)			379,699	373,052	
Net finance costs	4.7\		-42,283	161,515	
a) Interest income		2,101		1,037	
b) Interest expense		44,183		36,542	
c) Other net financial income		-201		198,990	
d) Result from at-equity measured investments		-		-1,970	
Earnings before taxes (EBT)			337,416	534,566	
Income tax expense	4.8\		90,606	95,713	
Consolidated profit			246,811	438,853	
Of which attributable to minority interests	4.9\		12,464	12,831	
Of which attributable to shareholders of Sixt SE			234,347	426,022	
Earnings per ordinary share – basic (in EUR)	4.10\		4.97	9.07	
Earnings per ordinary share – diluted (in EUR)	4.10\		4.97	9.07	
Earnings per preference share – basic (in EUR)	4.10\		5.02	9.09	
Earnings per preference share – diluted (in EUR)	4.10\		5.02	9.09	

Consolidated statement of comprehensive income					
in EUR thou.		Notes	2019	2018	
Consolidated profit			246,811	438,853	
Other comprehensive income (not recognised in the income statement)			14,212	9,300	
Components that could be recognised in the income statement in future					
Currency translation gains/losses			14,383	10,417	
Changes in the fair value of derivative financial instruments in hedge relationship			277	-924	
Related deferred taxes			162	-	
Components that could not be recognised in the income statement in future					
Remeasurement of defined benefit plans	4.25\		-857	-214	
Related deferred taxes			248	21	
Total comprehensive income			261,022	448,152	
Of which attributable to minority interests			13,142	12,176	
Of which attributable to shareholders of Sixt SE			247,880	435,977	

C.2 || CONSOLIDATED BALANCE SHEET

of Sixt SE, Pullach, as at 31 December 2019

Assets			
in EUR thou.	Notes	31 Dec. 2019	31 Dec. 2018
Non-current assets			
Goodwill	4.11\	28,911	28,204
Intangible assets	4.12\	32,555	29,415
Property and equipment	4.13\	606,345	201,509
Lease assets	4.14\	1,119,670	1,204,419
Financial assets	4.15\	2,352	4,042
Other receivables and assets	4.19\	5,409	5,111
Deferred tax assets	4.8\	47,521	29,653
Total non-current assets		1,842,763	1,502,353
Current assets			
Rental vehicles	4.16\	3,033,364	2,605,207
Inventories	4.17\	101,734	97,564
Trade receivables	4.18\	765,038	558,848
Other receivables and assets	4.19\	298,314	267,153
Income tax receivables		37,715	16,246
Cash and bank balances	4.20\	170,519	145,936
Total current assets		4,406,683	3,690,954
Total assets		6,249,446	5,193,307
Equity and liabilities			
in EUR thou.	Notes	31 Dec. 2019	31 Dec. 2018
Equity			
Subscribed capital	4.21\	120,175	120,175
Capital reserves	4.22\	240,659	241,412
Other reserves	4.23\	1,098,619	955,055
Minority interests	4.24\	132,701	125,381
Total equity		1,592,154	1,442,023
Non-current liabilities and provisions			
Provisions for pensions and other post-employment benefits	4.25\	3,306	2,427
Other provisions	4.26\	913	1,053
Financial liabilities	4.27\	2,652,691	2,290,638
Other liabilities	4.28\	16,513	18,907
Deferred tax liabilities	4.8\	43,336	32,800
Total non-current liabilities and provisions		2,716,758	2,345,825
Current liabilities and provisions			
Other provisions	4.26\	121,110	112,314
Income tax liabilities		36,417	53,844
Financial liabilities	4.27\	784,518	448,826
Trade payables	4.29\	832,920	644,391
Other liabilities	4.28\	165,569	146,084
Total current liabilities and provisions		1,940,534	1,405,459
Total equity and liabilities		6,249,446	5,193,307

C.3 || CONSOLIDATED CASH FLOW STATEMENT

of Sixt SE, Pullach, for the year ended 31 December 2019

Consolidated cash flow statement			
in EUR thou.	Notes	2019	2018
Operating activities			
Consolidated profit		246,811	438,853
Income taxes recognised in income statement	4.8\	97,065	103,005
Income taxes paid		-137,512	-102,021
Financial result recognised in income statement ¹	4.7\	42,232	35,854
Interest received		730	899
Interest paid		-38,409	-33,060
Dividends received		250	300
Depreciation and amortisation	4.5\	709,192	538,735
Income from disposal of fixed assets		-939	-5,702
Income from disposal of financial assets		-	-197,843
Other (non-)cash expenses and income		1,803	38,707
Gross cash flow		921,223	817,726
Proceeds from disposal of lease assets		307,033	279,357
Payments for investments in lease assets	4.14\	-407,039	-475,731
Change in rental vehicles, net	4.16\	-836,281	-846,155
Change in inventories	4.17\	-4,170	-21,735
Change in trade receivables	4.18\	-206,190	-64,973
Change in trade payables	4.29\	188,530	-46,608
Change in other net assets		-3,848	11,716
Net cash flows used in operating activities		-40,743	-346,403
Investing activities			
Proceeds from disposal of intangible assets, property and equipment		3,028	24
Proceeds from disposal of financial assets		-	209,000
Payments for investments in intangible assets, property and equipment	4.11\ to 4.13\	-46,141	-53,753
Payments for investments in financial assets	4.15\	-1,137	-369
Payments for acquisitions less acquired cash and cash equivalents		-466	-5,982
Net cash flows used in/from investing activities		-44,715	148,919
Financing activities			
Payments made due to the purchase of treasury shares		-2,712	-2,570
Dividends paid		-107,004	-193,849
Payments received from taken out borrower's note loans, bonds and bank loans	4.27\	661,290	838,215
Payments made for redemption of borrower's note loans, bonds, bank loans and lease liabilities	4.27\	-421,346	-378,100
Payments made for redemption of/payments received from taken out short-term financial liabilities ²	4.27\	-22,718	-8,016
Net cash flows from financing activities		107,510	255,679
Net change in cash and cash equivalents		22,052	58,196
Effect of exchange rate changes on cash and cash equivalents		1,368	140
Changes in the scope of consolidation		1,163	15
Cash and cash equivalents at 1 Jan.		145,936	87,585
Cash and cash equivalents at 31 Dec.	4.20\	170,519	145,936

¹ Excluding income from investments

² Short-term borrowings with terms of up to three months and quick turnover

C.4 || CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of Sixt SE, Pullach, as at 31 December 2019

Consolidated statement of changes in equity	Subscribed capital	Capital reserves	Retained earnings	Currency translation reserve	Other reserves Other equity	Treasury shares	Equity attributable to shareholders of Sixt SE	Minority interests	Total equity
in EUR thou.									
1 Jan. 2019	120,175	241,412	211,841	-3,983	747,198	-	1,316,642	125,381	1,442,023
Consolidated profit	-	-	-	-	234,347	-	234,347	12,464	246,811
Dividend payments 2018	-	-	-	-	-101,260	-	-101,260	-5,744	-107,004
Other comprehensive income	-	-	-	14,123	-589	-	13,533	678	14,212
Purchase of treasury shares	-	-	-	-	-	-2,712	-2,712	-	-2,712
Re-issuance of treasury shares	-	-	-	-	-	2,712	2,712	-	2,712
Increase due to the employee participation programme	-	1,309	-	-	-	-	1,309	25	1,334
Disposal from the exercise under the employee participation programme	-	-5,117	-	-	-	-	-5,117	-100	-5,217
Transfer to capital reserves	-	3,041	-	-	-3,041	-	-	-	-
Other changes	-	15	-3,243	-	3,228	-	-	-3	-3
31 Dec. 2019	120,175	240,659	208,597	10,140	879,882	-	1,459,454	132,701	1,592,154
31 Dec. 2017	120,175	242,512	211,378	-14,177	498,947	-	1,058,834	119,020	1,177,854
Adjustment on adoption of IFRS 9	-	-	-	-	13,563	-	13,563	11	13,574
1 Jan. 2018	120,175	242,512	211,378	-14,177	512,509	-	1,072,397	119,031	1,191,428
Consolidated profit	-	-	-	-	426,022	-	426,022	12,831	438,853
Dividend payments 2017	-	-	-	-	-188,105	-	-188,105	-5,744	-193,849
Other comprehensive income	-	-	-	10,194	-239	-	9,955	-655	9,300
Purchase of treasury shares	-	-	-	-	-	-2,570	-2,570	-	-2,570
Re-issuance of treasury shares	-	-	-	-	-	2,570	2,570	-	2,570
Increase due to the employee participation programme	-	1,184	-	-	-	-	1,184	45	1,229
Disposal from the exercise under the employee participation programme	-	-4,811	-	-	-	-	-4,811	-123	-4,934
Transfer to capital reserves	-	2,527	-	-	-2,527	-	-	-	-
Other changes	-	-	463	-	-463	-	-	-4	-4
31 Dec. 2018	120,175	241,412	211,841	-3,983	747,198	-	1,316,642	125,381	1,442,023

See also the Notes [|4.21|](#) to [|4.24|](#)

C.5 || NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of Sixt SE, Pullach, for the year ended 31 December 2019

1. General disclosures	87
1.1 Information about the Company	87
1.2 General disclosures on the consolidated financial statements	87
2. Consolidation	90
2.1 Consolidated companies	90
2.2 Changes in the scope of consolidation	94
2.3 Consolidation methods	94
2.4 Foreign currency translation	94
3. Reporting and valuation methods	95
3.1 Income statement	95
3.2 Assets	96
3.3 Equity and liabilities	99
3.4 Hedging relationships	100
3.5 Estimation uncertainties and discretionary decisions	100
4. Explanations and disclosures on individual items of the consolidated financial statements	101
4.1 Consolidated income statement	101
4.2 Consolidated balance sheet	108
4.3 Additional disclosures on financial instruments	122
5. Other disclosures	130
5.1 Segment reporting	130
5.2 Contingent liabilities and other financial obligations	131
5.3 Share-based payment	131
5.4 Related party disclosure	135
5.5 Proposal for allocation of the unappropriated profit	137
5.6 Events subsequent to reporting date	138
5.7 Declaration of conformity in accordance with section 161 of the AktG	138
5.8 Authorisation of the consolidated financial statements in accordance with IAS 10.17	138

1. GENERAL DISCLOSURES

1.1 INFORMATION ABOUT THE COMPANY

Sixt SE, domiciled in Zugspitzstrasse 1, 82049 Pullach, Germany, is registered in section B of the commercial register at the Munich Local Court, under docket number 206738. The Company was formed in 1986 as a result of a reorganisation of "Sixt Autovermietung GmbH", established in 1979, and has traded since then as "Sixt Aktiengesellschaft", which in 2013 was transferred into "Sixt SE". The Company floated on the stock market in 1986. It has registered branches in Leipzig and at Munich airport. The Company has been established for an indefinite period.

In accordance with its Articles of Association, the purpose of the Company is to rent, lease and sell vehicles, aircraft and moveable equipment, to manage, acquire, administer and provide support for companies and equity interests in companies, particularly those whose purpose wholly or partly extends to the aforementioned areas of activity, and to carry out any secondary activities that fall within these areas in the widest sense, as well as any other business activities that serve its purpose. The Company can establish branches at home and abroad, found, acquire or hold equity interests stakes in other companies in and outside Germany. The limits of aforementioned purpose shall not apply to the purpose of subsidiaries and investees. The Company is entitled to hand over its operations wholly or partly to subsidiaries or investees as well as to transfer its operations wholly or partly to subsidiaries or investees. The Company can limit its activities to one or specific purposes 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 120,174,996.48. Both ordinary shares and non-voting preference shares have been issued, both categories as no-par value shares with a notional amount of EUR 2.56 per share. All shares have been fully paid up. The largest shareholder is Erich Sixt Vermögensverwaltung GmbH, Pullach, which holds 58.3% of the ordinary shares and voting rights of the subscribed capital as at reporting date. Erich Sixt Vermögensverwaltung GmbH, Pullach, is the parent of Sixt SE, Pullach.

1.2 GENERAL DISCLOSURES ON THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of Sixt SE as at 31 December 2019 were prepared in accordance with International Financial Reporting Standards (IFRSs), 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 were prepared on the basis of the historical acquisition and production costs. Excluded are certain financial instruments that were 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 Company applied the following new and/or amended standards for the first time in the current fiscal year:

IFRS 16 – Leases

IFRS 16 (Leases) contains rules for lease accounting and replaces the previous standard IAS 17. For all leases lessees are required to recognise a lease liability and a corresponding right of use on the underlying asset in the balance sheet. Lessees with short-term leases of up to one year and no purchase option or with lease assets of low value are granted exemptions. The Sixt Group applies these exemptions. For lessors the rules have remained more or less unchanged compared to the previous leasing standard IAS 17.

In accordance with the transition provisions of IFRS 16 the Sixt Group applied the new rules for the first time on 1 January 2019 using the modified retrospective approach. Therefore comparative information for prior periods have not been restated.

With the initial application Sixt applies IFRS 16 to all contracts, which had been classified as leases under IAS 17. Contracts were not reassessed whether they contain a lease component.

Furthermore Sixt made use of the option to not apply the new requirements to leases for which the lease term ends within twelve months of the initial application. These leases will be accounted for as short-term leases and will be recognised as expense from short-term leases. The valuation of renewal and termination options takes into account all information available at the time of initial application.

As at 1 January 2019 lease liabilities in the amount of EUR 341 million have been recognised following the initial application of IFRS 16. Lease liabilities were measured as the future lease payments, discounted with the Group's incremental borrowing rate as at the time of the first-time application. The average incremental borrowing rate used was 2.1% p.a. Right of use assets in the amount of EUR 342 million were recognised in the amount of the lease liabilities adjusted for the amount of any prepaid or accrued lease payments. The recorded leases are mostly lease agreements for rental stations. Lease agreements for rental vehicles predominantly have a lease term of less than twelve months. Therefore these lease payments are recorded in

operating expense on a straight-line basis over the lease term, as Sixt makes use of the exemption rule for short-term leases.

With the application of IFRS 16 payments for lease liabilities excluding the interest portion are included in the cash flows from financing activities. The interest portion, as well as the payments relating to short-term leases are included in the cash flows from operating activities.

The reconciliation of other financial obligations as at 31 December 2018 to the recognised lease liabilities as at 1 January 2019 is as follows:

IFRS 16 reconciliation	
in EUR thou.	
Other financial obligations as at 31 December 2018	379,992
Short-term leases	-54,023
Exercise of renewal and termination options	52,657
Other	-5,710
Adjustment due to the reassessment of a fixed lease component	-1,285
Gross lease obligations as at 1 January 2019	371,630
Discounting	-30,149
Lease liabilities from the first-time adoption of IFRS 16	341,482
Present value of finance lease liabilities as at 31 December 2018	14,922
Lease liabilities as at 1 January 2019	356,404

Amendments to IFRS 9 – Prepayment features with negative compensation

The amendments to IFRS 9 update the existing requirements of IFRS 9 regarding termination rights, in order to allow measurement at amortised cost even in the case of negative compensation payments. In addition, the amendments include a clarification of the accounting treatment following a modification or exchange for financial liabilities. This had no material impact on the consolidated financial statements.

Amendments to IAS 19 – Plan amendments, curtailment or settlement

The amendments to IAS 19 require that when a plan amendment, curtailment or settlement occurs, the current service cost and net interest for the remainder of the reporting period after the change to be determined using the current actuarial assumptions used for the required remeasurement of the net defined liability (asset). In addition, the amendment clarifies the effect of a plan amendment, curtailment or settlement on the requirements of the asset ceiling. This had no material impact on the consolidated financial statements.

Amendments to IAS 28 – Long-term interests in associates and joint ventures

The amendments to IAS 28 clarify that long-term interests in an associate or joint venture that form part of the net investment in an associate or joint venture, to which the equity method is not applied, should use the accounting treatment in IFRS 9 (Financial instruments). This had no material impact on the consolidated financial statements.

IFRIC Interpretation 23 – Uncertainty over income tax treatments

The IFRIC Interpretation 23 provides guidance on how to determine the current and deferred tax liabilities when there is uncertainty over the income tax treatment under IAS 12. This had no material impact on the consolidated financial statements.

The annual improvement project to the IFRS – Cycle 2015 to 2017 – resulted in amendments to various standards. These relate to IFRS 11, IFRS 13, IAS 12 and IAS 23. The application of these amendments do not have a significant influence on reporting and valuation in the consolidated financial statements.

Adjustment of opening balances

As a result of the changes in the Group's relevant accounting policies from the first-time adoption of IFRS 16, the opening balances as at 1 January 2019 have been adjusted. The prior-year

comparative figures were not adjusted. Effects of the transition have to be recognised directly in equity according to the provisions of IFRS 16. The Group did not have any effects from the first-time adoption, which were to be recognised in equity.

Adjusted opening balance sheet values as at 1 January 2019		Adjustments	
in EUR thou.	31 Dec. 2018	IFRS 16	1 Jan. 2019
Non-current assets			
Property and equipment	201,509	341,564	543,073
Current assets			
Other receivables and assets	267,153	-224	266,929
Non-current liabilities and provisions			
Financial liabilities	2,290,638	272,554	2,563,191
Current liabilities and provisions			
Financial liabilities	448,826	68,928	517,754
Trade payables	644,391	-141	644,249

New standards and interpretations

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

Standard/Interpretation		Adoption by European Commission	Applicable as at
IFRS 14	Regulatory deferral accounts	No	1 Jan. 2016
IFRS 17	Insurance contracts	No	1 Jan. 2021
Amendments to IFRS 3	Business combinations	No	1 Jan. 2020
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	No	Deferred indefinitely
Amendments to IAS 1	Classification of liabilities as current or non-current	No	1 Jan. 2022
Amendments to IAS 1 and IAS 8	Definition of material	29 Nov. 2019	1 Jan. 2020
Amendments to IFRS 7, IFRS 9 and IAS 39	Interest rate benchmark reform	15 Jan. 2020	1 Jan. 2020
	Amendments to References to the Conceptual Framework in IFRS Standards	29 Nov. 2019	1 Jan. 2020

Application of new standards and interpretations

No material changes are expected from the application of other published new and/or amended standards and interpretations. The Sixt Group currently does not expect to apply any of the new and/or amended standards prematurely.

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

The Group currency of Sixt SE is Euro (EUR). Unless specified otherwise the amounts listed in the consolidated financial statements are given 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 to.

The annual financial statements of Sixt 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).

