# ANNUAL REPORT 2020


SIXT-neuwagen.de SIXT leasing SIXT mobility consulting

# THE SIXT LEASING GROUP IN FIGURES

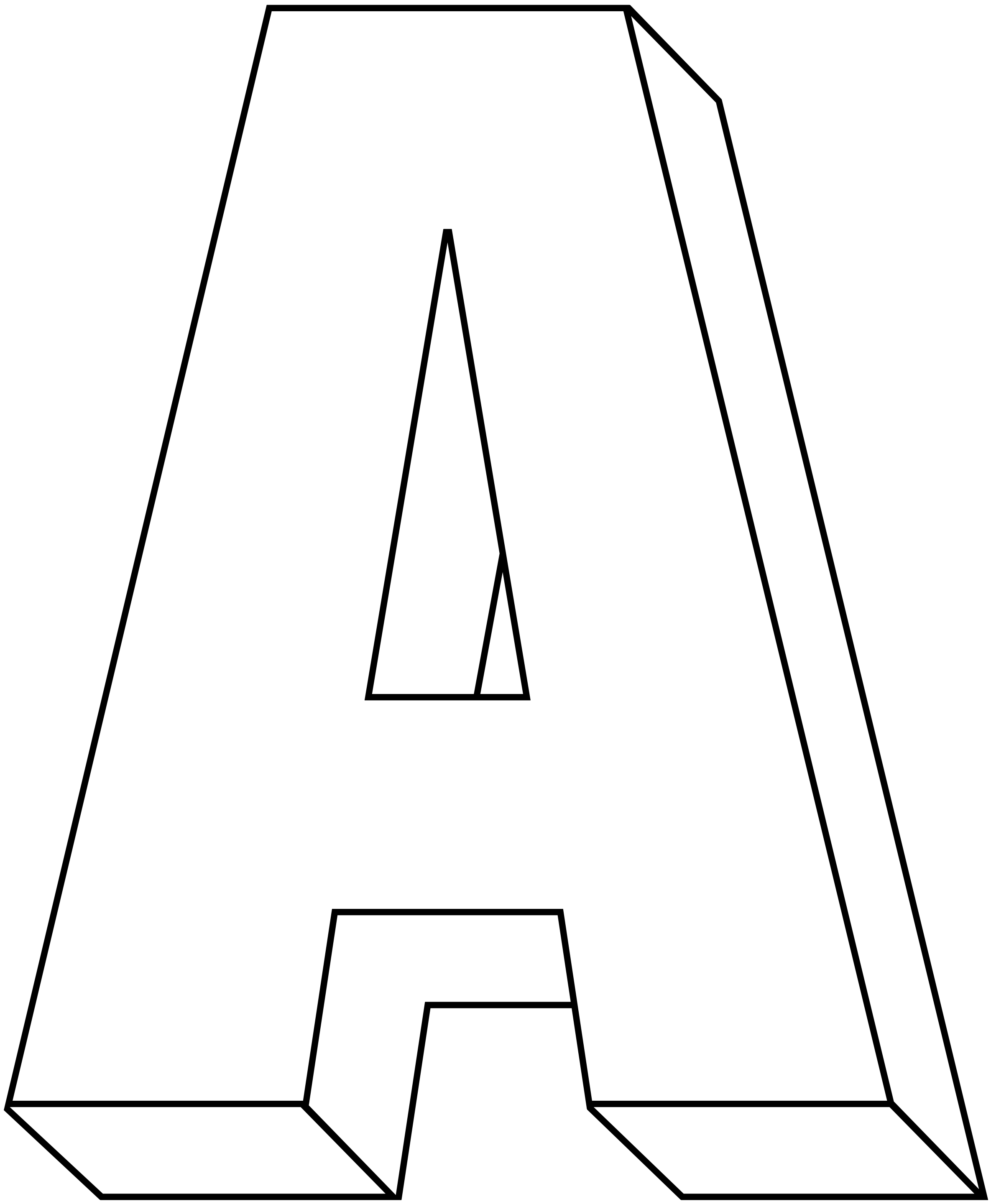
| in EUR million | 2020 | 2019 | Change 2020 on 2019 in % | 2018 |
|---|---|---|---|---|
| Revenue | 748 | 824 | -9.3 | 806 |
| Thereof operating revenue | 423 | 468 | -9.6 | 480 |
| Thereof Leasing business unit | 373 | 416 | -10.2 | 426 |
| Thereof Fleet Management business unit | 50 | 53 | -4.9 | 55 |
| Thereof sales revenue | 324 | 356 | -8.9 | 325 |
| | | | | |
| **Earnings before interest, taxes, depreciation and amortisation (EBITDA)** | 211 | 233 | -9.1 | 241 |
| **Earnings before interest and taxes (EBIT)** | 20 | 41 | -51.2 | 44 |
| Earnings before taxes (EBT) | 9 | 29 | -68.9 | 31 |
| Operating return on revenue (in %)[1] | 2.2 | 6.3 | -4.1 points | 6.4 |
| Operating return on revenue Leasing business unit (in %)[1] | 1.7 | 6.1 | -4.5 points | 6.1 |
| Operating return on revenue Fleet Management business unit (in %)[1] | 5.8 | 7.2 | -1.4 points | 8.0 |
| Consolidated profit | 2 | 22 | -89.9 | 22 |
| Earnings per share - basic and diluted (in EUR) | 0.11 | 1.04 | | 1.07 |
| | | | | |
| **Total assets** | 1,296 | 1,329 | -2.5 | 1,393 |
| **Lease assets** | 1,093 | 1,120 | -2.4 | 1,204 |
| **Equity** | 213 | 229 | -7.1 | 217 |
| Equity ratio (in %) | 16.4 | 17.2 | -0.8 points | 15.6 |
| Financial liabilities[2] | 936 | 948 | -1.3 | 1,026 |
| | | | | |
| Dividend per share (in EUR)[3] | 0.02 | 0.90 | -97.8 | 0.48 |
| Total dividend, net | 0.4 | 18.6 | -97.8 | 9.9 |
| | | | | |
| Contract portfolio (in thou.) | 130 | 136 | -4.6 | 130 |
| Thereof Fleet Leasing | 38 | 40 | -6.6 | 43 |
| Thereof Online Retail | 39 | 44 | -12.8 | 45 |
| Thereof Fleet Management | 53 | 51 | 3.9 | 42 |
| | | | | |
| Investments in lease assets[4] | 430 | 407 | 5.7 | 476 |
| Number of employees[5] | 693 | 643 | 7.8 | 591 |

1 *Ratio of EBT to operating revenue*
2 *Current and non-current financial liabilities, including finance lease liabilities*
3 *Proposal by the Managing Board. The exact dividend proposal is subject to the approval of the supervisory board and will be published with the agenda for the 2021 Annual General Meeting, taking into account any expectations of the supervisory authorities in this respect.*
4 *Value of vehicles added to the leasing fleet*
5 *Annual average*

# Profile

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

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



# A TO OUR SHAREHOLDERS

# A \\ TO OUR SHAREHOLDERS

## A.1 \\ LETTER TO SHAREHOLDERS

**Dear shareholders,**

2020 was both a challenging and, at the same time, groundbreaking year for Sixt Leasing. Challenging because the COVID-19 pandemic put us to a historic test. And groundbreaking, because we continued to drive forward the digitalisation of our business model and gained a new major shareholder.