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)

The consolidated financial statements of Sixt SE as at 31 December 2019 include the following fully consolidated companies (the equity interest corresponds to the voting power):

Name	Domicile	Equity interest
1501 NW 49 ST 33309, LLC	Wilmington	100%
AKRIMO Beteiligungs GmbH	Pullach	100%
AKRIMO GmbH & Co. KG	Pullach	100%
Atlic Rent SARL	Chambray-lès-Tours	100%
autohaus24 GmbH	Pullach	42%
Azucarloc SARL	Cannes	100%
Benezet Location SARL	Nîmes	100%
BLM Verwaltungs GmbH	Pullach	100%
Blueprint Holding GmbH & Co. KG	Pullach	100%
Bopobiloc SARL	Mérignac	100%
Brenoloc SARL	Rennes	100%
Capitole Autos SARL	Toulouse	100%
Eaux Vives Location SARL	Grenoble	100%
Eiffel City Rent SARL	Neuilly sur Seine	100%
Europa Service Car Ltd.	Chesterfield	100%
Flash Holding GmbH & Co. KG	Pullach	100%
Flottenmeister GmbH	Pullach	42%
Francilsud Location SARL	Athis-Mons	100%
Lightning Holding GmbH & Co. KG	Pullach	100%
Matterhorn Holding GmbH & Co. KG	Pullach	100%
Mobimars SARL	Marignane	100%
Nizza Mobility SARL	Nice	100%
Ory Rent SARL	Orly	100%

Table continued:

Name	Domicile	Equity interest
Phocemoove SARL	Marseille	100%
Rail Paris Mobility SARL	Paris	100%
RhôneSaône Mobility SARL	Colombier Saugnieu	100%
Septentri Loc SARL	Marc en Baroeul	100%
Sigma Grundstücks- und Verwaltungs GmbH	Pullach	100%
Sigma Grundstücks- und Verwaltungs GmbH & Co. Immobilien KG	Pullach	94%
Sigma Pi Holding GmbH & Co. KG	Pullach	100%
Sixt Aéroport SARL (in liquidation)	Paris	100%
Sixt AG (in liquidation)	Basle	100%
Sixt Air GmbH	Weßling	100%
Sixt Asset and Finance SAS	Avrigny	100%
Sixt B.V.	Hoofddorp	100%
Sixt Belgium BV (formerly: Sixt Belgium BVBA)	Machelen	100%
Sixt Beteiligungen GmbH & Co. Holding KG	Pullach	100%
Sixt Développement SARL	Paris	100%
Sixt Executive GmbH	Garching	100%
Sixt Franchise USA, LLC	Wilmington	100%
Sixt G.m.b.H.	Vösendorf	100%
Sixt GmbH	Munich	100%
Sixt GmbH & Co. Autovermietung KG	Pullach	100%
Sixt Insurance Services PCC Ltd.	St. Peter Port	100%
Sixt International Services GmbH	Pullach	100%
Sixt Leasing (Schweiz) AG	Urdorf	42%
Sixt Leasing G.m.b.H.	Vösendorf	42%
Sixt Leasing SE	Pullach	42%
Sixt Limousine Austria GmbH	Vösendorf	100%
Sixt Limousine SARL	Clichy	100%
Sixt Limousine Switzerland AG	Basle	100%
Sixt Location Longue Durée SARL	Rueil-Malmaison	42%
Sixt Mobility Consulting AG	Urdorf	42%
Sixt Mobility Consulting B.V.	Hoofddorp	42%
Sixt Mobility Consulting GmbH	Pullach	42%
Sixt Nord SARL (in liquidation)	Paris	100%
Sixt ONE Systems GmbH	Pullach	100%
Sixt Plc	Langley	100%
Sixt R&D Private Limited	Bangalore	100%
Sixt Rent A Car Ltd.	Langley	100%
SIXT RENT A CAR S.L.U.	Palma de Mallorca	100%
Sixt rent a car srl	Eppan	100%
Sixt Rent A Car, LLC	Wilmington	100%
Sixt rent-a-car AG	Basle	100%

Table continued:

Name	Domicile	Equity interest
Sixt Ride GmbH & Co. KG	Pullach	100%
Sixt Ride Holding GmbH & Co. KG	Pullach	100%
SIXT S.A.R.L.	Monaco	100%
SIXT S.à.r.l.	Luxembourg	100%
Sixt SAS	Avrigny	100%
Sixt Seine SARL	Paris	100%
Sixt Shack 2821S Federal Highway FLL, LLC	Wilmington	100%
Sixt Systems GmbH	Pullach	100%
Sixt Transatlantik GmbH	Pullach	100%
Sixt Ventures GmbH	Pullach	100%
Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Delta Immobilien KG	Pullach	100%
Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Epsilon Immobilien KG	Pullach	100%
Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Gamma Immobilien KG	Pullach	100%
Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Sita Immobilien KG	Pullach	100%
Sixti SARL	Tremblay en France	100%
SL Car Sales GmbH	Garching	100%
Smaragd International Holding GmbH	Pullach	100%
Speed Holding GmbH & Co. KG	Pullach	100%
SXT Beteiligungsverwaltungs GmbH	Pullach	100%
SXT Dienstleistungen GmbH & Co. KG	Rostock	100%
SXT DR Services GmbH	Pullach	100%
SXT International Projects and Finance GmbH	Pullach	100%
SXT Leasing Dienstleistungen GmbH & Co. KG	Rostock	42%
SXT Projects and Finance GmbH	Pullach	100%
SXT Reservierungs- und Vertriebs-GmbH & Co. KG	Rostock	100%
SXT Retina Lab GmbH & Co. KG	Pullach	100%
SXT Services GmbH & Co. KG	Pullach	100%
SXT Telesales GmbH	Berlin	100%
Tango International Holding GmbH	Pullach	100%
TOV 6-Systems	Kiev	100%
United Kenning Rental Group Ltd.	Langley	100%
United Mile Fleet, LLC (formerly: United Rental Group, LLC)	Sunrise	100%
United Rental Group America Limited	Chesterfield	100%
United Rental Group Ltd.	Chesterfield	100%
United Rentalsystem SARL	Mulhouse	100%
Urbanizy Loc SARL	Paris	100%
Utiymoov SARL	Roissy-en-France	100%
Varmayol Rent SARL	La Valette du Var	100%
Velocity Holding GmbH & Co. KG	Pullach	100%
Wezz Rent SARL	Bouguenais	100%

In addition to these, the structured entity Isar Valley S.A., Luxembourg (equity interest 0%) is consolidated because its business activity is subject to control by Sixt Leasing SE according to contractual agreements.

Control of Sixt Leasing SE and its subsidiaries (equity interest 42%) is based in particular on the de facto majority of voting rights of Sixt SE in the Annual General Meetings of Sixt Leasing SE.

The following list shows all Group companies which have not been consolidated. These subsidiaries, most of which have no 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 of the Group. The combined revenue of these companies amounts to less than 1% of consolidated revenue.

Name	Domicile	Equity	Equity interest	Annual result
CV "Main 2000" UA	Schiphol	505,814 EUR	50%	- EUR
Sixt Beteiligungen GmbH	Pullach	44,320 EUR	100%	-1,305 EUR
Sixt Car Sales, LLC	Wilmington	- USD	100%	- USD
Sixt Immobilien Beteiligungen GmbH	Pullach	191,943 EUR	100%	6,542 EUR
Sixt Leasing N.V.	Zaventem	-148,451 EUR	100%	-3,119 EUR
Sixt Mobility Consulting Österreich GmbH	Vösendorf	-159,799 EUR	42%	-259,875 EUR
Sixt Mobility Consulting SARL	Rueil-Malmaison	-433,344 EUR	42%	-216,276 EUR
Sixt Ride Holding Verwaltungs GmbH	Pullach	21,508 EUR	100%	-3,622 EUR
Sixt Ride Verwaltungs GmbH	Pullach	21,565 EUR	100%	-3,303 EUR
Sixt Verwaltungs B.V.	Hoofddorp	-3,814 EUR	100%	-4,773 EUR
Sixt Verwaltungs-GmbH	Vösendorf	15,013 EUR	100%	-1,302 EUR
SIL CAP, LLC	South Burlington	- USD	100%	- USD
SXT Fleet Service GmbH	Pullach	20,809 EUR	100%	-2,948 EUR
SXT Leasing Verwaltungs GmbH	Rostock	26,059 EUR	42%	355 EUR
SXT Projects and Services GmbH	Pullach	25,000 EUR	100%	-2,632 EUR
SXT Retina Lab Verwaltungs GmbH	Pullach	20,876 EUR	100%	-3,166 EUR
SXT V+R Verwaltungs GmbH	Rostock	22,152 EUR	100%	-1,211 EUR
SXT Verwaltungs GmbH	Pullach	23,670 EUR	100%	-1,229 EUR
TÜV SÜD Car Registration & Services GmbH	Munich	1,078,053 EUR	50%	524,897 EUR

In accordance with section 264b of the HGB, the following companies are exempt from the duty to prepare and publish annual financial statements under the provisions applicable to corporations: Akrimo GmbH & Co. KG, Pullach, Blueprint Holding GmbH & Co. KG, Pullach, Flash Holding GmbH & Co. KG, Pullach, Lightning Holding GmbH & Co. KG, Pullach, Matterhorn Holding GmbH & Co. KG, Pullach, Sigma Grundstücks- und Verwaltungs GmbH & Co. Immobilien KG, Pullach, Sigma Pi Holding GmbH & Co. KG, Pullach, Sixt Beteiligungen GmbH & Co. Holding KG, Pullach, Sixt GmbH & Co. Autovermietung KG, Pullach, Sixt Ride GmbH & Co. KG, Pullach, Sixt Ride Holding GmbH & Co. KG, Pullach, Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Delta Immobilien KG, Pullach, Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Epsilon Immobilien KG,

Pullach, Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Gamma Immobilien KG, Pullach, Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Sita Immobilien KG, Pullach, Speed Holding GmbH & Co. KG, Pullach, SXT Dienstleistungen GmbH & Co. KG, Rostock, SXT Leasing Dienstleistungen GmbH & Co. KG, Rostock, SXT Reservierungs- und Vertriebs-GmbH & Co. KG, Rostock, SXT Retina Lab GmbH & Co. KG, Pullach, SXT Services GmbH & Co. KG, Pullach, as well as Velocity Holding GmbH & Co. KG, Pullach. Sixt Transatlantik GmbH, Pullach, Smaragd International Holding GmbH, Pullach, SXT International Projects and Finance GmbH, Pullach, SXT Projects and Finance GmbH, Pullach, and Sixt Mobility Consulting GmbH, Pullach, make use of the exemption with regard to publication provided in section 264 (3) of the HGB.

2.2 CHANGES IN THE SCOPE OF CONSOLIDATION

The following changes in the consolidated Group as against the end of 2018 occurred:

The companies Brenoloc SARL, Rennes, Mobimars SARL, Marignane, Ory Rent SARL, Orly, Sixt GmbH, Munich, Sixt Limousine Austria GmbH, Vösendorf, Sixt Limousine Switzerland AG, Basle, Sixt ONE Systems GmbH, Pullach, Sixt R&D Private Limited, Bangalore, Sixt Systems GmbH, Pullach, SXT Projects and Finance GmbH, Pullach, SXT Retina Lab GmbH & Co. KG, Pullach, TOV 6-Systems, Kiev, and Utilymoov SARL, Roissy en France, that were founded by the Sixt Group have been newly consolidated.

In November 2019 the Leasing Business Unit has acquired all shares of Flottenmeister GmbH, Pullach, for a cash payment of EUR 0.5 million. As a result of the transaction, a goodwill in the amount of EUR 0.6 million has been recorded.

The changes in the scope of consolidation had no noteworthy effects on the Group's net assets, financial position and results of operation.

In addition e-Sixt GmbH & Co. KG, Pullach, as well as Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Alpha Immobilien KG, Pullach, have been merged into Sixt SE, Pullach, BLM GmbH & Co. KG, Taufkirchen, Sixt VIP Services GmbH, Pullach and e-Sixt Verwaltungs GmbH, Munich, into BLM Verwaltungs GmbH, Pullach, Sixt European Holding GmbH & Co. KG, Pullach, into Sixt GmbH & Co. Autovermietung KG, Pullach, and Mile Fleet, LLC, Sunrise, into United Mile Fleet, LLC, Sunrise. Sixt Verwaltungs-GmbH, Pullach, which so far has not been consolidated because of its insignificance, has been merged into BLM Verwaltungs GmbH, Pullach.

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 Sixt Group as at the balance sheet date, in this case 31 December 2019. 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 only 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. As a rule, the possibility of control is based on a direct or indirect majority of the voting rights by Sixt SE. Subsidiaries are consolidated from the date on which the possibility of control exists. They are no longer consolidated when this possibility no longer exists.

Acquisition accounting is 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 is recognised as goodwill and tested for impairment on a regular basis, and at least once a year.

The assets and liabilities from the business combination to be 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.

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. Deferred taxes are recognised as required by IAS 12 for temporary differences arising on consolidation.

The results of subsidiaries consolidated for the first time during the year are included in the consolidated income statement from the date of their initial consolidation.

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 prices. Income statement items are translated at the average rates for the year. The resulting difference as against the

closing rate is recognised in 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 op-

eration and translated at the closing rate. The resulting differences from translation are recognised in the reserves from currency translations.

The exchange rates (= EUR 1) applied for currency translation of the most significant currencies are shown in the table below:

Exchange rates	Closing rate			Average rate
	31 Dec. 2019	31 Dec. 2018	2019	2018
Pound sterling	0.85080	0.89685	0.87554	0.88627
Swiss Francs	1.08540	1.12660	1.11102	1.15150
US-Dollar	1.12340	1.14510	1.11933	1.17968

3. REPORTING AND VALUATION METHODS

3.1 INCOME STATEMENT

Revenue

Revenue is recognised when a contract with enforceable rights and obligations exists and control of goods has been transferred to the customer or the service has been rendered. Revenue is measured at the fair value of the consideration received or receivable. It is the amount receivable for goods and services provided in the course of ordinary operating activities. Revenue from services is recognised on a straight-line basis over the service period.

For services that are not provided by the Group, where the Group acts as agent, revenue is only recognised in the amount related to the brokerage service of the Group. Amounts received in the name and on account of third parties are not recognised as revenue.

Leasing revenues are recognised ratably over the term of the respective leasing relation. 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 leasing contract's term. Revenue from services is recognised as soon as the service is rendered and the amount of the revenue can be determined reliably. If during the term of the lease lump sum payments for services are agreed with the lessee the income is recognised over the leasing contract's term and only to the amount of expenses incurred plus a calculatory margin. As far as Sixt is the recipient of the contracted service, proceeds from services and their corresponding expenses are recorded on a gross basis within revenue and fleet expenses and cost of lease assets.

Amounts due under leases that are classified as finance leases as substantially all risks and rewards associated with ownership are

transferred to the lessee 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 or 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.

Discounts, bonuses and VAT/sales or other taxes relating to the goods or services provided are deducted from the revenue.

Vehicle sales are recognised when the vehicle is delivered and ownership is transferred, the amount of the revenue and the costs still to be incurred can be determined reliably and an incoming benefit is probable. Proceeds from the sale of used vehicles are not recognised in the Mobility Business Unit, as rental fleet vehicles are predominantly sold under buy-back agreements. To better reflect this fact, proceeds from the sale of used vehicles are not recognised. Instead, the selling expenses carried under fleet expenses and cost of lease assets are reduced by the corresponding amounts. Any remaining balance is allocated to depreciation and amortisation expense.

Net finance costs

Interest income and expense presented in net finance costs is recognised on an accrual basis taking into account the outstanding loan amount and the applicable interest rate. The effective interest method is applied for this. Income and expense arising from profit and loss transfer agreements are recognised at the end of the financial year, while dividend income is recognised on the date from which the shareholder is entitled to receive payment thereof.

Income tax expense

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

Current and deferred taxes are generally recognised in the income statement, except where they relate to items recognised in other comprehensive income or directly in equity. In this case the current and deferred tax is also recognised in other comprehensive income or equity.

Current tax expense is calculated on the basis of the taxable income for the year.

In accordance with the balance sheet liability method as defined by IAS 12 (Income taxes), deferred taxes are principally formed for all temporary differences arising from deviations in the valuation of assets and liabilities as against the corresponding tax basis.

Earnings per share

Basic earnings per share are measured in accordance with IAS 33 (Earnings per share). Undiluted earnings per share are calculated by dividing the share in post-tax earnings of the parent company's shareholders by the weighted average number of shares outstanding during the fiscal year. Consolidated profit is to be allocated to the different classes of shares. If applicable, diluted earnings per share are reported separately.

3.2 ASSETS

Goodwill

Any goodwill generated from a business combination is recognised at cost less any necessary impairment and is carried separately in the consolidated balance sheet. For the purpose of testing impairment, goodwill is allocated to those cash-generating units (or groups) of the Group, of which it is expected that they can draw benefit from the synergies of the business combination.

Those cash-generating units, to which a portion of goodwill is 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 must be 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. 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 (before taxes and growth discount) used are currently between 3.6% and 3.9% (2018: between 4.9% and 7.0%). The assumptions used for the model are based on external observations. Sixt holds the view that no reasonably conceivable change in the underlying assumptions, on which the determination of the recoverable amount is based, 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 payments on account in respect of intangible assets.

Purchased intangible assets are capitalised at acquisition cost less accumulated amortisation and impairment, while 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 twenty 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 recoverable amount.

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 less their residual values are depreciated on a straight-line basis over their 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	
Buildings and fixtures in buildings	15 to 50 years
Operating and office equipment	2 to 21 years

Property and equipment are derecognised either on disposal 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 and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leases

The Sixt Group is both a lessee and a lessor. Leasing relations are classified as finance lease, if under the lease agreement all opportunities and risks associated with ownership are essentially transferred to the lessee. All other leasing relations are classified as operate lease.

Assets leased out by the Sixt Group as lessor under operate leases are carried in the balance sheet at cost less straight-line depreciation to their calculated residual values. The residual values are based on the buy-back value per vehicle type contractually agreed with the suppliers. If no buy-back values have been agreed, the residual value is based on the expected 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 car 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. Leasing revenue from operate leases is allocated to the income statement on a straight-line basis over the term of the corresponding leasing relation. Assets leased out by the Sixt Group as lessor are recorded in the position lease assets within the non-current assets.

Lease assets that the Sixt Group has leased out as finance leases are capitalised at the present value of the contractually agreed payments as assets under finance lease receivables. Lease payments are apportioned between interest payments and repayment 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.

With the application of IFRS 16 as at 1 January 2019, leases concluded by the Sixt Group as lessee are recognised as lease liabilities under the financial liabilities and as the corresponding right of use assets. There is no distinction of leases according to the classification of operate or finance lease.

The lease liability is initially measured at the amount of the future lease payments, discounted with the interest rate implicit in the lease or, if not readily determinable, the lessee's incremental borrowing rate. Generally the Sixt Group uses the incremental borrowing rate.