Vehicle usage has dropped significantly in 2020 due to the Corona-related restrictions, and car sales were also impacted. Our Group contract portfolio in Germany and abroad (excluding franchise and cooperation partners) therefore declined by 4.6 per cent to 129,900 contracts. At the same time, consolidated operating revenue (excluding sales revenues) fell by 9.6 per cent to EUR 423.3 million, while sales revenues declined by 8.9 per cent to EUR 324.4 million. Overall, our consolidated revenue of EUR 747.7 million was 9.3 per cent below the previous year's figure. Consolidated earnings before taxes (EBT) decreased to EUR 9.1 million, mainly due to the additional risk provisioning required for residual values and the transaction costs in connection with the takeover by Hyundai Capital Bank Europe GmbH (HCBE). Adjusted for one-off and extraordinary effects from the takeover as well as risk provisioning, EBT amounted to EUR 20.8 million. Consolidated profit of EUR 2.2 million was also significantly below the previous year's figure.

We are considering proposing a dividend of EUR 0.02 per share for the 2020 financial year to the Annual General Meeting on 29 June 2021, taking into account the restrictions and challenges of the ongoing COVID-19 situation. The exact dividend proposal is subject to the approval of the supervisory board and will be published with the agenda for the 2021 Annual General Meeting, taking into account any expectations of the supervisory authorities in this respect. The dividend proposal of the Managing Board corresponds to a pay-out ratio of just under 20 per cent of consolidated net profit in the 2020 financial year. The previously communicated target range of 30 to 60 per cent remains unchanged regardless of the pay-out ratio for the last financial year.

Ladies and gentlemen, the pandemic may temporarily slow down our growth, but the digitalisation of our products, services and internal processes continues to progress. We owe this in particular to the tireless efforts of our employees, who can always be relied upon even in times of crisis.

In the Online Retail business field, we conducted a sales cooperation with Germany's leading bonus programme PAYBACK in 2020. This involved marketing an extensively equipped Kia SUV to private customers at attractive conditions via our online platform *sixt-neuwagen.de* and the PAYBACK app. Since February 2021, we have also been operating a sales cooperation with the online platform Vehiculum and Germany's largest discount food retailer Lidl, offering various new car models online. The demand to date is a confirms that we are continuing to drive forward the digitalisation of new car sales. With the launch of the completely digital ordering process in February 2021, we have reached a milestone to further improve the user experience for our customers.

Our subsidiary autohaus24 is also pushing the pace. In January 2021, autohaus24 received a comprehensive rebranding and, for the first time, three of its own used car locations. The reorientation of the brand is thus in full swing. The aim is to position autohaus24 both online and offline as an online car dealership for used and new cars. As recently as July 2020, *autohaus24.de* was awarded the consumer award 'Germany's Best Online Portals 2020' in the category 'New Car Portals' by the news channel n-tv and the German Institute for Service Quality.

Digitalisation also continues to play an important role in the Fleet Management business unit, which is operated by our subsidiary Sixt Mobility Consulting GmbH. After the smartphone app 'The Companion' was equipped with the digital payment function 'Shell Payment@Pump' last year and already has more than 16,000 users, a mobility budget is to be introduced in 2021. This will give our fleet customers the opportunity to use means of transport such as bus, train, bicycle, car sharing or taxi as an alternative or supplement to the company car. In addition, we plan to further expand international sales.

In the Fleet Leasing business field, we are also making great progress in terms of digitalisation. A new smartphone app for fleet customers was launched in the first quarter of 2021. The application makes it easier for company car drivers to manage their leasing contracts and thus increases efficiency in the leasing fleet. During development, we were able to draw on the existing 'Companion' technology – all in the service of our own efficiency. In addition, we have digitalised the processes involved in handing over and taking back leased vehicles at our locations in Frankfurt, Berlin and Munich. The accelerated processing benefits not only us as lessors, but also our customers in particular. As in the past year, we also want to focus on diversifying our customer portfolio with smaller fleets in 2021 and on our service quality in particular. It's worth it: In December, we were once again voted the best leasing provider by the readers of AUTO BILD after 2018 and received the 'Company Car Award'.

Ladies and gentlemen, with HCBE we have had a new major shareholder since July 2020, which holds around 92 per cent of all Sixt Leasing shares. The partnership enables us to continue our strategy successfully and to jointly exploit new growth opportunities in the future. We also hope that the integration of Sixt Leasing into the group of the two international and financially strong groups Santander and Hyundai will enable us to further optimise our financing structure.

Our goal is to further expand the position of the Sixt Leasing Group as one of the leading platforms in online direct sales of new vehicles as well as a specialist in the management and full-service leasing of company fleets. To this end, we will set the course for further strong and profitable growth in 2021. The focus will remain on the digitalisation of the business model and the alignment of the organisation for future national and international growth. In addition, measures to optimise processes and costs should have a positive impact on our productivity and earnings development.

For the current 2021 financial year, we expect a slight increase in the Group contract portfolio compared to the previous year and consolidated operating revenue in the range of previous year's figure. With regard to EBT, we expect a higher single-digit million euro amount. In addition to the operating business development to date in the 2021 financial year, the forecast particularly takes into account the ongoing COVID-19 situation as well as transaction-related costs in connection with the takeover.

On 1 July 2021, Donglim Shin, the current President and CEO of Hyundai Capital Canada, will take over as CEO of Sixt Leasing SE. We are convinced that with his long, international experience in the fields of automotive finance and leasing he will continue to successfully lead our company and wish him all the best in his new role.

Dear shareholders, thank you very much for your trust.

Pullach, April 2021

**The Managing Board**

| | |
|---|---|
| MICHAEL RUHL<br>Chief Executive Officer | BJÖRN WALDOW<br>Chief Financial Officer |

# HIGHLIGHTS 2020/21


## SALES COOPERATION WITH PAYBACK & KIA

Sixt Neuwagen and Payback are jointly marketing the Kia Stonic "VISION" via website and app. Thus, they are enabling customers to configure and order their vehicle on a mobile, fully digital basis for the first time.

## EXCELLENT SERVICES

Sixt Leasing is voted best leasing provider by readers of AUTO BILD and receives the Company Car Award. In addition, autohaus24 is voted the best new car portal by the German Institute for Service Quality and n-tv and is awarded the rating "High Recommendation" in the category "Car leasing: online provider" in a customer study by FOCUS MONEY.

## SIXT LEASING RECEIVES NEW MAJOR SHAREHOLDER

Hyundai Capital Bank Europe GmbH, a joint venture of Santander Consumer Bank AG and Hyundai Capital Services Inc., acquires 92% of Sixt Leasing's shares.

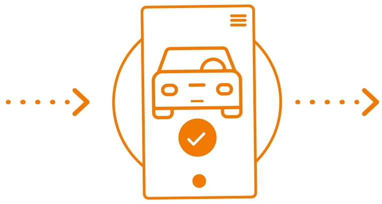
## NEW APP FOR FLEET CUSTOMERS

Sixt Leasing launches a new smartphone app for fleet customers. The application makes it easier for company car drivers to manage their leasing contract, thereby increasing efficiency in fleets.

**With the takeover by Hyundai Capital Bank Europe GmbH in the 2020 financial year, a new era has begun for Sixt Leasing. In financial year 2021, the digital product and service portfolio in particular is to be further expanded.**


## REALIGNMENT OF AUTOHAUS24

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

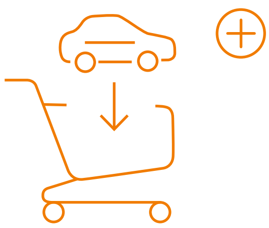


## VEHICLE HANDOVER AND RETURN 2.0

Sixt Leasing optimizes vehicle handover and return at its locations in Frankfurt, Berlin and Munich. All logistics processes are now recorded digitally.


## SALES COOPERATION WITH VEHICULUM & LIDL

Sixt Neuwagen, Vehiculum and Lidl launch a strategic partnership to market attractive new car offers on the internet. Three models from Kia and Renault make the start.