The measurement of the lease liability includes fixed payments, variable payments that depend on an index or a rate, amounts expected to be paid under a residual value guarantee, the exercise price of a purchase option that the Group is reasonably certain to exercise, lease payments for optional extension periods, if the Group is reasonably certain to exercise the extension option, as well as agreed compensation for the termination of a lease, except if the Group is reasonably certain not to terminate the lease early.

Right of use assets are initially measured at the amount of the lease liability adjusted for any payments made at the beginning of the lease, initial direct costs and any lease incentives received.

The lease liability is subsequently measured at amortised cost according to the effective interest method. The right of use asset is depreciated on a straight-line basis over the useful life of the asset or the term of the lease.

The lease liability is remeasured, if the future lease payments change due to the adjustment of the contract, an index or a rate, if the assumption regarding the amount expected to be paid under a residual value guarantee changes, or if the Group changes its assumption regarding the exercise of a purchase, extension or termination option.

Lease liabilities are presented within the financial liabilities, the right of use assets dependent on the underlying asset are shown in the positions property and equipment or lease assets.

The Sixt Group applies the exemption to not recognise right of use assets and lease liabilities for short-term leases and leases for assets of low value. This concerns in particular lease agreements for rental vehicles as well as rental stations and other business premises with a contractual term of up to one year. The Sixt

Group recognises the payments of these leases directly in profit or loss on a straight-line basis over the lease term.

The Group has not adjusted the prior-year comparative figures with the application of IFRS 16 as at 1 January 2019. As a result, the comparative information provided continues to be presented in accordance with the Group's previous accounting policy.

Up to 31 December 2018, assets leased by the Sixt Group as lessee under finance leases were recorded in the balance sheet at inception of the lease at the lower of the present value of the minimum lease payments or the fair value in accordance with IAS 17. The assets were depreciated to their contractual residual values on a straight-line basis over the respective lease terms. Impairment losses were recognised when the carrying amount exceeded the recoverable amount. The corresponding liabilities to the lessor were recognised as liabilities arising from future lease payments under financial liabilities. Leasing payments to the lessor were divided up into an interest portion and a redemption portion. Only the interest portion was recognised in the income statement.

Assets leased by the Sixt Group as lessee under operate leases were not recognised as Group assets until 31 December 2018.

The Group reviews the carrying amounts of property and equipment and intangible assets as well as 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 a possible impairment expense.

Rental vehicles

Rental vehicles are carried at cost, including incidental costs, less straight-line depreciation to their residual values. The residual values are based on the buy-back value per vehicle type contractually agreed with the suppliers. If no buy-back values have been agreed, the residual value is based on the expected fair value. Write-downs for impairment are recognised to the extent that indications for impairment are given.

Inventories

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

Raw materials, consumables and supplies are carried at the lower of cost, including incidental costs and discounts, or net realisable value.

Financial assets, other receivables and assets

The financial assets are composed 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 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 derivatives reported

in other financial assets are assigned to this category. The fair value of the interest rate derivatives is determined by discounting the expected future cash flows over the remaining term of the contract using the current yield curves. 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, receivables from insurances 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 credit-worthiness 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 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 right to cash flows from the financial asset expires 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

Shared-based payments

Equity-settled share-based payment transactions to employees are measured at the grant date fair value of the equity instruments granted. The section entitled "Share-based payment" provides further information on the determination of the fair value of equity-settled share-based payments.

The fair value determined at the grant date of the equity-settled share-based payments is recognised as expense on a straight-line basis over the vesting period with corresponding increase of equity (capital reserves) and is based on the Group's expectations regarding the equity instruments expected to vest. The Group reviews at each balance sheet date its estimate regarding the quantity of equity instruments expected to vest.

Provisions for pensions and other post-employment benefits

Provisions for pensions and other post-employment benefits are measured annually by independent actuaries using the projected unit credit method. The measurement is based on actuarial valuations relying on financial and demographic assumptions. The assumptions are reviewed for appropriateness at each balance sheet date.

The amount recognised as provisions for pensions and other post-employment benefits in the consolidated balance sheet is the current deficit of the defined benefit plans of the Group.

Service costs are recognised in personnel expenses within the consolidated income statement, while net interest result is recognised as part of finance costs. Remeasurements of the defined benefit obligation, net of deferred taxes are recognised in other equity. These amounts recognised in other comprehensive income 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 provided a reliable estimate can be

made of the probable amount of the obligation. Such liabilities are only accounted for 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 through profit or loss – according to the effective interest method at amortised cost less directly attributable transaction costs, where applicable. Lease liabilities to the lessor are initially recognised at the present value of the future lease payments and subsequently measured according to the effective interest method at amortised costs. Only the interest portion is recognised as expense within the net finance costs.

3.4 HEDGING RELATIONSHIPS

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

Eligibility and details of the hedge relationship between underlying and hedging transaction 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 in the fair value of derivative financial instruments 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. 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 instrument 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. Where the forecasted transaction is no longer expected to occur, the cumulative gain or loss recognised in equity is directly transferred to the income statement.

3.5 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 a better 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. Equity investments are valued on the basis of their net assets value. Property and equipment and intangible assets are measured on the basis of the estimated useful lives of the assets. The term of leases is evaluated based on the estimation if extension and termination options are exercised. Lease assets and rental vehicles are measured on the basis of the estimated useful lives taking into account the expected residual value of the vehicles. Valuation allowances are charged on receivables and other assets based on an assessment of the expected credit risks, which are derived from management expectations. Derivatives are measured on the basis of estimated market yield curves. 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.

4. EXPLANATIONS AND DISCLOSURES ON INDIVIDUAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

4.1 CONSOLIDATED INCOME STATEMENT

4.1\ Revenue is broken down as follows:

Revenue		Germany		Abroad		Total	Change
in EUR thou.	2019	2018	2019	2018	2019	2018	in %
Mobility Business Unit							
Rental revenue	844,491	786,437	1,403,938	1,154,056	2,248,429	1,940,493	15.9
Other revenue from rental business	129,587	112,163	111,603	78,487	241,190	190,650	26.5
Total	974,078	898,600	1,515,541	1,232,544	2,489,619	2,131,143	16.8
Leasing Business Unit							
Leasing revenue	199,208	209,862	23,518	24,814	222,726	234,677	-5.1
Other revenue from leasing business	201,943	202,166	31,150	31,024	233,093	233,190	-0.0
Sales revenue	336,755	305,828	19,496	19,510	356,251	325,338	9.5
Total	737,906	717,856	74,164	75,348	812,070	793,204	2.4
Other revenue	4,809	4,826	-	361	4,809	5,187	-7.3
Group total	1,716,793	1,621,282	1,589,705	1,308,253	3,306,498	2,929,534	12.9

The Group is divided into two segments, Mobility and Leasing. These Business Units form the basis of segment reporting. The main activities are broken down as follows:

Business segments	
Mobility	Vehicle rentals including other related services, brokerage of transfer services
Leasing	Vehicle leasing including other related services (full-service leasing and fleet management) and sale of lease assets

The reported revenue in the Mobility Business Unit (rental revenue and other revenue from rental business) as well as in the Leasing Business Unit (leasing revenue and other revenue from leasing business) are together described as "operating revenue". In the financial year operating revenue increased by 13.3% to EUR 2,945,438 thousand (2018: EUR 2,599,009 thousand).

Operating revenue in the Mobility Business Unit comprises rental revenue from short-term rental of vehicles in the amount of EUR 2,248,429 thousand (2018: EUR 1,940,493 thousand) and other revenue from rental business, for example damage compensations resulting from rental business and other revenue such as subsidies, licence and franchise fees and commission revenue amounting to EUR 241,190 thousand (2018: EUR 190,650 thousand). Other revenue from rental business includes

compensation payments from third parties totalling EUR 177,506 thousand (2018: EUR 137,639 thousand).

As in the previous year, rental fleet vehicles were sold predominantly under buy-back agreements concluded with manufacturers and dealers, and therefore only partially directly in the used car market. To better reflect this fact, proceeds from the sale of used vehicles are not recognised in the Mobility segment. Instead, the selling expenses carried under fleet expenses and cost of lease assets are reduced by the corresponding amounts. Any remaining balance is allocated to depreciation and amortisation expense.

In keeping with the focus on the full-service leasing market segment, operating revenue in the Leasing Business Unit comprises

contractually agreed lease instalments of EUR 222,726 thousand (2018: EUR 234,677 thousand)), as well as other revenue from leasing business relating to revenue from contractually agreed service components such as repairs, fuel, tyres, etc., and revenue from the settlement of claims and franchise fees totalling EUR 233,093 thousand (2018: EUR 233,190 thousand).

In contrast to the Mobility segment, the Leasing segment sells a significant proportion of vehicles directly and therefore reports all proceeds from the sale of used lease assets under revenue. In the Leasing segment, compensation payments from third parties amount to EUR 9,594 thousand (2018: EUR 10,346 thousand).

4.2) Other operating income in the amount of EUR 199,641 thousand (2018: EUR 189,013 thousand) includes income of

EUR 95,631 thousand (2018: EUR 100,802 thousand) from currency translation. The item also includes income of EUR 55,751 thousand (2018: EUR 44,968 thousand) from forwarding costs to third parties, income of EUR 10,277 thousand (2018: EUR 7,507 thousand) from non-cash benefits, income of EUR 3,870 thousand (2018: EUR 2,856 thousand) from the reversal of impairments, income of EUR 3,148 thousand (2018: EUR 11,032 thousand) from the reversal of provisions, income of EUR 2,427 thousand (2018: EUR 1,601 thousand) from payments on previously derecognised receivables and income of EUR 8,059 thousand (2018: EUR 3,015 thousand) from capitalised costs.

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

Fleet expenses and cost of lease assets			Change
in EUR thou.	2019	2018	in %
Repairs, maintenance and reconditioning	364,848	309,658	17.8
Fuel	117,934	115,057	2.5
Insurance	116,955	98,420	18.8
Transportation	57,771	51,770	11.6
Taxes and charges	32,703	25,585	27.8
Other, including selling expenses and expenses from write-downs on lease assets intended for sale	445,724	400,155	11.4
Group total	1,135,936	1,000,644	13.5

In addition to the write-downs on lease assets intended for sale and the net carrying amounts of lease assets sold in the Leasing Business Unit, the fleet expenses and cost of lease assets item includes the direct costs of vehicle preparation relating to the sale of vehicles and current expenses for rental and lease operations. In the Mobility segment, selling expenses are reduced by the corresponding amounts of sales revenue.

4.4) Personnel expenses increased from EUR 419,821 thousand the year before to EUR 503,326 thousand in the year under

review – mainly due to the increased number of employees following the international expansion. Social contributions mainly include employer contributions to statutory social insurance schemes. The expense for defined contribution pension plans in the amount of EUR 21,689 thousand (2018: EUR 18,737 thousand) primarily results from statutory pension insurances. Expenses for defined benefit pension plans are included in the amount of EUR 858 thousand (2018: EUR 1,052 thousand).

Personnel expenses			Change
in EUR thou.	2019	2018	in %
Wages and salaries	426,402	355,396	20.0
Social security contributions	76,924	64,425	19.4
Group total	503,326	419,821	19.9

Average number of employees during the year:

Employees in the Group	2019	2018
Female employees	3,946	3,629
Male employees	4,802	3,911
Group total	8,748	7,540

The Mobility Business Unit employed 7,815 (2018: 6,826) members of staff, and the Leasing Business Unit employed 643 (2018: 591) members of staff. The “Other” segment carried 290 (2018: 123) members of staff.

4.5 Expenses for depreciation and amortisation in the financial year are explained in more detail below:

Depreciation and amortisation expense	2019	2018	Change
in EUR thou.			in %
Rental vehicles	408,124	316,944	28.8
Lease assets	188,030	195,919	-4.0
Property and equipment	104,078	16,937	>100
Intangible assets	8,961	8,935	0.3
Group total	709,192	538,735	31.6

Since fiscal year 2019 the position depreciation on property and equipment also contains the depreciation on right of use assets following the application of IFRS 16.

Depreciation of lease assets with EUR 188,030 thousand was below the previous year's figure (EUR 195,919 thousand). Impairment losses on lease assets are included in the amount of EUR 19 thousand (2018: EUR 566 thousand).

Due to the expansion of the fleet, depreciation and amortisation expense for rental vehicles increased to EUR 408,124 thousand (2018: EUR 316,944 thousand). Impairment losses of EUR 7,859 thousand (2018: EUR 1,081 thousand) were charged on rental vehicles of EUR 2,029 million (2018: EUR 72 million). Impairment losses are based on assumed future prices on the used car market.

4.6 The following table contains a breakdown of other operating expenses:

Other operating expenses	2019	2018	Change
in EUR thou.			in %
Leasing expenses	75,352	72,146	4.4
Commissions	208,448	217,191	-4.0
Expenses for buildings	52,089	81,046	-35.7
Other selling and marketing expenses	87,795	80,678	8.8
Expenses from write-downs of receivables	46,607	35,184	32.5
Audit, legal, advisory costs, and investor relations expenses	24,310	21,756	11.7
Other personnel services	81,318	74,604	9.0
Expenses for IT and communication services	22,313	33,835	-34.1
Currency translation/consolidation	114,845	118,099	-2.8
Miscellaneous expenses	64,910	51,755	25.4
Group total	777,986	786,295	-1.1

The initial application of IFRS 16 in fiscal year 2019 resulted in a reclassification of commission expenses and expenses for buildings to capitalised right of use assets. The corresponding expenses are now reported in expenses for depreciation on property and equipment respectively net finance costs.

The consolidated financial statements of Sixt SE recognised as operating expense in the amount of EUR 489 thousand (2018: EUR 651 thousand) fees for the auditors of the consolidated financial statements. The fees break down into audit costs (EUR 367 thousand, 2018: EUR 378 thousand), other assurance services (EUR 62 thousand, 2018: EUR 153 thousand) in particular for the audit of the asset-backed securities programme and EMIR audit, tax consultancy services (EUR 50 thousand, 2018:

EUR 85 thousand) and other services e.g. expert opinions (EUR 10 thousand, 2018: EUR 34 thousand), that were provided for the parent or subsidiary companies.

14.7) Net finance costs at EUR -42,283 thousand are below the previous years figure of EUR 161,515 thousand. Main reason was the income from the sale of the stake in the joint venture DriveNow in the amount of EUR 197.8 million reported in other net financial income in the year before. Net interest expense declined by EUR 6,576 thousand compared to the previous year mainly due to interest expense reported from leases following the initial application of IFRS 16. The following table contains a breakdown of the net finance costs:

Net finance costs		
in EUR thou.	2019	2018
Other interest and similar income	2,087	1,027
Other interest and similar income from unconsolidated affiliated companies	14	10
Interest and similar expenses	-44,179	-36,531
Interest and similar expenses for unconsolidated affiliated companies	-3	-11
Net interest expense	-42,082	-35,505
Result from at-equity measured investments	-	-1,970
Income from financial assets	250	198,143
Expenses for financial assets	-3	-7
Result from fair value measurement of financial assets	-298	1,203
Net income from derivative financial instruments	-150	-349
Other net financial income	-201	198,990
Group total	-42,283	161,515

14.8) Income tax expense comprises the following:

Income tax expense			Change
in EUR thou.	2019	2018	in %
Current income tax for the reporting period	97,065	103,005	-5.8
Deferred taxes	-6,459	-7,291	-11.4
Group total	90,606	95,713	-5.3

Current income tax in the amount of EUR 97,065 thousand (2018: EUR 103,005 thousand) in the financial year 2019 comprises tax income for previous years in the amount of EUR 3,899 thousand (2018: tax expense of EUR 7,622 thousand).

In accordance with the balance sheet liability method as defined by IAS 12 (Income taxes), deferred taxes are principally formed for all temporary differences arising from the deviations in the

valuation of assets and liabilities in the IFRS consolidated balance sheet as against the tax balance sheet and the consolidation measures recognised in the income statement. In addition, deferred tax assets are recognised for the future benefits expected to arise from accepted tax loss carryforwards.

Deferred taxes are measured at the tax rates that are expected to apply for 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. A corporation tax rate of 15% (2018: 15%) was used to calculate deferred taxes at the German companies as at 31 December 2019. Furthermore, a solidarity surcharge of 5.5% (2018: 5.5%) on the corporation tax was also included and a trade tax rate between 9.1% and 17.2% (2018: between 9.1% and 16.3%) depending on the municipality's tax assessment rate was applied. Thus, an aggregated tax rate between 24.9% and 33.0% (2018: 24.9% and 32.1%) was used to calculate deferred taxes at the German companies. The country-specific tax rates were used in each case to calculate deferred taxes at the foreign companies.

Deferred taxes are generally recognised in the income statement, except where they relate to items recognised directly in equity as well as if applicable deferred taxes on transition effects to new IFRS standards.

The reconciliation of taxes 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 24.9% (2018: 24.9%) to consolidated profit for the period (before taxes) in accordance with IFRS. The income tax rate is made up of corporation tax at 15% (2018: 15%), a solidarity surcharge of 5.5% (2018: 5.5%) as well as trade tax at 9.1% (2018: 9.1%).

Reconciliation of taxes		
in EUR thou.	2019	2018
Consolidated profit before taxes in accordance with IFRS	337,416	534,566
Expected income tax expense	84,118	133,267
Effect of different tax rates outside Germany	4,406	5,705
Effect of different trade tax rates	8,598	4,116
Effect from tax rate changes	1,859	-1,970
Changes in permanent differences	-1,116	-6,024
Changes in impairments	5,212	-5,820
Non-deductible operating expenses	5,590	12,180
Tax-exempt income	-4,401	-45,897
Income taxes from other periods	-12,313	-993
Other effects	-1,347	1,149
Reported tax expense	90,606	95,713

At the balance sheet date deferred taxes without impact on profit or loss amounted to EUR 273 thousand (2018: EUR -110 thousand). The change against the previous year showed EUR 409 thousand (2018: EUR 21 thousand) in consideration of currency translation effects.

Deferred taxes through the income statement are explained in more detail below:

Deferred taxes		
in EUR thou.	2019	2018
From temporary differences	5,454	10,407
From loss carryforwards	-11,913	-17,698
Group total	-6,459	-7,291

In financial year 2019 deferred tax assets in the amount of EUR 238 thousand have been recognised following the acquisition of subsidiaries (2018: EUR - thousand).

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

Deferred taxes in EUR thou.	Deferred tax assets		Deferred tax liabilities	
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
Property and equipment	916	665	71,574	-
Fleet	7,215	12,560	64,342	40,194
Receivables	22,923	6,088	4,367	2,493
Other assets	4,275	5,659	7,077	4,358
Financial liabilities	74,674	-	-	-
Other liabilities	3,565	1,226	7,922	12,364
Provisions	10,618	6,703	-	6
Tax loss carryforwards	35,281	23,367	-	-
	159,467	56,268	155,282	59,415
Offsetting	-111,946	-26,615	-111,946	-26,615
Group total	47,521	29,653	43,336	32,800

Deferred tax assets and liabilities are offset where there is a legally enforceable right to set off current tax assets against current tax liabilities and where they relate to income taxes of the same tax subject levied by the same tax authority.

Of the tax losses carried forward of EUR 30,366 thousand (2018: EUR 27,700 thousand), for which no deferred tax assets were recognised, EUR 593 thousand (2018: EUR 369 thousand) will expire between 2024 and 2026 (2018: between 2024 and 2025), another EUR 14,933 thousand will expire after 2026 (2018: EUR 593 thousand after 2025). The loss carryforwards for which deferred tax assets were recognised are expected to be used during the four-year planning period.

Deferred taxes were recognised for all deductible temporary differences in fiscal year 2019. In the previous year for deductible

temporary differences in the amount of EUR 227 thousand deferred taxes were not recognised.

For temporary differences in relation to shares in subsidiaries of the Group in the amount of EUR 40,532 thousand (2018: EUR 27,615 thousand) deferred tax liabilities were not recognised for reported periods.

14.9 The *minority interests* contained in the consolidated profit amount to a total of EUR 12,464 thousand (2018: EUR 12,831 thousand).

The following dividends were distributed in the course of the preceding year:

Dividends in EUR thou.	2019	2018
Amounts recognised as distribution to shareholders in the financial year	101,260	188,105
Dividend for financial year 2018 of EUR 2.15 (2017: EUR 4.00) for each ordinary share	65,289	121,468
Dividend for financial year 2018 of EUR 2.17 (2017: EUR 4.02) for each preference share	35,970	66,637

The proposal for financial year 2019 is to suspend the dividend payment for ordinary shares and to pay the statutory minimum dividend of EUR 0.05 per preference share. This corresponds to an estimated total distribution of EUR 829 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.

4.10\ *Earnings per share* are as follows:

Earnings per share - basic		2019	2018
Consolidated profit for the period after minority interests	in EUR thou.	234,347	426,022
Profit attributable to ordinary shares	in EUR thou.	151,071	275,379
Profit attributable to preference shares	in EUR thou.	83,276	150,643
Weighted average number of ordinary shares		30,367,112	30,367,112
Weighted average number of preference shares		16,572,856	16,575,102
Earnings per ordinary share	in EUR	4.97	9.07
Earnings per preference share	in EUR	5.02	9.09

The profit attributable to preference shares includes the additional dividend of EUR 0.02 or the minimum dividend of EUR 0.05 per preference share payable in accordance with the Articles of Association for preference shares carrying dividend rights in the financial year (as at 31 December). The weighted average number of shares is calculated based on the proportionate number of shares per month for each category of shares,

taking due account of the respective number of treasury shares. The potential dilutive effect of stock options issued as part of the Matching Stock Programme MSP 2012 is insignificant, so that no adjustment is made. The diluted earnings per share therefore correspond for both categories of shares in the amount to the basic earnings per share.

4.2 CONSOLIDATED BALANCE SHEET

Assets

4.11 to 4.14 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. 2019	Adjustment of opening balance	Foreign exchange differences	Additions	Changes in the scope of consolidation	Disposals	Transfers	31 Dec. 2019
Goodwill	28,250	-	151	-	556	-	-	28,957
Purchased software	56,554	-	6	2,615	1	4,502	159	54,833
Internally developed software	5,530	-	-	662	-	-	1,929	8,121
Payments on account of software	7,371	-	-	8,719	-	-	-2,089	14,002
Other intangible assets	10,013	-	161	325	-	10	-	10,489
Intangible assets	79,467	-	167	12,322	1	4,512	-	87,445
Land and buildings	126,401	338,257	4,267	128,070	-	147	-38	596,810
Operating and office equipment	150,471	3,307	959	32,471	854	19,876	3,906	172,091
Payments on account of property and equipment	3,256	-	22	4,759	829	-	-3,868	4,999
Property and equipment	280,128	341,564	5,248	165,300	1,683	20,023	-	773,900
Lease assets	1,427,864	-	2,118	407,039	-	492,418	-	1,344,602
Total	1,815,709	341,564	7,684	584,661	2,240	516,954	-	2,234,904

Consolidated statement of changes in non-current assets		Acquisition and production costs						
in EUR thou.	1 Jan. 2018	Adjustment of opening balance	Foreign exchange differences	Additions	Changes in the scope of consolidation	Disposals	Transfers	31 Dec. 2018
Goodwill	20,459	-	553	1,171	6,295	228	-	28,250
Purchased software	51,623	-	6	6,621	2	4,024	2,325	56,554
Internally developed software	4,753	-	-	1,411	-	3,502	2,868	5,530
Payments on account of software	8,664	-	-	3,901	-	-	-5,193	7,371
Other intangible assets	8,996	-	375	916	-	274	-	10,013
Intangible assets	74,036	-	380	12,848	2	7,799	-	79,467
Land and buildings	124,889	-	362	1,181	-	31	-	126,401
Operating and office equipment	124,191	-	629	35,870	6	12,483	2,257	150,471
Payments on account of property and equipment	2,972	-	40	2,682	-	181	-2,257	3,256
Property and equipment	252,052	-	1,032	39,734	6	12,695	-	280,128
Lease assets	1,414,795	-	2,476	475,731	-	465,138	-	1,427,864
Total	1,761,342	-	4,442	529,484	6,303	485,861	-	1,815,709

Depreciation/Amortisation						Carrying amounts	
1 Jan. 2019	Foreign exchange differences	Depreciation/ Amortisation in the financial year	Changes in the scope of consolidation	Disposals	31 Dec. 2019	31 Dec. 2019	31 Dec. 2018
46	-	-	-	-	46	28,911	28,204
42,565	5	6,172	-	4,219	44,523	10,310	13,989
1,356	-	1,686	-	-	3,043	5,079	4,173
-	-	-	-	-	-	14,002	7,371
6,131	100	1,102	-	10	7,324	3,165	3,881
50,052	105	8,961	-	4,229	54,889	32,555	29,415
14,074	319	82,646	-	143	96,896	499,914	112,327
64,545	306	21,432	230	15,855	70,659	101,433	85,925
-	-	-	-	-	-	4,999	3,256
78,620	625	104,078	230	15,998	167,555	606,345	201,509
223,444	620	188,030	-	187,162	224,932	1,119,670	1,204,419
352,162	1,350	301,069	230	207,388	447,423	1,787,481	1,463,547

Depreciation/Amortisation						Carrying amounts	
1 Jan. 2018	Foreign exchange differences	Depreciation/ Amortisation in the financial year	Changes in the scope of consolidation	Disposals	31 Dec. 2018	31 Dec. 2018	31 Dec. 2017
271	4	-	-	228	46	28,204	20,188
39,983	4	6,536	-	3,959	42,565	13,989	11,640
4,054	-	804	-	3,502	1,356	4,173	699
-	-	-	-	-	-	7,371	8,664
4,590	221	1,594	-	274	6,131	3,881	4,406
48,627	225	8,935	-	7,734	50,052	29,415	25,408
12,129	-17	1,985	-	23	14,074	112,327	112,759
59,630	166	14,952	-	10,202	64,545	85,925	64,561
-	-	-	-	-	-	3,256	2,972
71,760	149	16,937	-	10,225	78,620	201,509	180,292
195,587	750	195,919	-	168,812	223,444	1,204,419	1,219,209
316,244	1,127	221,791	-	187,000	352,162	1,463,547	1,445,098

14.11 The *goodwill* of EUR 28,911 thousand (2018: EUR 28,204 thousand) results mainly from the consolidation of the companies belonging to United Kenning Rental Group Ltd., Langley/Great Britain, acquired in 2000, the companies autohaus24 GmbH, Pullach, and Sixt Mobility Consulting AG, Urdorf/Switzerland, acquired in 2016, the company Mile Fleet, LLC, Sunrise/USA, acquired in 2018, as well as the company Flottenmeister GmbH, Pullach, acquired in 2019. At the reporting date the carrying amount of goodwill allocated to the United Kenning Rental Group Ltd., Langley/Great Britain unit amounted to EUR 18,442 thousand (2018: EUR 18,442 thousand).

14.12 *Intangible assets* include purchased software amounting to EUR 10,310 thousand (2018: EUR 13,989 thousand) and internally developed software amounting to EUR 5,079 thousand (2018: EUR 4,173 thousand). The item also includes payments on account in respect of software amounting to EUR 14,002 thousand (2018: EUR 7,371 thousand) and other intangible assets amounting to EUR 3,165 thousand (2018: EUR 3,881 thousand).

14.13 The item *property and equipment* includes own property and equipment in the amount of EUR 214,035 thousand (2018:

EUR 201,509 thousand) as well as right of use assets in the amount of EUR 392,310 thousand (2018: EUR - thousand).

Property and equipment owned by the Group includes land and buildings for rental stations/service points and administrative buildings in Germany and abroad in the amount of EUR 110,769 thousand (2018: EUR 112,327 thousand). Furthermore, operating and office equipment (mainly IT systems, fixtures and fittings and office equipment) are included in the amount of EUR 98,267 thousand (2018: EUR 85,925 thousand). The item also includes payments on account made for property and equipment in the amount of EUR 4,999 thousand (2018: EUR 3,256 thousand). Land charges are registered against properties for real estate financing in the amount of EUR 71,693 thousand (2018: EUR 74,574 thousand). No impairment losses were recognised in the year under review.

Right of use assets for assets leased by the Sixt Group as lessee are included in the item property and equipment in the amount of EUR 392,310 thousand. In addition, right of use assets in the amount of EUR 12,622 thousand (2018: EUR 14,726 thousand) for assets refinanced under lease agreements are included in the item lease assets. The changes in the right of use assets are presented below:

Right of use assets				
in EUR thou.	Buildings and rental stations	Operating and office equipment	Total property and equipment	Lease assets
31 Dec. 2018	-	-	-	14,726
Adjustment on adoption of IFRS 16	338,257	3,307	341,564	-
1 Jan. 2019	338,257	3,307	341,564	14,726
Additions	127,967	3,514	131,481	2,226
Depreciation in the financial year	-80,777	-3,698	-84,475	-1,806
Other incl. foreign exchange differences	3,697	43	3,740	-2,523
31 Dec. 2019	389,144	3,166	392,310	12,622

The Sixt Group rents or leases primarily rental stations and parking spaces, office and advertising spaces, as well as rental and lease fleet vehicles, as part of its business activities.

Rental agreements for buildings and rental stations have lease terms between one and more than twenty years. The rental conditions are negotiated individually and include a wide range of various contract terms. Some of the lease contracts contain extension options, which are taken into consideration for the calculations of the right of use assets and lease liabilities, if the Sixt Group plans to exercise them. At various locations, e.g. airports,

the rental agreements concluded by the Sixt Group apart from fixed payments also contain payments that are usually linked to sales. Such variable lease payments are expensed by the Group in profit or loss in the period in which those payments occur and are not included in the calculation of the lease liability.

Leases for operating and office equipment of the Group relate mainly to rental agreements for advertising spaces and rental vehicles financed under lease agreements.

Lease assets are to a small extent refinanced under lease agreements having the same maturities as the underlying lease contracts. These contracts are structured such that the refinanced vehicles remain economically attributable to the Group. The agreements have a residual term of up to two years and provide for full amortisation.

Certain lease contracts concluded by the Sixt Group as lessee have a lease term of less than one year. For these lease agreements, the Group applies the exemptions not to recognise the right of use assets or the corresponding lease liabilities. In addition to leases for buildings and rental stations, these are predominantly leases for rental vehicles, which usually have a lease term of less than one year.

Expenses incurred in connection with leases that have not been capitalised, are presented within other operating expenses. The expenses are broken down as follows:

Expenses recognised in profit or loss relating to leases	
in EUR thou.	2019
Expenses relating to short-term leases	103,293
Expenses relating to leases of low-value assets	964
Expenses from variable lease payments	85,441

Information on the lease liabilities corresponding to the right of use assets is presented in note \4.27\ and in the section titled "Additional disclosures on financial instruments".

\4.14\ Lease assets decreased to EUR 1,120 million (2018: EUR 1,204 million). As lessor, the Group primarily leases out vehicles of various brands, mainly under full-service lease agreements. The minimum lease payments under operate leases totalling EUR 379 million (2018: EUR 405 million) have the following maturities:

Minimum lease payments under operate leases by maturity	
in EUR million	2019
2020	188.2
2021	117.4
2022	56.9
2023	15.3
2024	0.8
2025 and later	0.0

Minimum lease payments under operate leases by maturity	
in EUR million	2018
Due within one year	201.5
Due in one to five years	203.0
Due in more than five years	0.1

The amounts shown contain only 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 period under review amounted to EUR 0.5 million (2018: EUR 0.4 million). In addition to these, the Group estimates calculated residual values covered by buy-back agreements in the amount of EUR 254 million (2018: EUR 332 million) and further calculated residual values not covered by third parties in the amount of EUR 608 million (2018: EUR 601 million).

Lease assets of EUR 25.2 million (2018: EUR 56.7 million) are pledged as collateral for liabilities to banks. Furthermore, lease assets in the amount of EUR 428.3 million (2018: EUR 475.1 million) are pledged as collateral for liabilities from an asset-backed securities programme.

Certain lease assets are refinanced under lease agreements having the same maturities as the underlying lease contracts. The obligations under the leases are presented under financial liabilities.

\4.15 The carrying amount of the unconsolidated affiliates and investments presented under **financial assets** amounts to EUR 2,352 thousand (2018: EUR 4,042 thousand).

\4.16 The **rental vehicles** item increased from EUR 2,605 million to EUR 3,033 million. The increase is due to the higher number of capitalised rental vehicles as at reporting date. The acquisition costs for new additions to the rental vehicles in the fiscal year amounted to EUR 5,453 million (2018: EUR 4,641 million). For the rental assets reported at the end of the year under review it amounted to EUR 3,252 million (2018: EUR 2,781 million).

Rental vehicles are largely covered by buy-back agreements with dealers and manufacturers, from which calculated residual values at the respective end of the contract term of approximately EUR 2,529 million are expected at the reporting date.

At the reporting date, there were no rental vehicles pledged as collateral for liabilities to banks (2018: EUR 185.0 million).

As in the previous years, rental vehicles were financed also via lease agreements, which were concluded with manufacturers/manufacture-related financing companies.

4.17 Inventories consist mainly of rental and leasing vehicles available for sale, purchased vehicles intended for resale, as well as fuel, raw materials, consumables and supplies. The increase of inventories to a total of EUR 101,734 thousand (2018: EUR 97,564 thousand) results mainly from a higher number of purchased vehicles intended for resale.

4.18 Trade receivables result almost exclusively from services invoiced in the course of rental and leasing business and from used vehicle deliveries of the rental and leasing fleet. Valuation allowances were recognised for expected credit risks.

4.19 Other receivables and assets can be broken down as follows:

Other receivables and assets			
in EUR thou.		31 Dec. 2019	31 Dec. 2018
Financial other receivables and assets			
Finance lease receivables		2,017	3,676
Receivables from affiliated companies and from other investees		1,134	1,349
Miscellaneous assets		98,401	82,749
Non-financial other receivables and assets			
Other recoverable taxes		22,050	22,343
Insurance claims		46,898	39,170
Deferred expense		23,516	24,001
Delivery claims for vehicles of the rental and lease fleets		109,708	98,977
Group total		303,724	272,264
Thereof current		298,314	267,153
Thereof non-current		5,409	5,111

Finance lease receivables correspond to lease agreements with customers that are classified as finance lease. The interest rate implicit in the leases is fixed at inception of the lease for the entire term. The agreements partly contain put options on the part

of the Group as lessor. As in the previous year, proportionate valuation allowances on current and non-current finance lease receivables amounted to EUR 0.1 million. Further details are shown below:

Finance lease receivables	Gross investment		Present value of outstanding minimum lease payments	
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
in EUR million				
Due within one year	1.1	2.2	1.0	1.9
Due in one to five years	1.1	1.9	1.0	1.8
Unrealised finance income	0.2	0.4	-	-

Receivables from affiliated companies relate primarily to short-term loans to finance investments and to receivables from inter-company settlements.

Miscellaneous assets also include deposits for leases and advances amounting to EUR 4,329 thousand (2018: EUR 3,314 thousand), in each case maturing in one to five years.

4.20\ Cash and bank balances of EUR 170,519 thousand (2018: EUR 145,936 thousand) include cash and short-term deposits at banks with terms of under one month. The item corresponds to the cash and cash equivalents item in the consolidated cash flow statement.

4.21\ Subscribed capital of Sixt SE

Composition of the share capital	No-par value shares	Nominal value in EUR	No-par value shares	Nominal value in EUR
	31 Dec. 2019		31 Dec. 2018	
Ordinary shares	30,367,112	77,739,807	30,367,112	77,739,807
Non-voting preference shares	16,576,246	42,435,190	16,576,246	42,435,190
Total	46,943,358	120,174,996	46,943,358	120,174,996

The ordinary shares are bearer shares with the exception of two registered shares, while the preference shares are exclusively bearer shares. Both categories of shares are no-par value shares. The notional interest in the share capital is EUR 2.56 per share. The preference shares entitle the holders to receive a dividend EUR 0.02 per share higher than that on the ordinary shares and a minimum dividend of EUR 0.05 per share from net retained profit for the year. The share capital is fully paid up.

Treasury shares

By resolution of the Annual General Meeting of 2 June 2016 the Managing Board, with consent of the Supervisory Board, is authorised, as specified in the proposed resolution, to acquire in the period up to and including 1 June 2021 ordinary bearer shares and/or preference shares of the Company in the amount of up to 10% of the Company's share capital at the time of the authorisation or, if lower, at the time of the exercise – including with the use of derivatives in the amount of up to 5% of the share capital. The authorisation can be exercised wholly or partially, on one or more occasions for any purpose permitted by law. Acquisitions for the purpose of trading in treasury shares are excluded. On the basis of the aforementioned authorisation the Managing Board decided in April 2019, with consent of the Supervisory Board, on a share buy-back programme, which serves to meet the Company's obligations to grant preference shares to employees and members of the administrative and management bodies of Sixt SE and its affiliated companies under the Matching Stock Programme (MSP 2012). The share buy-back programme was completed on 29 April 2019. At that time, Sixt SE repurchased in total 40,679 preference shares with a total value of EUR 2.7 million (excluding

Equity and liabilities

The Sixt Group's equity increased year-on-year to a total of EUR 1,592.2 million (2018: EUR 1,442.0 million). The subscribed capital of Sixt SE contained in this total amounted unchanged to EUR 120.2 million.

incidental purchase expenses). As at the reporting date the authorisation has not yet been fully exercised.