## DIGITAL ORDERING PROCESS

Sixt Leasing introduces a completely digital ordering process for private customers on the online platform sixt-neuwagen.de, thus achieving a further milestone in the digitalization of its business model.

# A.2 \\ REPORT OF THE SUPERVISORY BOARD

**Dear shareholders,**
in 2020, the Supervisory Board of Sixt Leasing SE attended to those duties incumbent on it according to law, the Articles of Association and the Company's bye-laws. Above all, we regularly advised the Managing Board in the running of the Company and also monitored its activities. We addressed in detail the economic situation of the Company and the Group and the strategic development and were involved in all decisions of principal importance.

In 2020, the Supervisory Board executed its work mainly by means of video conferences due to the pandemic. It convened four ordinary meetings and nine extraordinary meetings in the financial year. Further resolutions were adopted by written circulation procedure. The legally stipulated frequency of at least two meetings per calendar half-year was complied with. All Supervisory Board members participated in all the aforementioned meetings and resolutions.

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

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

The Supervisory Board of Sixt Leasing SE has not formed any committees with decision-making powers.

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

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

- **Business Plan and Strategy**: At the start of the reporting period, the Supervisory Board looked in detail at the Managing Board's updated business plan for the forthcoming years and at the reorientation of the Group's strategy. The Supervisory Board had the Managing Board explain to it in detail the multi-year plan and strategy and approved the budget and plan adjustments that were required in particular in the context of the national and international development of the COVID-19 situation and the worsening of the market and business environment as well as completion-independent and potential transaction costs in connection with a takeover offer by Hyundai Capital Bank Europe GmbH (‘HCBE’).

- **Takeover offer***:* The Supervisory Board dealt intensively with the sale of the stake in the Company by Sixt SE to HCBE and the voluntary public takeover offer by HCBE with regard to all shares in the Company. In extraordinary telephone meetings on 6, 20 and 27 March 2020 and 2 and 4 April 2020, the Supervisory Board discussed in detail all issues related to the takeover offer. At the meeting on 4 April 2020, the Reasoned Statement of the Managing Board and the Supervisory Board pursuant to section 27 of the German Securities Acquisition and Takeover Act (WpÜG – Wertpapiererwerbs- und Übernahmegesetz) was adopted.

- **General Meetings***:* Ahead of the ordinary Annual General Meeting on 23 June 2020, the Supervisory Board addressed the agenda items in due detail. These included in particular the appropriation of retained earnings, the selection of the auditors, and a supplementary election to the Supervisory

Board. The Supervisory Board approved the agenda items and followed the motion submitted by the Managing Board to propose to the Annual General Meeting the payment of a dividend of EUR 0.90 per share. In this dividend proposal, the Managing Board and the Supervisory Board confirmed in particular the shareholders' dividend expectation based on the sale of Sixt SE's stake in the Company and the accompanying voluntary public takeover offer made by HCBE. The Managing Board and the Supervisory Board made their decision on the dividend proposal on the basis of the current business, investment and liquidity planning of the Company, which has already taken into account the economic and financial effects of the COVID-19 situation on the markets and the company of Sixt Leasing SE.

Ahead of the ordinary Annual General Meeting on 10 December 2020, the Supervisory Board also dealt extensively with the items on the agenda, in particular with the selection process with regard to the required new election of the auditor, after Deloitte GmbH, Wirtschaftsprüfungsgesellschaft, Munich, was unable to accept the audit mandate issued at the Annual General Meeting on 23 June 2020 due to the existing business relationships with the new shareholders of Sixt Leasing SE.

- **Completion of takeover**: In the further course of the reporting year, the Supervisory Board also dealt with the issues and processes arising from the completion of the transaction. One focus was on the IT carve-out, i.e. the separation and realignment of the IT systems following the sale of Sixt SE's stake in the Company.

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

**Corporate Governance**

In December 2020, the Managing and Supervisory Board issued a declaration of conformity pursuant to Sect. 161 of the German Aktiengesetz (AktG – German Stock Corporation Act). It is permanently available to all shareholders on the Company's website *ir.sixt-leasing.de*. With some exceptions, Sixt Leasing SE complies with the recommendations of the Government Commission on the German Corporate Governance Code.

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

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

**Changes to the Managing and Supervisory Board**

Effective 15 July 2020, Mr Erich Sixt resigned from the Supervisory Board with immediate effect as part of the completion of the takeover of the majority of shares by HCBE. Prof Dr Marcus Englert resigned his mandate on the same day with effect from the end of 31 July 2020.

At the request of the Company's Managing Board, Mr Jochen Klöpper and Ms Hyunjoo Kim were appointed to the Supervisory Board of Sixt Leasing SE by the Munich Local Court on 5 August 2020 until the next General Meeting of the Company. The Supervisory Board then consisted of three persons, namely the two aforementioned and Dr Julian zu Putlitz, who was confirmed by supplementary election at the Annual General Meeting on 23 June 2020.

The Extraordinary General Meeting of the Company resolved on 10 December 2020 to expand the Supervisory Board to six members. Mr Thomas Hanswillemenke and Mr Chiwhan Yoon have so far been elected to the Supervisory Board as additional members.

There were no personnel changes in the Managing Board in the year under review.

**Audit of the 2020 annual financial statements and consolidated financial statements**

The Managing Board prepared the annual financial statements of Sixt Leasing SE as per 31 December 2020 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 2020 in accordance with section 315e of the HGB and on the basis of the International Financial Reporting Standards (IFRS), as adopted by the EU.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Munich, audited the annual financial statements of Sixt Leasing SE and the consolidated financial statements as well as the management report on the situation of the Group and the Company, and gave their unqualified audit opinion. The auditor had been commissioned by the Supervisory Board on the basis of the resolution taken by the Extraordinary General Meeting on 10 December 2020.

The Supervisory Board received the documents together with the Managing Board's dependent company report and the auditor's audit reports as well as the Managing Board's proposal on the appropriation of the unappropriated profit in sufficient time for examination. Discussion and examination of these documents was conducted during the Supervisory Board's meeting on 22 April 2021, which was convened to adopt the annual financial statements.

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

The Supervisory Board approvingly noted the auditor's findings and had no objections after concluding its own review. The Supervisory Board approved the annual and consolidated financial statements as well as the management report on the Group's and the Company's situation as prepared by the Managing Board and audited by the auditors. The annual financial statements of Sixt Leasing SE for 2020 were thus formally adopted in accordance with the provisions of the (German) AktG. The Supervisory Board concurred with the proposal made by the Managing Board for the appropriation of the unappropriated profit of 2020.

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

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

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

**Thanks to Managing Board and all employees**

In the reporting year, the Group contract portfolio and operating revenue were both significantly below the previous year's figures. EBT was very significantly below the previous year's figure due to the considerable negative effects of the pandemic situation and the burdens of transaction costs.

In view of this satisfying annual balance sheet, given the impact of the pandemic on the Company and the market, as well as the costs incurred by the takeover, the Supervisory Board would like to express its heartfelt thanks to the Managing Board, the managing directors of the subsidiaries of Sixt Leasing SE as well as all employees of the Group for their dedicated and committed work. The Sixt Leasing Group expects that the restrictions and burdens of the COVID-19 pandemic will gradually decrease in 2021 and that the mobility market will recover well. We are confident that the Sixt Leasing Group will continue its successful development in 2021.

Pullach, April 2021

**The Supervisory Board**

| | | |
|---|---|---|
| JOCHEN KLÖPPER<br>Chairman | HYUNJOO KIM<br>Deputy Chairman | THOMAS HANSWILLEMENKE<br>Member |
| CHIWHAN YOON<br>Member | DR. JULIAN ZU PUTLITZ<br>Member | |

# A.3 \\ SIXT LEASING SHARE

**A volatile year for shares in 2020**

2020 was a highly volatile year for international stock markets. This was primarily due to the COVID-19 pandemic. In Germany, the DAX opened trading on 2 January at 13,233.71 points. From the end of February, the lead index saw significant losses due to the increasing infection rates and recorded its annual low on 18 March at 8,441.71 points. Over the following months, the DAX managed to recover partly in the context of decreasing new infection numbers. In September, the renewed uptick in infections meant the index crashed once again. After another recovery in November and a stabilisation phase during the first half of December, the lead index climbed to its annual high on 28 December at 13,790.29 points, which followed in particular the approval of the Biontech vaccine in Europe and the start of vaccinations in Germany. The DAX closed out on the last day of trading in 2020 at 13,718.78 points, a plus of 3.6% as against the previous year's closing price of 13,249.01 points.

Causes for uncertainty were, next to the infection numbers, the contact restrictions imposed by the Federal Government as well as a worsening of the general economic situation. Consequently, the number of companies that were forced to revise their own revenue and earnings forecasts reached a record level during the first quarter of 2020. Another reason for the high volatility came from the US presidential elections. Positive impulses, on the other hand, came from the European Central Bank that maintained its loose monetary policy.

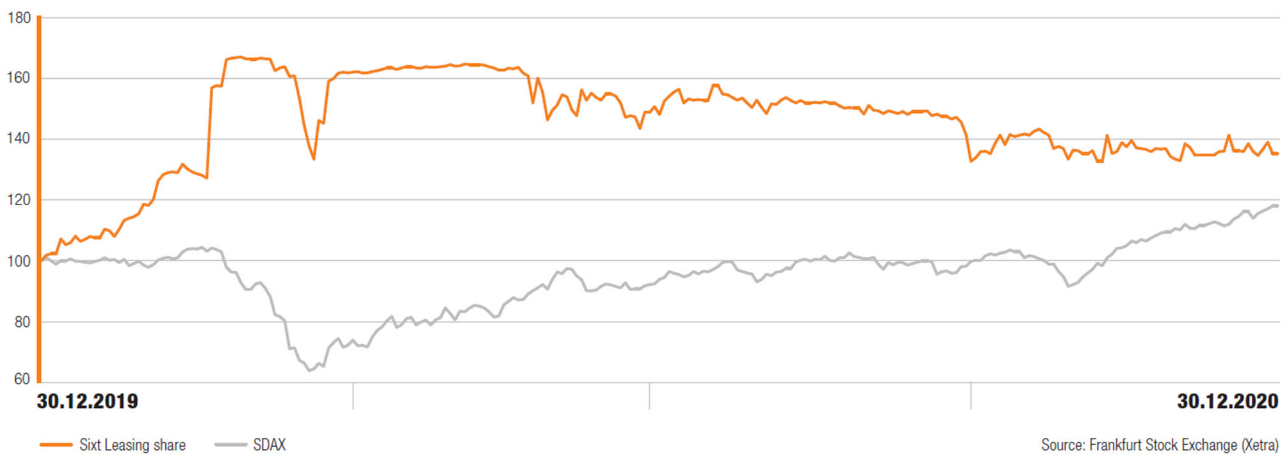
**Sixt Leasing share affected by takeover**

All in all, the Sixt Leasing share developed positively in 2020. This is essentially due to the takeover by Hyundai Capital Bank Europe GmbH (HCBE). Nonetheless, during the course of the year, stronger price fluctuations due to COVID-19 were as evident as with other key indices. On the last day of trading of 2020, the Sixt Leasing share closed at EUR 15.30, an increase of 35.2% on the year-end price of 2019 (EUR 11.32) The German small cap index (SDAX) recorded a plus of 18.0% over the year 2020.

In the first weeks of 2020, Sixt Leasing shares witnessed a pronounced increase. Having started the year at EUR 11.48, they climbed to their annual high of EUR 18.90 on 27 February following HCBE's announcement to publish a voluntary public takeover offer. Against the closing price at the end of 2019, this equalled a gain of around 67%. In March and September, the price contracted significantly in particular due to the strong increases in COVID-19 cases. In November and December, the Sixt Leasing share switched to a sideways trend.

The publication of the preliminary Group figures for 2019, the forecast for 2020 and the withdrawal of the mid-term forecast on 20 March 2020 had no material effects on the price of Sixt Leasing shares. This also held true for the publication of the second-quarter figures and the adjustment to the outlook for 2020 on 20 July and 21 October.

**Relative performance of Sixt Leasing share against the SDAX (indexed to 100)**




Source: Frankfurt Stock Exchange (Xetra)

### Takeover

The voluntary public takeover offer by Hyundai Capital Bank Europe GmbH (HCBE) made to the shareholders of Sixt Leasing SE was completed on 15 July 2020. Thus, HCBE, a joint venture of Santander Consumer Bank AG and of Hyundai Capital Services Inc., is the new major shareholder of Sixt Leasing SE.

Previously, on 21 February 2020, HCBE had signed an agreement for the acquisition of all shares Sixt SE held in Sixt Leasing SE, which amounted to 41.9%. In the further course, on 24 March 2020, HCBE had issued to all shareholders of Sixt Leasing SE a voluntary public takeover offer to acquire their no-par value ordinary bearer shares. The minimum acceptance threshold of 55% was clearly exceeded. At the end of the additional acceptance period provided for by law on 20 May 2020, HCBE held 92.07% of the shares in the Company.

The offer price had been EUR 18.00 per share, 25% above the XETRA closing price one day before the publication of the ad-hoc releases of Sixt SE and Sixt Leasing SE on 19 February 2020 in reaction to reports on an intended sale of Sixt SE's stock in Sixt Leasing SE.

The share price of Sixt Leasing SE climbed by 23.3% on the day the ad-hoc releases were published to EUR 17.76. After the announcement of the agreement between HCBE and Sixt SE as well as the announcement of the takeover offer on 21 February 2020, the share price again increased significantly and on 27 February 2020 reached its annual high of EUR 18.90.

### Shareholder structure

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

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

### Attractive dividend policy

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

For the 2019 financial year, the Annual General Meeting on 23 June 2020 approved a dividend of EUR 0.90 per share proposed by the Managing Board and Supervisory Board, which was significantly higher than in the previous year. The dividend corresponded with the expectations shareholders had for the sale of Sixt SE's stock in Sixt Leasing SE and the associated voluntary public takeover offer issued by HCBE. The pay-out ratio was around 86% of the consolidated profit. Based on the year-end share price for 2019, this resulted in a dividend yield of around 8%. Sixt Leasing SE thus continued its attractive dividend policy.