As in the previous year, Sixt SE does not hold any treasury shares as of 31 December 2019.

Authorised capital

By resolution of the Annual General Meeting of 2 June 2016 the Managing Board is authorised to increase the share capital on one or more occasions in the period up to and including 1 June 2021, with the consent of the Supervisory Board, by up to a maximum of EUR 35,840,000 by issuing new no-par value bearer shares against cash and/or non-cash contributions (Authorised Capital 2016). The authorisation also includes the power to issue new non-voting preference shares up to the legally permitted limit. For the distribution of profits and/or company assets these non-voting preference shares are ranked equal to the non-voting preference shares previously issued.

Shareholders are granted pre-emptive rights unless such pre-emptive rights are disappplied for the following reasons.

If both ordinary and preference shares are issued and the ratios of the two share categories at the time of the respective issue are retained, the Managing Board is authorised, with the consent of the Supervisory Board, to disapply the pre-emptive rights of holders of one category of shares for shares of the other category. In this case, too, the Managing Board is entitled to implement a further disapplication of pre-emptive rights in accordance with the following provisions.

The Managing Board is also entitled to disapply the shareholders' pre-emptive rights with the consent of the Supervisory Board,

- a) to settle fractional amounts;
- b) in the case of capital increases against non-cash contributions, in particular to acquire companies, parts of companies, or investments in companies, as part of business combinations and/or to acquire other assets including rights and claims;
- c) if the issue price of the new shares in the case of capital increases against cash contributions is not materially lower than the quoted market price of existing listed shares of the relevant class at the time the issue price is finalised, and the shares issued on the basis of this authorisation do not exceed a total of 10% of the share capital either at the effective date or at the date of the utilisation of the authorisation (section 186 (3) sentence 4 of the Aktiengesetz (AktG – German Stock Corporation Act)); and
- d) to the extent necessary to grant holders or creditors of conversion or option rights resulting from convertible or bonds with warrants and/or convertible profit participation certificates, which are issued by the Company or an entity controlled or majority-owned by the Company, to grant the respective obligated parties subscription rights to the extent they would have been entitled to after exercising their conversion rights or options or meeting their conversion or option obligations.

The total notional amount in the share capital attributable to the new shares, for which the subscription right is excluded on account of aforelisted authorisation may not exceed 20% of the share capital either at the time when the authorisation takes effect or at the time of exercise of the subscription right exclusion. This limitation also applies to new and existing shares of the company, which are issued with an exclusion of subscription rights or sold during the term of this authorisation strength of another authorisation. In addition, new shares of the company must be added that are issued and/or are to be issued so as to serve conversion or option rights and/or to meet conversion or option obligations from convertible bonds or bonds with warrants, to the extent that the bonds and/or profit participation rights are issued during the term of this authorisation strength of another authorisation under exclusion of the subscription right. This does not include the exclusion of pre-emptive rights to the other class of shares.

The Managing Board is authorised, with the consent of the Supervisory Board, to stipulate the further details of the pre-emptive rights and the terms and conditions of the share issue. The Managing Board may resolve, with the consent of the Supervisory Board, that the new shares shall also carry dividend rights from the beginning of the financial year preceding their issue if the Annual General Meeting has not adopted a resolution on the appropriation of the profit for the financial year in question at the time the new shares are issued.

Conditional Capital

By resolution of the Annual General Meeting of 2 June 2016 the Managing Board is authorised to issue, on one or more occasions in the period up to and including 1 June 2021, with the consent of the Supervisory Board, convertible and/or bonds with warrants registered in the name of the holder and/or bearer by up to a maximum of EUR 350,000,000 with a fixed or open-ended term and to grant conversion or option rights to holders and/or creditors of convertible and/or bonds with warrants to acquire a total of up to 6,000,000 new ordinary bearer shares in Sixt SE and/or to provide corresponding conversion rights for the Company. Taking due account of statutory requirements, the respective conversion or option rights can provide for the subscription of ordinary bearer shares and/or preference bearer shares without voting right. The convertible and/or bonds with warrants can also be issued by a German or foreign company in which Sixt SE is directly or indirectly invested with a majority of votes and capital. In this case, the Managing Board is authorised on behalf of the issuing company to take on the guarantee for repayment of the convertible and/or bonds with warrants and the payment of interest due thereon and to grant the bearers and/or creditors of such convertible and/or bonds with warrants conversion or option rights on shares of Sixt SE. Convertible and/or bonds with warrants can be issued against cash and/or non-cash contributions. The shareholders of Sixt SE are accorded in principle the statutory subscription right. However, with the consent of the Supervisory Board, the Managing Board is authorised to exclude the subscription right under certain conditions, which follow fully from the resolution taken by the Annual General Meeting on 2 June 2016.

In this context the Company's share capital has been conditionally increased strength of the resolution taken by the Annual General Meeting on 2 June 2016 by up to EUR 15,360,000 (Conditional Capital 2016). The conditional capital increase serves to grant shares to the holders or creditors of convertible bonds and holders of option rights from bonds with warrants, which were issued until and including 1 June 2021 on the basis

of the aforelisted resolution taken by the Annual General Meeting on 2 June 2016, by the Company or a German or foreign subsidiary, in which the Company holds directly or indirectly a majority of voting rights and capital. The conditional capital increase is only to be effected insofar as the conversion or option rights from the aforelisted convertible and/or bonds with warrants are actually exercised or the conversion obligations from such bonds are fulfilled and no other form of settlement is being used. The new shares will be issued at the option and/or conversion price to be determined in accordance with the authorisation of the Annual General Meeting of 2 June 2016. The new shares are entitled to take part in the Company's profit as of the beginning of the fiscal year in which the conversion and/or option rights were exercised or in which the conversion obligations were fulfilled. The Managing Board is authorised to determine further details for implementing the conditional capital increase.

Profit participation bonds and rights

By resolution of the Annual General Meeting of 30 June 2017 the Managing Board is authorised to issue, on one or more occasions

in the period up to and including 29 June 2022, with the consent of the Supervisory Board, profit participation bonds and/or rights registered in the name of the holder and/or bearer by up to a maximum of EUR 350,000,000 with a fixed or open-ended term against cash and/or non-cash contributions. The profit participation bonds and rights issued under this authorisation may not provide for conversion or subscription rights to shares of the Company. The issue can also be effected by a company in which Sixt SE is directly or indirectly invested with a majority of votes and capital. In this case, the Managing Board is authorised to assume for the issuing company the guarantee on behalf of Sixt SE that the ensuing liabilities will be met. The shareholders of Sixt SE are accorded in principle the statutory subscription right. However, with the consent of the Supervisory Board, the Managing Board is authorised to exclude the subscription right under certain conditions, which follow fully from the resolution taken by the Annual General Meeting on 30 June 2017.

4.22 Capital reserves

Capital reserves		
in EUR thou.	2019	2018
Balance as at 1 Jan.	241,412	242,512
Increase due to the employee participation programme	1,309	1,184
Disposal from the exercise under the employee participation programme	-5,117	-4,811
Transfer to capital reserves	3,041	2,527
Other changes	15	-
Balance as at 31 Dec.	240,659	241,412

The change in the capital reserves to EUR 240,659 thousand (2018: EUR 241,412 thousand) results from allocation to and

exercise of stock options granted under the Matching Stock Programme MSP 2012 as well as transfers to capital reserves.

4.23 Retained earnings

Retained earnings		
in EUR thou.	2019	2018
Balance as at 1 Jan.	211,841	211,378
Other changes incl. merger related reclassifications to other equity	-3,243	463
Balance as at 31 Dec.	208,597	211,841

4.23 Currency translation reserve

Currency translation reserve		
in EUR thou.	2019	2018
Balance as at 1 Jan.	-3,983	-14,177
Differences arising from the translation of the financial statements of foreign subsidiaries	14,123	10,194
Balance as at 31 Dec.	10,140	-3,983

4.23 Other equity

Other equity		
in EUR thou.	2019	2018
Closing balance previous year	747,198	498,947
Adjustment on adoption of IFRS 9	-	13,563
Balance as at 1 Jan.	747,198	512,509
Consolidated profit attributable to shareholders of Sixt SE	234,347	426,022
Dividend payment	-101,260	-188,105
Other comprehensive income	-589	-239
Transfer to capital reserves	-3,041	-2,527
Other changes incl. merger related reclassifications from retained earnings	3,228	-463
Balance as at 31 Dec.	879,882	747,198

4.24 Minority interests

Minority interests relate to the shareholdings of third parties in Group companies. Minority interests are reported in current other liabilities where interests in equity or in the net profit or loss of consolidated partnerships are affected. Minority interests reported in equity are related entirely to Sixt Leasing SE, Pullach, and its subsidiaries. Since the IPO of Sixt Leasing SE in

May 2015 the equity interest of minority shareholders in Sixt Leasing SE remains unchanged at 58.1%.

The following table contains the summarised financial information, before eliminations of transactions with other Group companies, of Sixt Leasing Group according to IFRS.

Financial information for subsidiaries with significant minority shareholders		
in EUR thou.	Sixt Leasing Group	Sixt Leasing Group
	2019	2018
Equity interest of minority shareholders (in %)	58.1	58.1
Dividends paid	5,744	5,744
Carrying amount of minority interests	132,701	125,381
Non-current assets	1,150,840	1,218,305
Current assets	178,045	174,386
Non-current liabilities and provisions	782,725	871,404
Current liabilities and provisions	316,934	304,534
Revenue	824,432	805,797
Earnings before taxes (EBT)	29,319	30,542

Liabilities and provisions

4.25 Provisions for pensions and other post-employment benefits are broken down as follows:

Provisions for pensions and other post-employment benefits		
in EUR thou.	2019	2018
Provisions for pensions	15,769	11,989
Other post-employment benefits	984	314
Defined benefit obligations	16,754	12,303
Fair value of plan assets	13,448	9,876
Group total	3,306	2,427

The valuation of provisions for pensions and other post-employment benefits rely on actuarial reports. The reports use the following actuarial assumptions:

Actuarial assumptions		
in %	2019	2018
Discount rate	0.1 - 0.9	0.9 - 1.8
Assumed salary increase	0.5 - 1.4	0.5 - 1.4
Assumed pension increase	-	-
Mortality table	BVG 2015 GT	BVG 2015 GT

Provisions for pensions – Switzerland

Pension schemes in the Sixt 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, Sixt 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 following table shows the development of the defined benefit pension plans:

Development of defined benefit pension plans in EUR thou.	Defined benefit obligations		Fair value of plan assets		Net balance of defined benefit obligations	
	2019	2018	2019	2018	2019	2018
Balance as at 1 Jan.	11,989	11,409	9,876	9,594	2,113	1,816
Current service costs	964	890	-	-	964	890
Past service costs and plan settlements	-413	-	-	-	-413	-
Net interest costs of defined benefit obligations	117	79	101	69	16	10
Expenses recognised in the consolidated income statement	669	969	101	69	567	900
Gains/losses on plan assets	-	-	517	-411	-517	411
Actuarial gains/losses						
Experience gains/losses	-30	-99	-	-	-30	-99
Changes in financial assumptions	861	-257	-	-	861	-257
Remeasurement for defined benefit obligations recognised in other comprehensive income	831	-356	517	-411	314	55
Employer contributions	-	-	756	732	-756	-732
Plan participants' contributions	756	732	756	732	-	-
Benefits paid	993	-1,202	993	-1,202	-	-
Foreign currency translation effects	532	437	449	363	83	74
Other reconciling items	2,281	-33	2,954	625	-673	-658
Balance as at 31 Dec.	15,769	11,989	13,448	9,876	2,321	2,113

The weighted average duration of the defined benefit obligation from pensions was around 16 years (2018: 16 years). Employer contributions expected to be paid for defined benefit obligations in fiscal year 2020 amount to EUR 1,115 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.

Other post-employment benefits – Italy

Other post-employment benefits include the Italian severance pay obligation (TFR). In Italy each employer is required by law to pay the TFR amount to employees, who leave the company. The TFR amount is calculated based on the duration of employment and the taxable income of each employee.

Other post-employment benefits developed as follows:

Development of other post-employment benefits		Defined benefit obligations	
in EUR thou.		2019	2018
Balance as at 1 Jan.		314	106
Current service costs		307	162
Net interest costs of defined benefit obligations		4	1
Expenses recognised in the consolidated income statement		311	163
Actuarial gains/losses		543	158
Remeasurement for defined benefit obligations recognised in other comprehensive income		543	158
Benefits paid		-184	-113
Other reconciling items		-184	-113
Balance as at 31 Dec.		984	314

The weighted average duration of the defined benefit obligation for other post-employment benefits was around 12 years (2018: 11 years). Employer contributions expected to be paid for defined benefit obligations in fiscal year 2020 amount to EUR 746 thousand.

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 obligation presented in the following table:

Sensitivity analysis of defined benefit obligations	Changes in the defined benefit obligations		Changes in the defined benefit obligations	
	2019		2018	
in EUR thou.	+ 0.5 percentage points	-0.5 percentage points	+ 0.5 percentage points	-0.5 percentage points
Discount rate	-760	859	-526	604
Assumed salary increase	159	-161	127	-131
Assumed pension increase	607	-576	428	-408

The decrease/increase of the life expectancy in the assumptions by one year respectively would result in a change of the defined benefit obligation by EUR -260 thousand / EUR 301 thousand (2018: EUR -188 thousand / EUR 216 thousand).

4.26) Other provisions consist mainly of provisions for taxes, legal costs and the operating rental business (fleet related costs) as well as staff provisions.

Of the obligations included in other provisions EUR 121,110 thousand (2018: EUR 112,314 thousand) are expected to be settled within one year and EUR 913 thousand (2018: EUR 1,053 thousand) are due in more than one year.

Other provisions	Rental business			
in EUR thou.	(fleet related)	Personnel	Miscellaneous	Total
Balance as at 1 Jan.	54,949	44,232	14,187	113,367
Additions	40,609	50,123	7,467	98,199
Changes in the scope of consolidation	-	880	15	895
Reversals	-1,430	-1,600	-118	-3,148
Utilised	-39,008	-42,709	-5,756	-87,473
Foreign exchange differences	-	166	9	175
Compounding of provisions	-	-	7	7
Balance as at 31 Dec.	55,120	51,093	15,811	122,023

4.27) Financial liabilities comprise liabilities from issued borrower's note loans and bonds, bank loans, liabilities from commercial papers as well as liabilities from asset-backed securities financing and lease liabilities.

Financial liabilities	Residual term of up to 1 year		Residual term of 1 to 5 years		Residual term of more than 5 years	
in EUR thou.	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
Borrower's note loans	29,977	92,962	883,069	564,979	172,704	108,798
Bonds	254,954	-	992,999	998,284	-	246,799
Commercial papers	70,000	-	-	-	-	-
Liabilities to banks	320,004	336,999	232,368	301,025	56,758	59,817
Lease liabilities	94,398	3,987	230,984	10,935	83,807	-
Other liabilities	15,185	14,878	-	-	-	-
Group total	784,518	448,826	2,339,421	1,875,223	313,270	415,414

Borrower's note loans were issued in several tranches and various currencies with a total nominal value of EUR 1,025 million and USD 70 million (2018: EUR 768 million). Thereof a nominal value of EUR 995 million and USD 70 million relates to non-current financial liabilities (2018: EUR 675 million). Interest is paid at a variable or fixed rate with nominal maturities between two and seven years (2018: between four and seven years). In fiscal year 2019 new long-term borrower's note loans with terms of five and a half und seven years and a total volume of EUR 350 million, as well as long-term borrower's note loans with terms of two and three years and a total volume of USD 70 million were issued.

The borrower's note loans with a nominal value of EUR 93 million, reported in the previous year under current financial liabilities, were repaid in 2019 in accordance with the contract terms.

The bonds include a EUR 250 million bond issued on the capital market in 2014 with a nominal interest rate of 2.00% p.a. and a maturity of six years until 2020, a EUR 250 million bond issued on the capital market in 2016 with a nominal interest rate of 1.125% p.a. and a maturity of six years until 2022, a EUR 250 million bond issued on the capital market in 2018 with a nominal interest rate of 1.50% p.a. and a maturity of six years until 2024, each issued by Sixt SE, as well as a EUR 250 million bond issued on the capital market in 2017 with a nominal interest rate of 1.125% p.a. and a maturity of four years until 2021 and a EUR 250 million bond issued on the capital market in 2018 with

a nominal interest rate of 1.50% p.a. and a maturity of four years until 2022, each issued by Sixt Leasing SE. There are conditional call options for the issuer and put options for the bond holders.

Bonds in the principal amount of EUR 5.2 million had been issued to participants in the MSP 2012 employee equity participation programme at balance sheet date (2018: EUR 5.5 million). The bonds carry an interest coupon of 4.5% p.a. and have a term until December 2020.

Liabilities to banks include liabilities from an asset-backed securities programme, launched by Sixt Leasing SE to refinance leasing contracts. The programme comprises a financing volume of EUR 500 million. Under the programme variable interest liabilities are taken out, which are redeemable based on the amortisation schedule of the lease contract portfolio. The liabilities are secured by the lease portfolio. To mitigate interest rate risks the company concluded interest rate swap agreements over the amortisation period of the related lease contract portfolio.

The current liabilities to banks include short-term borrowings at variable rates of interest taken out by utilising the credit lines available to the Group. The liabilities have been partially secured by transferring ownership of assets. Other liabilities consist mainly of deferred interest.

Liabilities to banks also include two long-term investment loans in the amount of EUR 71.7 million (2018: EUR 74.6 million). The loans have been secured by mortgages.

In addition to the previous year's obligations under leases that were entered into to refinance the lease fleet, lease liabilities include liabilities resulting from leases recognised in accordance with IFRS 16. In the financial year 2019, payments of EUR 91.8 million has been recorded for capitalised leases.