For the 2020 financial year, the Managing Board of Sixt Leasing SE is considering proposing a distribution of a dividend of EUR 0.02 per share to the Annual General Meeting on 29 June 2021, taking into account the restrictions and challenges of the continuing COVID-19 situation. The remaining undistributed retained profit is to be carried forward to new account. The exact dividend proposal is subject to the approval of the supervisory board and will be published with the agenda for the 2021 Annual General Meeting, taking into account any expectations of the supervisory authorities in this respect. The dividend proposal of the Managing Board would result in a pay-out ratio of roughly 20% of the consolidated profit for the 2020 financial year. The previously communicated target range of 30 to 60% remains unchanged regardless of the pay-out ratio for the 2020 financial year.

| | 2020 | 2019 |
|---|---|---|
| Earnings per share (EUR) - basic and diluted | 0.11 | 1.04 |
| Dividend per share (EUR) | 0.02[1] | 0.90 |
| Number of shares (as at 31 December) | 20,611,593 | 20,611,593 |
| Total dividend (EUR million) | 0.4 | 18.6 |
| Pay-out ratio | 19 % | 86 % |

[1] *Proposal by the Managing Board. The exact dividend proposal is subject to the approval of the supervisory board and will be published with the agenda for the 2021 Annual General Meeting, taking into account any expectations of the supervisory authorities in this respect.*

| | 2020 | 2019 |
|---|---|---|
| High (EUR)[2] | 18.90 | 13.86 |
| Low (EUR)[2] | 11.54 | 9.47 |
| Year-end price (EUR)[2] | 15.30 | 11.32 |
| Dividend yield (%)[3] | 0.1 | 8.0 |
| Market capitalisation (EUR million)[3] as at 31 December | 315.4 | 233.3 |

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

**Extraordinary General Meeting**

On 10 December 2020, Sixt Leasing SE convened an Extraordinary General Meeting. Like the Annual General Meeting in June, this was held as a virtual meeting due to the COVID-19 pandemic. The shareholders adopted with large majorities all proposals submitted by the Supervisory Board and Managing Board. Among other things, they approved the proposal to flexibilise and extend the corporate purpose in the Articles of Association. Furthermore, they approved to increase the size of the Supervisory Board from three to six members.

**Communication with the capital market**

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

In 2020, the Company conveyed to analysts, investors and the media an overview of business conditions and developments through regular meetings. Their focal point of interest was above all the strategy programme 'DRIVE>2021' as well as the future prospects of the Sixt Leasing Group in the context of the strategic partnership with the new major shareholder HCBE.

The focus for the Leasing business unit was above all to concentrate on its growth plans for the online retail business. In this context, special emphasis was given to the continued digitisation of new vehicle sales as well as product innovations. New marketing activities such as the sales cooperation with PAYBACK and Kia also elicited a high level of interest.

In the Fleet Management field, investors and analysts were particularly interested to hear about the digitisation and internationalisation of business. To this end, the Managing Board outlined, among other things, its plans for the further development of its self-service app 'The Companion' for company car users, as well as expansion-driven sales and marketing activities.

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

Renowned finance and research institutes carefully tracked the development of the Company and the Sixt Leasing share. To this end, the Managing Board and analysts had regular exchanges of information. In the year under review, Sixt Leasing SE was the subject of studies commissioned by Berenberg Bank, Commerzbank, Oddo BHF and Warburg Research.

Sixt Leasing has set itself the target of maintaining detailed and transparent communication of its growth strategy and its progress in implementing the 'DRIVE>2021' programme. Special attention will be given to outlining in due detail the Company's key differentiating features and strengths over relevant competitors as well as the particular opportunities in Online Retail and Fleet Management.

# A.4 \\ CORPORATE GOVERNANCE REPORT

For Sixt Leasing SE, good and responsible corporate governance is an important way of securing and enhancing the trust of the capital market in the company. Responsible management geared to long-term value creation has a high job value for the company. The fundamental characteristics of good corporate governance are efficient and trustful cooperation between the Managing Board and Supervisory Board, respect for the interests of shareholders and openness in corporate communications both externally and internally.

Supervisory and Managing Board report on important aspects of corporate governance in accordance with the provisions of sections 289f and 315d of the Handelsgesetzbuch (HGB – German Commercial Code). The report is also available on the website of Sixt Lea-sing SE under ***ir.sixt-leasing.com*** under 'Corporate Governance'.

## 1. CORPORATE COVERNANCE DECLARATION IN ACCORDANCE WITH SECTIONS 289F AND 315D OF THE HGB

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

### 1.1 COMPLIANCE WITH GERMAN CORPORATE GOVERNANCE CODE AND DECLARATION OF CONFORMITY

The recommendations of the Government Commission on the German Corporate Governance Code are an established benchmark for corporate management at German listed companies. The Managing Board and Supervisory Board of Sixt Leasing SE have therefore dealt in detail with the requirements of the German Corporate Governance Code and issued the following declaration of conformity in December 2020.

**Declaration of conformity in accordance with section 161 of the AktG**

Sixt Leasing SE (hereinafter referred to as the 'Company') has complied with the recommendations of the 'Government Commission on the German Corporate Governance Code' in the version of 16 December 2019 (hereinafter referred to as 'Code'), published on 20 March 2020 in the official section of the Bundesanzeiger (Federal Gazette) in the version of 16 December 2019 in the period since their last publication. They will be continued to be complied with unless otherwise specified in the following:

- As the corporate governance declaration and the Company's Supervisory Board report for financial year 2019 were still prepared on the basis of the recommendations of the previous version of the Code, some disclosures whose inclusion in the corporate governance declaration and/or the Company's Supervisory Board report is recommended by new recommendations of the Code are not part of the corporate governance declaration and the Company's Supervisory Board report for financial year 2019. This includes recommended disclosures in the corporate governance declaration on the approach to long-term succession planning with respect to the Managing Board (section B.2, second half-sentence of the Code) and the self-assessment of the Supervisory Board (section D.13, second sentence of the Code), as well as recommended disclosures in the Supervisory Board report on training and development measures for members of the Supervisory Board (section D.12 of the Code). However, the Company intends to comply with these recommendations in future and to include corresponding disclosures in the corporate governance declaration or in the Supervisory Board report.

- For the appointment of Managing Board members or for candidates proposed for election to the Supervisory Board, the Supervisory Board decides on a case-by-case whether the age of the candidates will be considered. Because the Supervisory Board is of the opinion that the specification of a general age would introduce a general selection limitation, which is not in the interest of the Company. No specific age limit was therefore defined for the members of the Managing Board or the Supervisory Board and is consequently not included in the corporate governance declaration (section B. and C.2 of the Code).

- The Rules of Procedure of the Supervisory Board are not made available on the Company's website (section D.1 of the Code). The Company is of the opinion that the Rules of Procedure of the Supervisory Board do not constitute material information for shareholders or investors that should be made available in addition to the information contained in the corporate governance declaration.

\\ Given that the Supervisory Board so far consisted of three members only, no committees were formed as this would not have promoted work efficiency of the Supervisory Board. Therefore, none of the recommendations regarding committees of the Supervisory Board and their members have been complied with (cf. sections C.10, D.2, D.3 sent. 1, D.4, D.5, D.11, D.13 and G.17 of the Code).

However, following the intended enlargement of the Supervisory Board to five (and ultimately six) members in future pursuant to the resolution proposal to the Extraordinary General Meeting on 10 December 2020, the Supervisory Board intends to form appropriate committees and to comply with the recommendations regarding committees of the Supervisory Board and their members. Exempted hereof is merely the recommendation in section G.17 of the Code to remunerate the work in the committees separately (see in more detail below).

\\ The variable remuneration of the Managing Board members is not predominantly granted on a share-based basis (section G.10, sent. 1 of the Code). The Supervisory Board is of the opinion that the current structure of the variable remuneration creates an incentive geared towards a sustainable and long-term development of the Company.

\\ Remuneration of Supervisory Board members as provided for in the Articles of Association of the Company only takes into account the extra time expenditure of the chairperson of the Supervisory Board, but neither that of the Supervisory Board deputy chairperson nor that of the chairperson or the members of committees (section G.17 of the Code). With the exception of the extra time expenditure invested by the chairperson of the Supervisory Board, the Company considers the performance of other functions within the Supervisory Board to be a regular part of the duties incumbent on the individual Supervisory Board members. This applies until further notice and subject to the ongoing review of the required time commitment. In addition, those members of the Company's Supervisory Board who are affiliated with the current majority shareholder intend to waive their remuneration claims anyway.