The development of current and non-current financial liabilities is shown below:

Changes in financial liabilities		
in EUR thou.	31 Dec. 2019	31 Dec. 2018
Closing balance previous year	2,739,464	2,291,108
Adjustment on adoption of IFRS 16	341,482	-
Balance as at 1 Jan.	3,080,945	2,291,108
Cash flows	217,226	452,098
Other non-cash changes		
Leases	132,350	-
Currency translation	3,509	15
Other	3,179	-3,757
Balance as at 31 Dec.	3,437,209	2,739,464

\4.28\ **Other liabilities** are broken down as follows:

Other liabilities		
in EUR thou.	31 Dec. 2019	31 Dec. 2018
Financial other liabilities		
Liabilities to affiliated companies	210	1,095
Liabilities to other investees	213	119
Payroll liabilities	7,018	6,646
Miscellaneous liabilities	39,724	37,493
Non-financial other liabilities		
Deferred income	35,766	39,496
Tax liabilities	65,041	48,345
Prepayments received from customers	34,109	31,797
Group total	182,082	164,991
Thereof current	165,569	146,084
Thereof non-current	16,513	18,907

Miscellaneous other liabilities include interest-bearing liabilities from customer deposits and the reported interest and currency hedging transactions. In addition miscellaneous liabilities contain minority interests in equity and in the net profit of consolidated partnerships (EUR 33 thousand; 2018: EUR 30 thousand).

Prepayments received from customers relate to advance payments for the rental of vehicles. The underlying performance obligation is expected to be fulfilled within the next twelve months.

Deferred income relates mostly to the deferral of income from advance payments by lessees, which are reversed using the straight-line method over the agreed term of the lease.

The amounts shown for current and non-current other liabilities in fiscal year 2018 have been adjusted subsequently. A part of the deferred income from advance payments by lessees in the

amount of EUR 17,837 thousand has been reclassified from current to non-current other liabilities.

\4.29\ **Trade payables** comprise current liabilities arising from deliveries to the Group, particularly of vehicles for the rental and lease fleets, and other purchases in the course of operating activities.

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 instruments. 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 according to IFRS 13.

Financial instruments	IFRS 9 measurement category ¹	Measurement basis for fair value	Carrying amount		Fair value	
in EUR thou.			31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
Non-current assets						
Financial assets	FVTPL	Level 3	2,352	4,042	2,352	4,042
Finance lease receivables	IFRS 16		1,027	1,753	1,064	1,797
Interest rate derivatives	FVTPL	Level 2	53	44	53	44
Other receivables	AC		4,329	3,314		
Total			7,761	9,153	3,469	5,883
Current assets						
Finance lease receivables	IFRS 16		990	1,923	1,032	1,992
Currency derivatives	FVTPL	Level 2	4,598	2,169	4,598	2,169
Trade receivables	AC		765,038	558,848		
Other receivables	AC		90,554	78,571		
Total			861,181	641,510	5,631	4,161
Non-current liabilities						
Bonds	AC	Level 2	992,999	1,245,083	1,035,604	1,270,638
Borrower's note loans	AC	Level 2	1,055,774	673,777	1,082,031	672,048
Liabilities to banks	AC	Level 2	289,127	360,842	288,008	354,010
Financial other liabilities	AC		130	151		
Lease liabilities	IFRS 16		314,791	10,935		
Interest rate derivatives	Hedge Accounting	Level 2	801	919	801	919
Total			2,653,622	2,291,707	2,406,444	2,297,614
Current liabilities						
Bonds	AC	Level 2	254,954	-	260,459	-
Borrower's note loans	AC	Level 2	29,977	92,962	30,283	94,782
Commercial papers	AC	Level 2	70,000	-	70,007	-
Liabilities to banks	AC	Level 2	320,004	336,999	321,378	339,181
Lease liabilities	IFRS 16		94,398	3,987		
Trade payables	AC		832,920	644,391		
Other financial liabilities	AC		15,185	14,878		
Currency derivatives	FVTPL	Level 2	3,408	269	3,408	269
Interest rate derivatives	FVTPL	Level 2	-	17	-	17
Financial other liabilities	AC		42,826	43,633		
Financial other liabilities	FVTPL	Level 3	-	364	-	364
Total			1,663,672	1,137,499	685,534	434,613

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 per category.

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 current financial instruments it was assumed that the fair values correspond to the carrying amount (amortised cost) unless otherwise specified in the table. The fair values of the finance lease receivables reported as non-current and current assets and the bonds, borrower's note loans, commercial papers and liabilities to banks reported as non-current and current liabilities were calculated as the present values of the future expected cash flows. Standard market rates of interest of between 0.0% p.a. and 2.0% p.a. for financial instruments that will be settled in Euro (2018: between 0.1% p.a. and 3.2% p.a.) as well as of between 2.0% p.a. and 2.6% p.a. for financial instruments that will be settled in US-Dollars (2018: -) based on the respective maturities were used for discounting.

Finance lease receivables and lease liabilities are measured in accordance with IFRS 16.

The fair values determined on the basis of unobservable market data relate to equity investments which are valued on the basis of their net assets value. The change in the reported carrying amounts and fair values has resulted from additions of equity instruments in the amount of EUR 1,137 thousand (2018: EUR 369 thousand), changes in the scope of consolidation in the amount of EUR -2,529 thousand (2018: EUR -381 thousand) and results recognised in profit or loss in the amount of EUR -298 thousand (2018: EUR 1,203 thousand). The prior year change included also disposals of equity instruments in the amount of EUR 13 thousand and gains recognised in other reserves from the first-time adoption of IFRS 9 in the amount of EUR 1,948 thousand.

The obligations for contingent consideration recognised in the previous year as current financial other liabilities (level 3) were settled in the year under review. In the financial year 2019, the changes resulted from settlements in the amount of EUR -352 thousand, results recognised in profit or loss in the amount of EUR -21 thousand (2018: EUR 49 thousand) and currency translation differences in the amount of EUR 9 thousand (2018: EUR -4 thousand).

Net expenses from interest rate derivatives amounted to EUR 150 thousand (2018: EUR 349 thousand), of which EUR 159 thousand (2018: EUR 393 thousand) relate to the ineffective portion of interest rate derivatives in a cash flow hedge relationship. The net result from the measurement of currency derivatives as at reporting date came to EUR 1,191 thousand (2018: EUR 1,900 thousand).

Net gains from financial assets in the AC measurement category (measured at amortised cost) amounted to EUR 2,427 thousand (2018: EUR 1,601 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 in the AC measurement category (measured at amortised cost).

Total interest income from financial assets not measured at fair value through profit or loss amounted to EUR 2,101 thousand (2018: EUR 1,037 thousand). This includes interest income from finance leases in the amount of EUR 180 thousand (2018: EUR 268 thousand). The total interest expense on financial liabilities not measured at fair value through profit or loss amounted to EUR 44,183 thousand (2018: EUR 36,542 thousand). This includes interest expense on leases in the amount of EUR 7,431 thousand (2018: EUR 142 thousand).

The subsequent measurement of interest rate and currency derivatives is made at fair value (level 2 measurement).

As at balance sheet date, assets from interest rate derivatives amounted to EUR 53 thousand (2018: EUR 44 thousand). The financial liabilities from interest rate derivatives totalling EUR 801 thousand (2018: EUR 935 thousand) are designated as cash flow hedge. In the previous year, an amount of EUR 919 thousand has been designated in a cash flow hedge and an amount of EUR 17 thousand was not designated in a hedge relationship. All in all, a volume of EUR 380 million (2018: EUR 448 million) is hedged against interest rate derivatives carrying fixed interest rates between -0.6% and 0.0% (2018: -0.5% and 3.5%) and a remaining term of up to five and a half years (2018: six years). Of these, EUR 378 million (2018: EUR 437 million) are in a cash flow hedge relationship. The variable interest rate is based on the 1 month Euribor.

As at balance sheet date, assets from currency derivatives amounted to EUR 4,598 thousand (2018: EUR 2,169 thousand). The financial liabilities from currency derivatives amounted to

EUR 3,408 thousand (2018: EUR 269 thousand). A volume of EUR 732 million (2018: EUR 811 million) is hedged against currency derivatives, denominated mainly in US-Dollars, with a maximum remaining term of up to three months (2018: two months). As in the previous year, the currency derivatives are in no hedge relationship.

Change in fair value in EUR thou.	Change in the yield curves		Change in the yield curves	
	31 Dec. 2019		31 Dec. 2018	
	+100 basis points	-100 basis points	+100 basis points	-100 basis points
Other current and non-current liabilities / Other non-current assets	5,385	-4,806	7,187	-7,102

Furthermore, based on the parallel shift in the yield curves of +100 / -100 basis points, interest expense for variable-rate financial liabilities would increase respectively decrease by EUR 6,041 thousand (2018: EUR 4,473 thousand) taking into account existing interest rate derivatives but not taking into account possible economic compensation from new business.

The sensitivity analysis for the reported currency derivatives assumes a change in the EUR exchange rates of +10 / -10 percentage points. The reported fair values as at 31 December 2019 (other current assets / other current liabilities) would then change by EUR 69,531 thousand / EUR -66,770 thousand (2018: EUR 65,172 thousand / EUR -79,009 thousand).

Given aforelisted changes to valuations from interest rate and currency exchange risks as well as not taking into account any tax effects, this would result in a change in equity of EUR 68,875 thousand / EUR -65,536 thousand (2018: EUR 67,886 thousand / EUR -81,638 thousand) and a change in the annual result of EUR 64,365 thousand / EUR -61,309 thousand (2018: EUR 60,990 thousand / EUR -74,603 thousand) as well as a change in the other comprehensive income of EUR 4,510 thousand / EUR -4,226 thousand (2018: EUR 6,895 thousand / EUR -7,036 thousand).

Financial risk management and hedging

The Sixt Group is exposed to the following financial risks, which are addressed through the risk management system that has been implemented:

Interest rate and market price risk

Alongside medium- and long-term financial instruments bearing a fixed rate of interest, the Sixt Group also uses variable-rate financial instruments to finance investments mainly in the rental

Sensitivity analysis

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 changes in the reported fair values presented in the following table:

and lease fleets and is therefore exposed to interest rate risk. Derivative financial instruments such as interest rate caps and interest rate swaps may in principle be used to limit interest rate risk as part of the risk management. In this context, internal Group guidelines stipulate the main duties, competencies, responsibilities, reporting requirements and control tools. By entering into hedging transactions as part of risk management, the Group deliberately converts existing variable-rate liabilities into synthetic fixed-rate refinancing. In contrast, given appropriate expectations on the future development of short- and long-term interest rates, derivative instruments can also be used to achieve a defined proportion of variable-rate liabilities.

The transactions are reported under other assets or other liabilities. The valuations made by the transactions partners (financial institutions) are based on market yield curves. The Group had derivative financial instruments amounting to a nominal value of EUR 380 million in its portfolio at the balance sheet date (2018: EUR 448 million). The fair value of the transactions was in total EUR -0.7 million (2018: EUR -0.9 million).

The Sixt Group is exposed to market price risks particularly in selling used vehicles from the rental and lease fleets. To guard against the risks of remarketing returned vehicles, the Sixt Group seeks to hedge vehicles as far as possible through buy-back agreements with manufacturers and dealers. In the event that used vehicles from the rental and leasing fleets are sold on the open market the Sixt Group is exposed to the development of the used car market, particularly in Germany and the USA. The value of vehicles to be sold directly by Sixt in the used car market is analysed regularly based on the company's own experience and market observations.

Counterparty default risk

Creditworthiness checks are performed in accordance with internal guidelines prior to entering into an agreement in order to minimise counterparty default risk. Customers' creditworthiness is also checked at regular intervals during the term of the agreement. For expected default risks a valuation allowance is recognised. When there are no realistic prospects of recovering the amount, the relevant receivable is derecognised. In addition, there is the general risk that suppliers will not be able to meet their obligations under buy-back agreements. In given cases,

Sixt bears the remarketing risk relating to the vehicles. In this context too, Sixt performs regular credit checks.

Deposits with banks consist only of short-term maturity deposits. 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.

Analysis of trade receivables

Trade receivables are classified by default risk as follows:

Trade receivables by risk class in EUR thou.	Gross receivables	Impairments	Net receivables
Very low	567,639	4,456	563,183
Low	149,839	9,029	140,810
Increased	45,155	15,492	29,663
Highly increased	82,469	51,087	31,382
Group total as at 31 Dec. 2019	845,103	80,065	765,038

Trade receivables by risk class in EUR thou.	Gross receivables	Impairments	Net receivables
Very low	394,085	2,892	391,192
Low	133,638	7,888	125,750
Increased	29,616	10,447	19,169
Highly increased	68,373	45,636	22,737
Group total as at 31 Dec. 2018	625,712	66,864	558,848

Trade receivables predominantly comprise receivables from rental and leasing business with Sixt Group end-customers and receivables from suppliers relating to the sale of used vehicles as part of buy-back commitments, or commercial and private buyers as part of the sale on the open market. At the reporting date, trade receivables include risk concentrations resulting from vehicle sales to manufacturers and dealers.

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 allowances. Due to the use of the simplified approach the change in the allowance account is 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.

The maximum default amount is the reported carrying amount of the net receivable. No credit derivatives or similar hedging instruments were used to cover credit risk in the period under review. A proportion of the receivables in the leasing business is collateralised by customer deposits.

In the fiscal year the allowance account for trade receivables developed as follows:

Change in the allowance account in EUR thou.	Balance as at 1 Jan. 2019	Change	Balance as at 31 Dec. 2019
Impairments for trade receivables	66,864	13,201	80,065

Change in the allowance account in EUR thou.	Balance as at 31 Dec. 2017	Adjustments IFRS 9	Balance as at 1 Jan. 2018	Change	Balance as at 31 Dec. 2018
Impairments for trade receivables	67,664	-11,749	55,915	10,949	66,864

Analysis of receivables from insurances in the other assets

Receivables from insurances by risk class in EUR thou.	Gross receivables	Impairments	Net receivables
Increased	48,833	9,930	38,903
Highly increased	16,747	8,752	7,995
Group total as at 31 Dec. 2019	65,580	18,682	46,898

Receivables from insurances by risk class in EUR thou.	Gross receivables	Impairments	Net receivables
Increased	44,595	10,599	33,997
Highly increased	11,473	6,299	5,173
Group total as at 31 Dec. 2018	56,068	16,898	39,170

All the receivables are impaired. The maximum default amount is the reported carrying amount of the net receivable.

In the fiscal year the allowance account for other assets developed as follows:

Change in the allowance account in EUR thou.	Balance as at 1 Jan. 2019	Change	Balance as at 31 Dec. 2019
Impairments for other assets	16,898	1,784	18,682

Change in the allowance account in EUR thou.	Balance as at 31 Dec. 2017	Adjustments IFRS 9	Balance as at 1 Jan. 2018	Change	Balance as at 31 Dec. 2018
Impairments for other assets	21,255	-4,310	16,945	-47	16,898

In the fiscal year under review the expenses for derecognised trade receivables and receivables from insurances amounted to EUR 28,199 thousand (2018: EUR 21,610 thousand). The expense for derecognition refers to the recognised receivables without taking into account the valuation allowances, which may already have been made.

The total expense for impairments in these categories amounted to EUR 18,409 thousand (2018: EUR 13,575 thousand).

The proceeds from payments received on previously derecognised receivables in these categories amounted to EUR 2,427 thousand (2018: EUR 1,601 thousand).

Liquidity risk

Liquidity risk is managed via financial planning performed in accordance with internal guidelines. Sixt has sufficient opportunities for refinancing on the capital markets and by credit lines not yet used.

Based on interest rate levels at the balance sheet date, no significant net cash inflows and outflows are expected in conjunction with the derivatives entered into by the Group.

Analysis of the repayment amounts of financial liabilities

The following table includes the repayment amounts (including assumed future payable interest) at their respective maturities:

Repayment amounts by maturity in EUR thou.	Commercial papers	Borrower's note loans	Bonds	Liabilities to banks	Lease liabilities	Total
2020	70,000	40,397	273,531	321,612	101,638	807,178
2021	-	279,140	263,125	118,429	85,458	746,152
2022	-	66,184	510,313	74,035	70,404	720,936
2023	-	277,122	3,750	38,131	52,053	371,056
2024	-	202,871	253,750	5,598	39,406	501,625
2025	-	169,921	-	3,798	27,469	201,187
2026 and later	-	93,920	-	54,340	64,256	212,517
31 Dec. 2019	70,000	1,129,556	1,304,468	615,941	440,684	3,560,650

Repayment amounts by maturity in EUR thou.	Commercial papers	Borrower's note loans	Bonds	Liabilities to banks	Lease liabilities	Total
2019	-	100,386	18,371	339,420	4,085	462,263
2020	-	35,501	273,844	158,705	7,909	475,959
2021	-	229,829	263,125	100,751	3,113	596,818
2022	-	44,979	510,313	40,962	-	596,254
2023	-	274,466	3,750	5,577	-	283,793
2024	-	30,292	253,750	3,765	-	287,807
2025 and later	-	80,966	-	58,100	-	139,065
31 Dec. 2018	-	796,418	1,323,153	707,281	15,107	2,841,959

The financial liabilities maturing in 2020 will largely be repaid from new lending of funds on the capital markets and the usage of bank credit lines and/or leasing refinancing lines granted by

manufacturers as well as the usage of commercial papers and the asset-backed securities programme in the Leasing Business Unit.

Analysis of the repayment amounts of interest rate and currency derivatives

Repayment amounts by maturity in EUR thou.	Interest rate derivatives	Currency derivatives	Total
2020	-641	1,435	794
2021	-219	-	-219
2022	55	-	55
2023 and later	58	-	58
31 Dec. 2019	-747	1,435	688

Repayment amounts by maturity in EUR thou.	Interest rate derivatives	Currency derivatives	Total
2019	-713	3,072	2,359
2020	-297	-	-297
2021	26	-	26
2022 and later	50	-	50
31 Dec. 2018	-933	3,072	2,139

Exchange rate and country risk

The exchange rate risk is of minor significance in the Sixt Group, as the vast majority of receivables and liabilities are due in the local currency in the country in which the respective Group company is domiciled. Exchange rate risks arise mainly from receivables from or liabilities to subsidiaries in non-euro countries. Currency swaps or other currency derivatives can be used for hedging purposes. By entering into such hedging transactions, the exchange rates of receivables or liabilities are fixed in order to limit exchange rate risks within the Group.

Capital management

The Sixt 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. The key objective is a Group equity ratio (equity / total

assets) of at least 20%. This ensures 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 the parent's investors. As at balance sheet date, the Group's equity ratio was 25.5% (2018: 27.8%). Other key elements of the Group's financial profile are the financial instruments reported in non-current and current financial liabilities. The proportion of non-current and current financial liabilities, which in the financial year 2019 include the lease liabilities recognised in accordance with IFRS 16, to total assets, amounted to 55.0% at reporting date (2018: 52.7%). In addition to the reported financial liabilities, the Group has entered into operate lease agreements to re-finance its fleet.

5. OTHER DISCLOSURES

5.1 SEGMENT REPORTING

By Business Unit	Mobility		Leasing		Other		Reconciliation		Group	
in EUR million	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
External revenue	2,489.6	2,131.1	812.1	793.2	4.8	5.2	-	-	3,306.5	2,929.5
Internal revenue	4.7	4.9	12.4	12.6	24.1	41.4	-41.1	-58.9	-	-
Total revenue	2,494.3	2,136.0	824.4	805.8	28.9	46.6	-41.1	-58.9	3,306.5	2,929.5
Fleet expenses and cost of lease assets ¹	615.3	508.6	536.9	508.0	-	0.0	-16.3	-16.0	1,135.9	1,000.6
Depreciation and amortisation expense	513.8	337.4	190.7	197.1	4.7	4.3	-	-	709.2	538.7
EBIT ²	337.2	329.2	41.1	43.9	1.4	0.2	-	-0.3	379.7	373.1
Net finance costs	-27.9	-24.0	-12.0	-13.2	-2.4	198.5	-	0.3	-42.3	161.5
Interest income	2.9	1.9	0.3	0.3	0.2	1.0	-1.3	-2.2	2.1	1.0
Interest expense	-31.1	-24.0	-12.0	-13.2	-2.4	-1.8	1.3	2.4	-44.2	-36.5
Other net financial income ³	0.3	0.0	-0.3	-0.3	-0.2	199.3	-	-	-0.2	199.0
Result from at-equity measured investments	-	-2.0	-	-	-	-	-	-	-	-2.0
EBT ⁴	309.2	305.1	29.2	30.7	-1.0	198.8	-	-	337.4	534.6
Investments ^{5,6}	156.0	35.0	413.8	478.9	112.6	113.6	-96.5	-97.7	585.8	529.9
Segment assets	4,771.1	3,680.9	1,319.6	1,396.3	967.1	911.9	-893.5	-841.7	6,164.2	5,147.4
Segment liabilities	3,454.9	2,497.2	1,060.5	1,156.5	147.6	140.7	-85.5	-129.7	4,577.5	3,664.6
Employees ⁷	7,815	6,826	643	591	290	123	-	-	8,748	7,540

By Region	Germany		North America		Europe/Other ⁸		Reconciliation		Group	
in EUR million	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Total revenue	1,770.5	1,635.5	492.9	382.4	1,140.4	929.4	-97.3	-17.8	3,306.5	2,929.5
Investments ^{5,6}	514.7	558.2	35.7	7.8	125.3	56.2	-89.9	-92.3	585.8	529.9
Segment assets	4,741.6	4,383.4	1,164.2	894.5	2,803.1	2,256.0	-2,544.7	-2,386.5	6,164.2	5,147.4

¹ In the leasing segment write-downs on lease assets intended for sale are included in the amount of EUR 0.6 million (2018: EUR 4.1 million)

² Corresponds to earnings before interest and taxes (EBIT)

³ Including net investment income

⁴ Corresponds to earnings before taxes (EBT)

⁵ Excluding rental assets

⁶ Including additions to right of use assets resulting from IFRS 16, prior-year comparative information is not adjusted

⁷ Annual average

⁸ Thereof France with total revenue of EUR 337.5 million (2018: EUR 291.3 million), investments of EUR 53.0 million (2018: EUR 26.1 million), segment assets of EUR 760.6 million (2018: EUR 599.1 million)

The Sixt Group is active in the two main business areas of Vehicle Rental (including other associated services) and Leasing (finance leasing and full-service leasing of vehicles and fleet management). The Vehicle Rental Business Unit was renamed in Mobility Business Unit in 2019 to reflect the scope of offered mobility services better. In addition, in this context several administrative and financing activities which in the past have been allocated to the Other segment, are reported in the Mobility Business Unit as well.

Prior-year figures have been adjusted accordingly. Activities that cannot be allocated to these segments, such as holding company activities and real estate leasing, are combined in the Other segment. 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 earnings before taxes (EBT) of the segments.

The geographic information analyses the Group's total revenue and the Group's assets by Group company's country of domicile.

Segment reporting is based on the accounting policies in the consolidated financial statements. Receivables, liabilities, income and expense 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 fiscal year there were contingencies from guarantees or similar obligations in the amount of EUR 67.8 million (2018: EUR 62.5 million).

Other financial obligations

In addition to provisions and liabilities, the Group has other financial obligations that result mainly from short-term leases entered into to refinance the rental fleet and from obligations under lease agreements on buildings for which no right of use assets and lease liabilities have been recognised. With the initial application of IFRS 16 (Leases) a significant part of the other financial obligations disclosed in the previous year are shown in the balance sheet as at 31 December 2019. Comparative information for the prior year has not been restated.

Other financial obligations		
in EUR million	31 Dec. 2019	31 Dec. 2018
Due within one year	55.1	133.9
Due in one to five years	0.1	191.5
Due in more than five years	-	54.6
Group total	55.2	380.0

Purchase commitments under agreements concluded as at balance sheet date in respect of vehicle deliveries for the rental and leasing fleets in the coming year amounted to around EUR 3,199 million (2018: EUR 3,008 million).

5.3 SHARE-BASED PAYMENT

In the year under review the Group had an employee participation programme in place (Matching Stock Programme – MSP) that was initiated in 2012 (MSP 2012). The programme is recognised in the category of equity-settled share-based payment programme and is described in detail below.

In September 2012 the Managing Board and Supervisory Board of Sixt SE resolved to implement a Matching Stock Programme for a selected group of employees, senior executives and members of the Managing Board of Sixt SE at the Company and its affiliated companies (MSP 2012). The programme enables employee participation in the form of shares while avoiding any dilutions for existing shareholders of Sixt SE, i.e. new shares are not issued for settlement, but shares are bought from the market.

To participate in the MSP, each participant must make a personal investment by acquiring a bond issued by Sixt SE.

The bonds acquired for the MSP 2012 carry a coupon of 4.5% p.a. and have a maturity until December 2020. The total volume invested by all participants is limited to a maximum of EUR 7 million.

The Managing Board of Sixt SE – with the approval of the Supervisory Board if the Managing Board itself is concerned – sets the maximum participation volume for each individual beneficiary. Participants in the MSP must have a contract of employment with Sixt SE or one of its subsidiaries which has not been terminated at the time of subscribing for the MSP.

Every EUR 1,000 of paid-up subscription amount entitles to subscribe to 500 stock options per annual tranche in accordance with the MSP terms and conditions.

According to the conditions on each 1 December every year from 2012 (first time) to 2018 (last time) one tranche of stock options has been allocated (a total of seven tranches). So each participant is entitled to subscribe up to a total of 3,500 stock options for every EUR 1,000 of paid-up subscription amount (7 tranches with 500 stock options each).

In 2019 no further tranche of stock options has been allocated to participants of the MSP 2012.

The allocated stock options can only be exercised after a lock-up period of four years, starting from the allocation of the respective tranche. The stock options can only be exercised if the exercise price since the allocation of the respective tranche is 20% higher than the initial price of said tranche (exercise threshold). The initial price of the stock options corresponds to the average unweighted closing price of Sixt preference shares in Xetra trading on the Frankfurt Stock Exchange during the last 60 trading days before the respective stock options of the tranche con-

cerned are allocated. The exercise price is the average unweighted closing price of Sixt preference shares in Xetra trading on the Frankfurt Stock Exchange during the last 60 trading days before the stock options of a tranche are exercised. Stock options allocated as part of a tranche are deemed to have been exercised on the first trading day following the end of the lock-up period, if the exercise threshold has been reached. If the exercise threshold is not reached, the stock options expire without replacement.

The exercise gain (before taxes) for a tranche, calculated if the stock options are exercised, must not exceed 5% of the regular earnings before taxes (EBT) as reported in the prior to each exercise most recent approved consolidated financial statements of Sixt SE. If it does, the amount must be reduced proportionately for all participants. In addition, the exercise gain (before taxes) of each tranche is limited for every participant to twice his paid-up investment volume. An amount less the taxes and contributions on the exercise gain payable by the participant, is credited to each participant in preference shares of Sixt SE which Sixt SE acquires for the participant. These shares are subsequently transferred to a blocked custody account in the participant's favour. The participant is free to draw on the shares after another year. The total term of the MSP, including this lock-up period, is eleven years until 2023.

If, during the term of the MSP, adjustments are made to the share capital of Sixt SE or restructuring measures are implemented that have a direct impact on the share capital of Sixt SE and this causes the value of the stock options to change by 10% or more, the initial price is adjusted to the extent necessary to compensate for the change in value of the stock options caused by the capital action.

If Sixt SE distributes dividends or other assets to shareholders in the period between allocation and exercise of a tranche of stock options, the initial price of this tranche must be adjusted by deducting the amount of dividend or distribution attributable to one preference share from the initial price.

If the bond acquired by the participant as a personal investment is redeemed early or if the participant's contract of employment is terminated, the stock options already allocated but not yet exercised and the entitlements to unallocated stock options are generally lost.

The number of stock options under the MSP 2012 changed as follows:

Number of stock options								2012 allocation
	2019	2018	2017	2016	2015	2014	2013	2012
Outstanding at the beginning of the financial year	1,931,000	2,915,000	4,375,000	4,769,000	3,680,500	2,497,000	1,316,000	-
Granted during financial year	-	-	-	1,075,000	1,186,000	1,223,500	1,248,500	1,316,000
Returned during financial year	-171,667	-14,000	-425,000	-364,000	-97,500	-40,000	-67,500	-
Exercised during financial year	-893,833	-970,000	-1,035,000	-1,105,000	-	-	-	-
Outstanding at the end of the financial year	865,500	1,931,000	2,915,000	4,375,000	4,769,000	3,680,500	2,497,000	1,316,000
Existing contractual obligation for future grant	-	-	-	-	1,186,000	2,447,000	3,745,500	5,264,000

Number of stock options								2013 allocation
	2019	2018	2017	2016	2015	2014	2013	2013
Outstanding at the beginning of the financial year	225,000	389,000	522,000	506,500	341,000	170,500	-	-
Granted during financial year	-	-	-	128,000	165,500	170,500	170,500	170,500
Returned during financial year	-	-41,000	-	-112,500	-	-	-	-
Exercised during financial year	-112,500	-123,000	-133,000	-	-	-	-	-
Outstanding at the end of the financial year	112,500	225,000	389,000	522,000	506,500	341,000	170,500	170,500
Existing contractual obligation for future grant	-	-	-	-	165,500	341,000	511,500	511,500

Number of stock options						2014 allocation
	2019	2018	2017	2016	2015	2014
Outstanding at the beginning of the financial year	281,000	526,500	534,000	411,000	220,500	-
Granted during financial year	-	-	-	178,000	205,500	220,500
Returned during financial year	-5,000	-105,000	-7,500	-55,000	-15,000	-
Exercised during financial year	-135,500	-140,500	-	-	-	-
Outstanding at the end of the financial year	140,500	281,000	526,500	534,000	411,000	220,500
Existing contractual obligation for future grant	-	-	-	-	205,500	441,000

Number of stock options						2015 allocation
	2019	2018	2017	2016	2015	
Outstanding at the beginning of the financial year	356,000	376,000	416,000	248,000	-	-
Granted during financial year	-	-	-	198,000	248,000	
Returned during financial year	-20,000	-20,000	-40,000	-30,000	-	-
Exercised during financial year	-163,000	-	-	-	-	-
Outstanding at the end of the financial year	173,000	356,000	376,000	416,000	248,000	
Existing contractual obligation for future grant	-	-	-	-	248,000	

Number of stock options						2016 allocation
	2019	2018	2017	2016		
Outstanding at the beginning of the financial year	298,000	354,000	364,000	-	-	-
Granted during financial year	-	-	-	364,000		
Returned during financial year	-20,000	-56,000	-10,000	-	-	-
Outstanding at the end of the financial year	278,000	298,000	354,000	364,000		
Existing contractual obligation for future grant	-	-	-	-	-	-

Number of stock options						2017 allocation
	2019	2018	2017			
Outstanding at the beginning of the financial year	2,281,500	2,425,000	-	-	-	-
Granted during financial year	-	-	2,490,000			
Returned during financial year	-130,000	-143,500	-65,000			
Outstanding at the end of the financial year	2,151,500	2,281,500	2,425,000			
Existing contractual obligation for future grant	-	-	-	-	-	-

Number of stock options						2018 allocation
	2019	2018				
Outstanding at the beginning of the financial year	2,693,500	-	-	-	-	-
Granted during financial year	-	2,703,500				
Returned during financial year	-150,000	-10,000				
Outstanding at the end of the financial year	2,543,500	2,693,500				
Existing contractual obligation for future grant	-	-	-	-	-	-

As at the balance sheet date the following options from tranches granted under the MSP 2012 were outstanding:

2012 allocation	Number of outstanding stock options	Future exercise date	Residual term	Estimated conversion/ Exercise price
Tranche 2016	865,500	2020	1.0 years	9.00 EUR
2013 allocation	Number of outstanding stock options	Future exercise date	Residual term	Estimated conversion/ Exercise price
Tranche 2016	112,500	2020	1.0 years	16.21 EUR
2014 allocation	Number of outstanding stock options	Future exercise date	Residual term	Estimated conversion/ Exercise price
Tranche 2016	140,500	2020	1.0 years	24.76 EUR
2015 allocation	Number of outstanding stock options	Future exercise date	Residual term	Estimated conversion/ Exercise price
Tranche 2016	173,000	2020	1.0 years	37.10 EUR
2016 allocation	Number of outstanding stock options	Future exercise date	Residual term	Estimated conversion/ Exercise price
Tranche 2016	278,000	2020	1.0 years	34.70 EUR
2017 allocation	Number of outstanding stock options	Future exercise date	Residual term	Estimated conversion/ Exercise price
Tranche 2017	2,151,500	2021	2.0 years	49.91 EUR
2018 allocation	Number of outstanding stock options	Future exercise date	Residual term	Estimated conversion/ Exercise price
Tranche 2018	2,543,500	2022	3.0 years	54.76 EUR

Measurement of options issued

The stock options under the MSP 2012 were measured by means of a Monte Carlo simulation model. Assuming that the price of the stock option granted can be calculated as the discounted future expected value (with regard to the risk-neutral probability), the price development of the underlying (Sixt preference share) is simulated a large number of times and

the expected value is determined by calculating the arithmetic mean of the results of the individual simulations.

The method used is based on the random walk of the price performance of Sixt preference shares with a log-normal distribution of the relative price changes. Other assumptions used by the model are: the MSP participants pursue a strategy that is profit-maximising from their perspective, constant dividend yields, drift

and volatility, the cap of 5% of earnings before taxes (MSP 2012) is not achieved, no change in the share capital of Sixt SE during the term of the MSP, no change in the current MSP terms and conditions.

The average price over a 60-day period is determined for each path comprising a simulated share price performance for each tranche after the lock-up period expires and is compared with the exercise threshold. If the figure is above the exercise threshold, the related gain on the stock option is discounted from the

exercise date to the reporting date in accordance with the yield curve observed.

The expected volatility was estimated on the basis of the historical volatility of the share price. The expected term used in the model was adjusted to reflect the Managing Board's best estimate of the impact of non-transferability, exercise restrictions and behaviour such as staff fluctuation.

At the time of granting the parameters used in the simulation were:

Simulation model parameters	2018 allocation	2017 allocation	2016 allocation	2015 allocation	2014 allocation	2013 allocation	2012 allocation
Risk-free interest rate in % p.a.	-0.01	-0.09	-0.20	0	0.01	0.40	0.36
Expected volatility in %	27	27	28	28	32	32	39
Expected term until exercise from issue in years	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Price of preference shares on the issue date in EUR	60.20	53.51	36.87	39.19	25.44	18.90	12.65

In accordance with IFRS 2, personnel expenses were calculated on the basis of the market conditions at the grant date, and not on the basis of the market conditions at the balance sheet date. In 2019, the Group recognised personnel expenses of EUR 1,339 thousand (2018: EUR 1,212 thousand) in connection with equity-settled share-based payments. EUR 210 thousand of this amount relates to the "2012 allocation", EUR 40 thousand to the "2013 allocation", EUR 60 thousand to the "2014 allocation", EUR 91 thousand to the "2015 allocation", EUR 61 thousand to the "2016 allocation", EUR 468 thousand to the "2017 allocation" and EUR 409 thousand to the "2018 allocation".

In consideration of currency translation differences, additions to capital reserves respectively minority interests have been made accordingly.

5.4 RELATED PARTY DISCLOSURE

The Sixt Group has receivables from and liabilities to various unconsolidated Group companies for the purposes of intercompany settlements and financing. The resulting balances are presented in the positions other receivables and other liabilities. The transactions are conducted on arm's length terms. The following provides an overview of significant transactions and account balances arising from such relationships:

Related parties	Services rendered		Services used		Receivables from related companies		Liabilities to related companies	
in EUR million	2019	2018	2019	2018	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
CV "Main 2000" UA	-	-	0.2	0.3	-	-	-	-
Sixt Immobilien Beteiligungen GmbH	1	-	1	-	1	-	0.2	0.2
Sixt Leasing N.V.	1	-	-	-	-	0.2	-	-
Sixt Mobility Consulting Österreich GmbH	1	1	-	-	0.4	0.1	-	0.1
Sixt Mobility Consulting SARL	0.1	1	-	-	0.6	0.3	-	-
TÜV SÜD Car Registration & Services GmbH	0.1	1	2.2	2.0	1	1	0.2	0.1

¹ Amount less than EUR 0.1 million

The Supervisory Board member Dr. Daniel Terberger holds a stake in a company, with whom the Group maintains a business relationship covering the delivery of working clothes at arm's

length conditions. In the year under review EUR 1.2 million were spent (2018: EUR 0.3 million). Furthermore the Group rented two (2018: three) properties belonging to the Sixt family for its

operations in the financial year. The rental expenses amounted to EUR 0.2 million (2018: EUR 0.2 million). Further business relationships to related parties, mainly from rental of vehicles at market conditions exist to a limited extend. For their services as members of the Managing Board, Erich Sixt, Alexander Sixt and

Konstantin Sixt receive remuneration which are published individually in the section “Key features of the remuneration system” in the management report on the Group’s and the Company’s situation for 2019. Further members of the Sixt family received remuneration amounting to EUR 0.6 million (2018: EUR 0.6 million) for their activities in the Group.