\\ The Company provides analysts and shareholders alike with all price-relevant information. However, the Company is of the opinion that provision of information that is not relevant for the share price, but which is given to financial analysts and comparable addressees (section F.1 of the Code), does not promote the information interests of shareholders.

\\ The Group's annual financial statements and the Company's annual report are published within the statutory deadlines. Interim reports are published within the periods stipulated by stock exchange law. The Company believes that compliance with the shorter publication deadlines recommended in section F.2 of the Code does not benefit to any greater extent the information interests of investors, creditors, employees and the public.

* * *

The Company complied with the recommendations of the 'Government Commission on the German Corporate Governance Code' published on 24 April and 19 May 2021 respectively in the official section of the Bundesanzeiger (Federal Gazette), in the version of 7 February 2017 (hereinafter referred to as '**Code 2017**') in the period since the last declaration of conformity was issued on 3 December 2019 until the publication of the new version of the Code on 20 March 2020 with the following exceptions:

\\ The company's D&O insurance does not include a deductible for Supervisory Board members (section 3.8 (3) of the Code 2017). The Company is of the opinion that both the motivation and the sense of responsibility of the Supervisory Board members would not be improved by a deductible, especially since any deductibles could be insured by the Supervisory Board members themselves.

\\ For the appointment of Managing Board members or for candidates proposed for election to the Supervisory Board, the Supervisory Board decides on a case-by-case whether the age of the candidates and/or the candidates for the Supervisory Board existing length of service will be considered. Because the Supervisory Board is of the opinion that the specification of a general age or a regular limit for the length of membership in the Supervisory Board, and thus the introduction of a general selection restriction, would not be in the interest of the Company. No specific age limit was therefore defined for the members of the Managing Board or the Supervisory Board and consequently no regular limit has been defined for the membership duration in the Supervisory Board (section 5.1.2 (2) sent. 3 and 5.4.1 (2) sent. 2 of the Code 2017).

- Given that the Supervisory Board so far consisted of three members only, no committees were formed (sections 5.3.1 to 5.3.3 of the Code 2017) as this would not have promoted work efficiency of the Supervisory Board.

- Proposals for candidates for the chair of the Supervisory Board are not disclosed to the shareholders (section 5.4.3 sentence 3 of the Code 2017), as according to the legal requirements the election of the Supervisory Board chair is the sole responsibility of the Supervisory Board.

- The Company provides analysts and shareholders alike with all price-relevant information. However, the Company is of the opinion that provision of information that is not relevant for the share price, but which is given to financial analysts and comparable addressees (section 6.1 (2) of the Code 2017), does not promote the information interests of shareholders.

Pullach, 10 December 2020

| **For the Supervisory Board of Sixt Leasing SE** | **For the Managing Board of Sixt Leasing SE** |
|---|---|
| JOCHEN KLÖPPER<br>Chairman | MICHAEL RUHL<br>Chairman |

## 1.2 RELEVANT DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES

The practices used for managing Sixt Leasing SE and the Sixt Leasing Group fully comply with the 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 the internal audit system.

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

## 1.3 COMPLIANCE WITHIN THE SIXT LEASING GROUP

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

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

The success of the Sixt Leasing Group is not only driven by its excellent business policy, but also by the harmonisation of business principles with the highest moral and ethical standards, and the trust that customers, suppliers, shareholders and business partners place in. In order to win and keep this trust it is a precondition that the Managing Board and the employees of the Company in any situation and continuously comply with the high standards of legislation, ethics and social skills. The Code of Conduct of Sixt Leasing SE and its affiliated companies, which is mandatory for all employees, contains these behavioural principles for the acting individuals' dealings in relation to third parties and within the Company. The Code of Conduct defines compliance-relevant procedures on the part of management and provides specific instructions for action in the following areas of compliance: Corruption and bribery, money laundering, antitrust law, data protection, insider information and conflicts of interest.

In addition, all departments are required to coordinate key legal or regulatory processes and procedures with the legal department, the compliance officer and internal audit. The internal audit department carries out plan audits and project-accompanying audits based on risk-oriented audit planning. Within the scope of these rule audits, business processes are examined not only with regard to economic risk aspects but also with regard to possible compliance risks and compliance with the applicable internal (work instructions, processes) and external regulations. At the same time, the audit department supports the compliance function in monitoring the compliance measures implemented by carrying out ad hoc checks as required.

The compliance function constantly monitors the main defined compliance areas of Sixt Leasing SE, initiates the necessary measures and accompanies their implementation.

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.

## 1.4 WORKING PRACTICES OF MANAGING BOARD AND SUPERVISORY BOARD

As European Stock Corporation (Societas Europaea) Sixt Leasing SE is governed by the German Aktiengesetz (AktG – German Public Companies Act), the specific European SE regulations and the German SE Implementation Act. One key principle of the Public Companies Act is the dualistic management system (Managing Board and Supervisory Board). The Management Board is therefore strictly separated from the Supervisory Board, which monitors the activities of the Management Board and decides on its composition. Simultaneous membership in both bodies is not permitted.

### 1.4.1 MANAGING BOARD

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

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

The members of the Managing Board are jointly responsible for the entire management. Without affecting the overall responsibility of all members of the Managing Board, the individual members manage the areas assigned to them within the framework of the Managing Board resolutions on their own responsibility. The distribution of tasks among the members of the Managing Board is set out in a written business allocation plan attached to the rules of procedure of the Managing Board. The Managing Board as a whole makes decisions on all matters of fundamental and material importance as well as in legally or otherwise binding cases. The rules of procedure of the Managing Board provide for a catalogue of measures that require discussion and decision by the Managing Board as a whole.

In 2020, the Managing Board had two members. Mr Michael Ruhl, Chairman of the Managing Board of Sixt Leasing SE, was responsible for group strategy and corporate development, sales, marketing, operations, purchasing, remarketing und human resources. Mr Björn Waldow, CFO of Sixt Leasing SE, was responsible for accounting, controlling, treasury & financing, investor relations, risk management, internal audit, legal, compliance and IT.

### 1.4.2 SUPERVISORY BOARD

The Supervisory Board of Sixt Leasing SE consists of six members following the expansion resolved by the Extraordinary General Meeting of the Company on 10 December 2020 in accordance with article 10 (1) of the Articles of Association. At present, the Supervisory Board has five members.

All members are elected by the Annual General Meeting in accordance with legal provisions and the provisions of the Articles of Association. The Supervisory Board has not formed any committees with decision-making powers as at the reporting date.

The Supervisory Board's main tasks include the appointment of Managing Board members and supervision of the Managing Board. As a general rule, the Supervisory Board adopts its resolutions at meetings. On instruction of the Supervisory Board Chairman, resolutions by the Supervisory Board may also be adopted outside of meetings (or by way of a combined resolution) by casting votes verbally or by telephone, in writing (section 126b BGB - German Civil Code) and/or by using other means of telecommunication or electronic media (article 14 (2) of the Articles of Association). Moreover, a resolution may also be validly adopted by aforementioned means without the instruction of the Chairman of the Supervisory Board if no member objects (article 14 (3) of the Articles of Association). Resolutions of the Supervisory Board require a simple majority of votes cast, unless otherwise mandatorily required by law (article 14 (7) of the Articles of Association). The Supervisory Board's report contains further details on the meetings and activities of the Supervisory Board during fiscal year 2020.

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

## 1.5 OBJECTIVES OF SUPERVISORY BOARD AND IMPLEMENTATION STATUS

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

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

### 1.5.1 PROFILE OF COMPETENCE

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

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

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

### 1.5.2 REQUIREMENTS FOR THE COMPOSITION OF THE ENTIRE BOARD AND THE INDIVIDUAL MEMBERS

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

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

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

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

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

**Number of independent members/no material conflicts of interests**
The Supervisory Board shall have a suitable number of independent members. In the view of the Supervisory Board this is the case against the background of the ownership structure of the company if at least two of the six Supervisory Board members according to the Articles of Association are independent within the meaning of the section C.1 of the German Corporate Governance Code. The Supervisory Board will be guided by these requirements in its election proposals.

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

The Supervisory Board continues to uphold that there shall be no age limit or rule limiting the length of membership in the Supervisory Board. The Supervisory Board also maintains the target figure of 0% for the proportion of women on the Management Board and Supervisory Board. With Mrs Hyunjoo Kim, there is currently already one woman on, which means that 20% of the elected members are women.

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

## 1.6 DIVERSITY CONCEPT

### 1.6.1 MANAGING BOARD

**Diversity aspects in the composition of the Managing Board**

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

- complementary professional profiles and different professional and educational backgrounds
- highest personal integrity
- in-depth practical experience in dialogue with the various stakeholders, including in-depth knowledge of capital market requirements
- profound experience in IT management and understanding of the increasing digitalisation of the business model
- many years of experience in value-based strategy development and change management;
- many years of experience in the management of large companies
- knowledge of accounting and financial management
- solid knowledge of risk management
- international experience and
- adequate representation of both sexes and different ages

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

**Aims of the diversity concept**

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

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

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

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

**Manner of implementation**

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

**Results achieved in fiscal 2020**

In the opinion of the Supervisory Board, the Company both members of the Managing Board, Mr Ruhl and Mr Waldow, possess the competencies which are to be considered essential for the success of the company in terms of the activities of the Sixt Leasing Group due to their different and respective educational and professional backgrounds. More detailed information on the members of the Managing Board can be found in the profiles on the Company's website and in communication on the occasion of the Supervisory Board's decisions.

## 1.6.2 SUPERVISORY BOARD

**Diversity aspects in the composition of the Supervisory Board**

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

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

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

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

The Supervisory Board maintains that it does not define an age limit or a rule limit for membership of the Supervisory Board. The Supervisory Board also maintains the target figure of 0% for the proportion of women on the Managing Board and Supervisory Board. The Supervisory Board is in the opinion that a strict quota at this point would lead to a significant restriction on suitable candidates on the one hand and on the other would call into question the future cooperation with deserving members of the Supervisory Board who are familiar with the company. With Mrs Hyunjoo Kim, there is currently already one woman on the Supervisory Board of the company, which means that 20% of the elected members are women.

**Aims of the diversity concept**

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

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

**Manner of implementation**

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

**Results achieved in fiscal year 2020**

Effective as at 15 July 2020, Mr Erich Sixt resigned with immediate effect from his Supervisory Board position as part of the take-over completion by which Hyundai Capital Bank Europe GmbH assumed the majority share. Prof Dr Marcus Englert resigned from his position on the same day with effect as at the end of 31 July 2020.

At the request of the Company's Managing Board, the Munich Regional Court appointed to the Supervisory Board of Sixt Leasing SE Mr Jochen Klöpper and Mrs Hyun Joo Kim effective as at 5 August 2020 until the next General Meeting of the Company. The Supervisory Board thereafter consisted of three persons, namely the two mentioned and the member, Dr Julian zu Putlitz, confirmed by supplementary election at the Annual General Meeting on 23 June 2020.

The Company's Extraordinary General Meeting resolved on 10 December 2020 to expand the Supervisory Board to six members. Mr Thomas Hanswillemenke and Mr Chiwhan Yoon were elected as additional Supervisory Board members. The newly elected and confirmed members hold extraordinary expertise in the Company's business areas, national and international industry knowledge and in-depth knowledge in the areas of risk management and accounting.

## 2. FURTHER DISCLOSURES ON CORPORATE GOVERNANCE

**Employee participation programme (Matching Stock Programme)**

As of 31 December 2020, Sixt Leasing SE does not have an employee participation programme. Prior to the Company's IPO, the Managing Board of Sixt Leasing SE and selected employees of the Sixt Leasing Group were entitled to participate in the Matching Stock Programme (MSP) of former shareholder 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.

At present, one tranche is still outstanding (exercise: 2021).

**Stock option programme 2017**

In 2017, the Annual General Meeting had authorised the Managing Board to establish a stock option programme (stock option programme 2017), under which up to a maximum of 1,000,000 subscription rights to shares of the Company could have been issued to the Managing Board and selected executives of the Company as well as members of the management of affiliated companies by 28 June 2020. No use has been made of this authorisation to issue subscription rights. The share option programme has therefore expired without being exercised.

**Notification concerning directors' dealings**

On 17 July 2020, it was announced that the then Chairman of the Supervisory Board of Sixt Leasing SE, Mr Erich Sixt, had sold shares in Sixt Leasing SE with a total volume of EUR 155,603,484.00 at a price of EUR 18.00 per share on 15 July 2020. No other directors' dealings and managers' transactions involving the purchase and sale of shares in Sixt Leasing SE or related financial instruments were disclosed to Sixt Leasing SE in the 2020 financial year. Corresponding notifications are published on the company's website *ir.sixt-leasing.de* under 'Directors' Dealings'.

**Provisions pursuant to sections 76 (4) and 111 (5) AktG**

In June 2020, the Supervisory Board has set the target figure for the proportion of women on the Supervisory Board and the Managing Board at 0% in accordance with section 111 (5) of the German Stock Corporation Act (AktG) and has decided on an implementation deadline of 30 June 2023.

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

**Disclosures relating to the auditor**

The Extraordinary Annual General Meeting on 10 December 2020 adopted the proposal of the Supervisory Board to appoint PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Munich, as auditor for financial year 2020 for Sixt Leasing SE and the Sixt Leasing Group. This election was necessary, as Deloitte GmbH, Wirtschaftsprüfungsgesellschaft, Munich, could not accept the audit mandate given at the Annual General Meeting on 23 June 2020 due to the existing business relations with the new direct and indirect shareholders of Sixt Leasing SE.

# A.5 \\ SUSTAINABILITY

## 1. SUSTAINABILITY AT SIXT LEASING

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

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

### 1.1 MATERIALITY

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

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

### 1.2 MANAGEMENT APPROACH

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

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

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

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

## 2. MATERIAL FIELDS OF ACTION

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

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

## 2.1 CORPORATE GOVERNANCE

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

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

**Conceptual chart: Corporate governance and compliance**

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

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

As an internationally active Company Sixt Leasing 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 Leasing follows the ILO core labour standards and adheres to the four fundamental principles: freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labour, the abolition of child labour and the elimination of discrimination in respect of employment and occupation. In addition, Sixt Leasing also obliges its franchise partners who are active in other countries to comply with strict social standards and to respect human rights. To ensure this, the expectations are contractually fixed and the partners are encouraged to run their business in accordance with ethical principles and to act with integrity.

## 2.2 CLIMATE PROTECTION

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

**Conceptual chart: Climate protection**

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

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

In March 2020, Sixt Leasing SE expanded its cooperation with its fleet customer BSH Hausgeräte GmbH in the field of electromobility. To this end, Sixt Leasing has handed over further electric leased vehicles to BSH Hausgeräte and is thus making a contribution to reducing $CO_2$ emissions in cities.

In the 2020 financial year, Sixt Leasing offered leasing agreements to private, commercial and corporate customers for new vehicles with terms anywhere between twelve and 54 months. As per 31 December 2020 the contracts had an average term of around 43 months. Consequently the leasing fleet is continually being renewed with the more modern vehicles carrying more efficient technologies. This results in a reduction of average $CO_2$ emissions per vehicle within the Leasing business unit over time.