The Supervisory Board and Managing Board of Sixt SE

Supervisory Board	Membership of supervisory boards and other comparable bodies of business enterprises
Friedrich Jousen Chairman Chairman of the Managing Board of TUI AG Duisburg	Chairman of the Supervisory Board of TUI Deutschland GmbH Chairman of the Supervisory Board of TUIfly GmbH Chairman of the Administrative Board of RIUSA II S.A., Spain
Ralf Teckentrup Deputy Chairman Chairman of the board of managing directors of Condor Flugdienst GmbH Kronberg	Member of the Advisory Board of Deutsche Flugsicherung DFS GmbH
Dr. Daniel Terberger Chairman of the Managing Board of KATAG AG Bielefeld	Chairman of the Supervisory Board of Textilhäuser F. Klingenthal GmbH Member of the Supervisory Board of Gebr. Weiss Holding AG, Austria Member of the Supervisory Board of Fussl Modestraße Mayr GmbH, Austria Member of the Advisory Board of ECE Projektmanagement GmbH & Co. KG Member of the Advisory Board of Eterna Mode Holding GmbH Member of the Advisory Board of Loden-Frey Verkaufshaus GmbH & Co. KG Member of the Advisory Board of William Prym Holding GmbH Member of the Advisory Board of s.Oliver Bernd Freier GmbH & Co. KG
Managing Board	Membership of supervisory boards and other comparable bodies of business enterprises
Erich Sixt Chairman Grünwald	Chairman of the Supervisory Board Sixt Leasing SE ¹
Jörg Bremer Pullach	
Detlev Pätsch Oberhaching	
Alexander Sixt Grünwald	
Konstantin Sixt Munich	

¹ Membership in Group bodies

Total remuneration of the Supervisory Board and Managing Board of Sixt SE

Total remuneration		
in EUR thou.	2019	2018
Supervisory Board remuneration	200	200
Managing Board remuneration	13,742	12,771
Thereof variable remuneration	5,017	4,451

The total remuneration of the Managing Board includes as a long-term incentive the exercise gain from the exercise of the stock options granted in the amount of EUR 1,400 thousand (2018: EUR 1,200 thousand), as well as in the previous year the fair value at initial date of issue of the tranche of stock options granted in fiscal year 2018 to the members of the Managing Board under the Matching Stock Programme 2012 in the amount of EUR 342 thousand. In fiscal year 2019 no stock options have been granted to the members of the Managing Board.

Detailed information relating to the remuneration of the Managing Board are given in the section "Key features of the remuneration system" in the management report on the Group's and the Company's situation for fiscal year 2019.

At the end of the reporting year members of the Supervisory Board were granted none and members of the Managing Board were granted 1,150,000 stock options under the employee equity participation programme MSP 2012, and on the basis of their personal investments (2018: 1,500,000 stock options). As at balance sheet date all stock options of the MSP 2012 have been issued, therefore there are no further entitlements.

The Group has no pension obligations towards members of the Supervisory Board and Managing Board.

Shareholdings

As at 31 December 2019, Erich Sixt Vermögensverwaltung GmbH, Pullach, all shares of which are held directly and indirectly by the Sixt family, held 17,701,822 shares of the ordinary shares of Sixt SE (2018: 17,701,822 ordinary shares). In addition to this Erich Sixt held unchanged two registered ordinary shares of Sixt SE.

In accordance with article 19 of the European Market Abuse Directive persons performing executive functions and persons closely related to them are legally required to disclose their own transactions with shares or bonds of Sixt SE and their related financial derivatives or other related financial instruments. The reporting requirement applies to all transactions, that are conducted after the total amount of EUR 5,000 within the calendar year was achieved.

The transaction notifications received by Sixt SE during fiscal year 2019 were duly published and can be retrieved on the website of Sixt SE at ir.sixt.eu under the tab "Investor Relations – Corporate Governance – Managers' Transactions".

5.5 PROPOSAL FOR ALLOCATION OF THE UNAPPROPRIATED PROFIT

Sixt SE reported an unappropriated profit for fiscal year 2019 in accordance with German commercial law of EUR 254,083 thousand (2018: EUR 247,658 thousand). Subject to the approval by the Supervisory Board, the Managing Board proposes utilising this unappropriated profit as follows:

Proposal for allocation of the unappropriated profit		
in EUR thou.	2019	2018
No payment of a dividend (2018: EUR 2.15) per ordinary share entitled to a dividend	-	65,289
Payment of a dividend of EUR 0.05 (2018: EUR 2.17) per preference share entitled to a dividend	829	35,970
Carryforward to new account	253,254	146,398

As at 31 December 2019, 30,367,112 ordinary shares entitled to a dividend and 16,576,246 preference shares entitled to a dividend are issued, which would result in a total distribution of EUR 829

thousand. This takes due account of the future demands placed on equity, the investment requirements and the future economic development, above all with a view to the extraordinary crisis situation

caused by the corona virus and the uncertainties in the financial markets with possible consequences for the availability of capital.

The proposal by the Managing Board and the Supervisory Board on the appropriation of the unappropriated profit for the financial year 2018 was resolved unchanged by the Annual General Meeting on 4 June 2019.

5.6 EVENTS SUBSEQUENT TO REPORTING DATE

On 21 February 2020 Sixt SE announced that it had concluded an agreement that day with the Hyundai Capital Bank Europe GmbH on the sale of its entire stake in Sixt Leasing SE. The stake consists of shares relating to about 41.9% of the share capital of Sixt Leasing SE. The stock-listed Sixt Leasing SE together with its subsidiaries is fully consolidated in the Sixt Group and represents the Leasing Business Unit. The purchase price agreed for the sale of the stake amounts to approximately EUR 155.6 million, or EUR 18.00 for each share sold plus a dividend compensation for fiscal year 2019. The completion of the sale of the participation of Sixt SE in Sixt Leasing SE, amongst others, is subject to the condition that Hyundai Capital Bank Europe GmbH under the voluntary public takeover bid to all shareholders of Sixt Leasing SE reaches an acceptance quota of at least 55% of all shares in Sixt Leasing SE – including the shares acquired from Sixt SE. In addition, the completion of the sale will be subject to Hyundai Capital Bank Europe GmbH having secured the financing for the transaction and certain merger control and other regulatory clearances. Sixt SE expects the sale to be completed in the second half of 2020. Upon the completion of the sale of its participation in Sixt Leasing SE, Sixt SE will presumably generate a mid-double-digit million euro amount as extraordinary profit before taxes at group level. Additionally in the future revenue (2019: EUR 812.1 million) and earnings before taxes (2019: EUR 29.2 million) of the discontinued Leasing Business Unit will not be included in the consolidated financial statements.

On 16 March 2020 Sixt SE announced that it will react with a comprehensive package of measures to the substantial impediments caused by the spread of the corona virus on the worldwide

tourism and mobility industry. Sixt plans to substantially reduce the size of the rental fleet over the short-term and thereby free up capacities and liquidity. This is aided by the short holding period of the vehicles as well as a high portion of buy-back agreements with manufacturers and dealers. Furthermore planned investments are to be postponed and personnel and material costs are to be saved to a considerable extent. In addition, Sixt is reacting to meet the increased demand for individualised and flexible vehicle ownership models for corporate and private customers by reinforcing the roll-out of flexible long-term rental and car subscription models as well as the expansion of the German-wide SIXT share range. Despite of these countermeasures, the Sixt Group expects effects on the business performance in 2020, which are described in the report on outlook of the management report on the Group's and the Company's situation in detail.

No further events of special significance for the net assets, financial position and results of operations of the Group occurred after the end of financial year 2019.

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 Stock Corporation 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 the Sixt SE website under ir.sixt.eu in the section "Corporate Governance".

5.8 AUTHORISATION 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 31 March 2020.

Pullach, 31 March 2020

Sixt SE

The Managing Board

ERICH SIXT

JÖRG BREMER

DETLEV PÄTSCH

ALEXANDER SIXT

KONSTANTIN SIXT

D FURTHER INFORMATION

D.1 RESPONSIBILITY STATEMENT

by Sixt SE, Pullach, for fiscal year 2019

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, 31 March 2020

Sixt SE

The Managing Board

ERICH SIXT

JÖRG BREMER

DETLEV PÄTSCH

ALEXANDER SIXT

KONSTANTIN SIXT

The following independent auditors' report ("Bestätigungsvermerk") was issued in accordance with section 322 of the HGB (German Commercial Code) on the IFRS Financial Statements

2019, which were prepared in German language. The translation of the independent auditor's report ("Bestätigungsvermerk") is as follows:

D.2 INDEPENDENT AUDITORS' REPORT


To Sixt SE, Pullach


REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Sixt SE, Pullach, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2019, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the financial year from 1 January to 31 December 2019, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of Sixt SE for the financial year from 1 January to 31 December 2019. In accordance with the German legal requirements, we have not audited the content of the summarised non-financial declaration of the Group as specified in the chapter "Summarised non-financial declaration of the Group pursuant to sections 315b and c in conjunction with sections 289b to e of the HGB" of the combined management report and the statement on corporate governance as specified in the chapter "Corporate governance declaration in accordance with sections 289f and 315d of the HGB" of the combined management report.

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

 the accompanying consolidated financial statements comply, in all material respects, with the International Financial Reporting Standards (IFRS) as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2019, and of its financial performance for the financial year from 1 January to 31 December 2019, and

 the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the above mentioned summarised non-financial declaration of the Group and the above-mentioned statement on corporate governance.

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

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with section 317 German Commercial Code (HGB) and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with article 10 (2) 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 combined 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 1 January to 31 December 2019. 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 the following we present the key audit matters we have determined in the course of our audit:

1. Subsequent measurement of lease assets
2. Subsequent measurement of rental vehicles

Our presentation of these key audit matters has been structured as follows:

- a) Description (including reference to corresponding information in the consolidated financial statements)
- b) Auditor's response

1. Subsequent Measurement of Lease Assets

a) In the consolidated financial statements of Sixt SE, vehicles leased out under operating leases totalling EUR 1,119,670 thousand are reported in the statement of financial position item "Lease Assets"; this corresponds to around 17.9% of total assets.

Lease assets are carried at cost less scheduled and non-scheduled depreciation considering their calculated residual values. For contracts where buy-back values have been agreed, the vehicles' residual values are determined by those residual values. If no buy-back values have been agreed the vehicles' residual values are adapted to the expected market value at expiry. As an impairment, non-scheduled depreciation is recognised if the carrying amount which is based on the originally calculated residual value exceeds the amount expected prospectively at disposal.

We classified the measurement of this quantitatively significant balance sheet item as a key audit matter since the valuation of the lease assets is based on discretionary estimates and assumptions by the legal representatives with regard to their depreciation to the expected residual value.

The disclosures of the legal representatives of the parent company on the measurement of lease assets are contained in sections 3.2 and 4.14 of the notes to the consolidated financial statements.

b) Within our examination of the appropriateness of the valuation technique, we examined the appropriateness of the corresponding organisational and operational structure with regard to the effectiveness of the key controls implemented. This relates in particular to the process of considering the contractually agreed buy-back values or expected residual values at lease inception. Furthermore, and with regard to the recognition of non-scheduled depreciation, we reproduced the procedure for determining an impairment need. In this context, we examined the competence, capacity, objectivity and suitability of the expert used by Sixt Leasing SE for the estimation of future or expected market prices in the used-car market.

Within our substantive audit procedures regarding the determination of an impairment need for vehicles not included in contractual buy-back arrangements, we compared on a sample basis the market prices prospected for the planned disposal at the balance sheet date with the calculated residual values of the respective vehicles at the acquisition date, and verified an impairment need, if applicable. In doing so, we compared and critically assessed the expectations of the legal representatives of Sixt Leasing SE regarding the market price development with actual market prices. In addition, we performed an analytical examination of the scheduled depreciation.

2. Subsequent Measurement of Rental Vehicles

a) In the consolidated financial statements of Sixt SE, rental vehicles totalling EUR 3,033,364 thousand are reported; this corresponds to around 48.5% of total assets.

Rental vehicles are carried at cost less scheduled and non-scheduled depreciation considering their calculated residual values. For vehicles for which buy-back values have been agreed, their residual values are determined by those residual values. If no buy-back values have been agreed the vehicles' residual values are adapted to the expected market value at the planned disposal date. As an impairment, non-scheduled depreciation is recognised if the carrying amount which is based on the originally calculated residual value exceeds the amount expected prospectively at disposal.

We classified the measurement of this quantitatively significant balance sheet item as a key audit matter since the valuation of

the rental vehicles is based on discretionary estimates and assumptions by the legal representatives with regard to their depreciation to the expected residual value.

The disclosures of the legal representatives of the parent company on the measurement of rental vehicles are contained in sections 3.2 and 4.16 of the notes to the consolidated financial statements.

b) Within our examination of the appropriateness of the valuation technique, we examined the appropriateness of the corresponding organisational and operational structure with regard to the effectiveness of the key controls implemented. This relates in particular to the process of considering the contractually agreed buy-back values or expected residual values for determining the scheduled depreciation. Furthermore, and with regard to the recognition of non-scheduled depreciation, we reproduced the procedure for determining such an impairment need.

Within our substantive audit procedures regarding the determination of an impairment need, we reproduced the assumptions regarding residual value and disposal risks underlying its determination and verified the impairment need calculated on this basis. In doing so, we compared and critically assessed the legal representatives' expectations regarding the market price development with actual market prices. In addition, we performed an analytical examination of the scheduled depreciation.

Other information

The legal representatives are responsible for the other information. The other information comprises:

- || the summarised non-financial declaration of the Group pursuant to sections 289b to 289e and sections 315b and 315c German Commercial Code (HGB) as specified in the chapter "Summarised non-financial declaration of the Group pursuant to sections 315b and c in conjunction with sections 289b to e of the HGB" of the combined management report,
- || the statement on corporate governance pursuant to section 289f or section 315d German Commercial Code (HGB), which is referred to in the chapter "Corporate governance declaration in accordance with sections 289f and 315d of the HGB" of the combined management report,
- || the corporate governance report in accordance with section 3.10 of the German Corporate Governance Code,

- || the legal representatives' confirmation relating to the consolidated financial statements and to the combined management report pursuant to section 297 (2) sentence 4 and section 315 (1) sentence 5 German Commercial Code (HGB)

- || the report on equality and equal pay pursuant to section 21 of the EntgTranspG, which is attached as annex to the combined management report, and

- || the remaining parts of the Annual Report, with the exception of the audited consolidated financial statements and combined management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an 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 combined management report or our knowledge obtained in the audit, or

- || otherwise appears to be materially misstated.

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

The legal representatives 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 section 315e (1) German Commercial Code (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 legal representatives 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 legal representatives are responsible for assessing the Group's abil-

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

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

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

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

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

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

- \\ Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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 relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- \\ Evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of estimates made by the legal representatives and related disclosures.

- ‖ Conclude on the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective 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 with the additional requirements of German commercial law pursuant to section 315e (1) German Commercial Code (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 combined 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 combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
 - ‖ Perform audit procedures on the prospective information presented by the executive directors in the combined 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

Further information pursuant to article 10 of the EU Audit Regulation

We were elected as group auditor by the Annual General Meeting on 4 June 2019. We were engaged by the Supervisory Board on 26 November 2019. We have been the group auditor of Sixt SE, Pullach, without interruption since the financial year 2005.

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 Klaus Löffler.

Munich, 31 March 2020

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

KLAUS LÖFFLER
German Public Auditor

FLORIAN KORTE
German Public Auditor

D.3 || BALANCE SHEET OF SIXT SE (HGB)

as of 31 December 2019

Assets		31 Dec. 2019	31 Dec. 2018
in EUR thou.			
A. Fixed assets			
I. Intangible Assets			
1. Paid concessions, industrial property rights and similar rights	857		-
II. Equipment			
1. Other fixtures, operating and office equipment	2,141		-
III. Financial assets			
1. Shares in affiliated companies	803,469		758,945
		806,467	758,945
B. Current assets			
I. Receivables and other assets			
1. Trade receivables	299,860		-
2. Receivables from affiliated companies	2,087,356		1,542,755
3. Receivables from other investees	6		-
4. Other assets	29,970		9,974
		2,117,632	1,552,729
II. Bank balances		126	35
C. Prepaid expenses		3,809	4,649
		2,928,033	2,316,358
Equity and liabilities			
in EUR thou.			
A. Equity			
I. Subscribed capital	120,175		120,175
(Conditional Capital: EUR 15,360 thousand; 2018: EUR 15,360 thousand)			
II. Capital reserves	203,173		203,173
III. Retained earnings			
Other retained earnings	113,538		113,538
IV. Unappropriated profit	254,083		247,658
Thereof retained profits brought forward EUR 146,398 thousand (2018: EUR 8,641 thousand)		690,969	684,544
B. Provisions			
1. Provisions for taxes	13,031		24,176
2. Other provisions	27,086		9,525
		40,118	33,701
C. Liabilities			
1. Bonds	750,000		750,000
2. Liabilities to banks	1,201,106		738,000
3. Trade payables	6,316		125
4. Liabilities to affiliated companies	212,195		83,333
5. Other liabilities	27,329		26,656
		2,196,946	1,598,113
		2,928,033	2,316,358

Off-balance sheet items

Liabilities from guarantees EUR 570,277 thousand (2018: EUR 496,705 thousand)

D.4 \ INCOME STATEMENT OF SIXT SE (HGB)

for the year ended 31 December 2019

in EUR thou.		2019	2018
1. Revenue		83,419	9,108
2. Other operating income		114,857	184,135
3. Fleet expenses		263	-
4. Personnel expenses			
a) Wages and salaries	89,458		16,843
b) Social security contributions	11,361		26
		100,819	16,869
5. Amortisation of intangible assets and depreciation of equipment		1,883	-
6. Other operating expenses		121,137	16,620
7. Income from investments		141,041	107,699
8. Other interest and similar income		37,003	35,688
9. Cost of loss absorption		5,073	8,933
10. Interest and similar expenses		23,165	24,002
11. Taxes on income		16,296	31,190
12. Result after taxes = Net income		107,685	239,016
13. Retained profits brought forward		146,398	8,641
14. Unappropriated profit		254,083	247,658

D.5 \ FINANCIAL CALENDAR

Financial calendar of Sixt SE

Annual press conference for fiscal year 2019 in Munich	25 March 2020
Publication of Annual Report 2019	15 April 2020
Analyst conference in Frankfurt am Main	30 April 2020
Publication of the quarterly statement as of 31 March 2020	13 May 2020
Annual General Meeting for fiscal year 2019 in Munich	24 June 2020
Publication of the half-year financial report as of 30 June 2020	13 August 2020
Publication of the quarterly statement as of 30 September 2020	12 November 2020

Dates and event locations subject to change

Design

Inhouse produced with firesys

Sixt SE
Zugspitzstraße 1
82049 Pullach
Germany

Phone +49 (0) 89/7 44 44-0
Fax +49 (0) 89/7 44 44-8 6666

Contact Investor Relations
Phone +49 (0) 89/7 44 44-5104
Fax +49 (0) 89/7 44 44-8 5104
investorrelations@sixt.com

<http://ir.sixt.eu>
<http://about.sixt.com>

Reservations
+49 (0) 89/66 060 060