**Average $CO_2$ emissions of fleet in the Leasing business unit**

| in g/km | **2020** | 2019 |
|---|---|---|
| | 126 | 125 |

## 2.3 UTILISATION OF RESOURCES

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

**Conceptual chart: Utilisation of resources**

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

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

## 2.4 EMPLOYER ATTRACTIVENESS

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

Sixt Leasing is a well-known employer with a good reputation. In order to remain an attractive employer, the Company has set its sights on improving the work-life balance of its members of staff. To this end, flexible working time programmes will be extended. Since 2015, employees in the central and administrative functions, as well as executives, enjoy working time arrangements based on trust. As of December 2020, 45% of all employees of the Sixt Leasing Group in Germany have working time arrangements based on trust (2019: 46%). All other employees record their working hours. Furthermore, against the background of the COVID-19 pandemic in the 2020 financial year, the Company enabled its employees to carry out their work independently of their place of work ('Mobile Work') to a significantly expanded extent.

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

**Conceptual chart: Employer attractiveness**

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

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

## 2.5 STAFF DEVELOPMENT AND PROMOTION

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

**Conceptual chart: Staff development and promotion**

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

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

In order to foster the individual commitment of its employees to the Company's success and to honour it accordingly, Sixt Leasing has introduced a performance-based remuneration system for certain groups of employees. At the end of 2020, 43% of all employees of the Sixt Leasing Group in Germany received variable remuneration in addition to their fixed salary. In order to honour the individual performance of each employee even more than before, Sixt Leasing has set itself the goal of further developing the existing performance-related compensation models. To this end, the existing variable remuneration models are regularly evaluated and the quota of employees is determined using performance-based remuneration components.

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

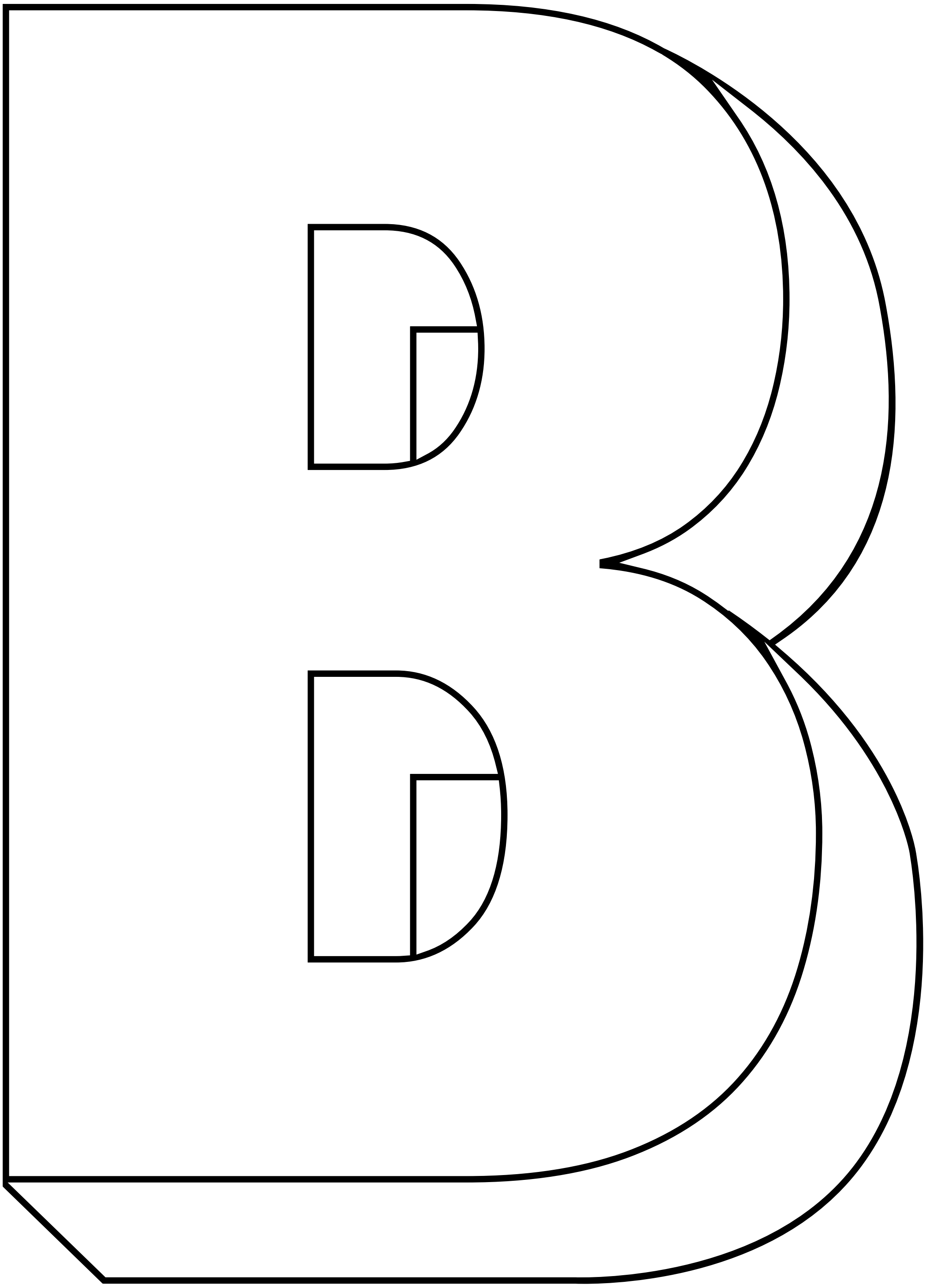
## 2.6 SOCIAL COMMITMENT

Sixt Leasing 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 Leasing's identity, principles and values. The Company has set itself the goal of expanding on its social commitments, especially in issues referring to energy and the environment, as well as non-profitable work and its commitment in the charitable sector.

As a cooperation partner in 2020, Sixt Leasing supported the independent Regine Sixt Kinderhilfe Stiftung 'Tränchen Trocknen', which is under the supervision of the government of Upper Bavaria. The foundation supports measures to improve the health conditions and living conditions of children and young people worldwide. In addition, facilities for care, education and vocational training as well as social welfare institutions are supported. The Regine Sixt Kinderhilfe Stiftung receives proposals and applications from Sixt Leasing employees to support projects and initiatives that benefit children worldwide. The selection and implementation of the projects are carried out in close coordination between the Company and the foundation.

**Conceptual chart: Social commitment**

| Objective | Measures | Performance indicator |
|---|---|---|
| Expanding social commitment | Drying Little Tears Days | ./. |
| Continuing the 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 | ./. |



# B MANAGEMENT REPORT ON THE SITUATION OF THE GROUP AND THE COMPANY

# B \\ MANAGEMENT REPORT ON THE SITUATION OF THE GROUP AND THE COMPANY

# B.1 \\ GROUP FUNDAMENTALS

## 1. BUSINESS MODEL OF THE GROUP

### 1.1 GROUP STRUCTURE AND MANAGEMENT

Sixt Leasing SE, Pullach, is a European Stock Corporation (Societas Europea) and the parent company of the Sixt Leasing Group, which mainly conducts its business under the business names of 'Sixt Leasing', 'Sixt Mobility Consulting', 'Sixt Neuwagen', 'autohaus24' and 'Flottenmeister'. The Company has its registered offices in Zugspitzstrasse 1, 82049 Pullach/Germany, and is registered in the Commercial Register of Munich Local Court under docket number HRB 227195. The Company has been established for an indefinite period.

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

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

The Managing Board of Sixt Leasing SE manages the Company under its own responsibility. The Supervisory Board of Sixt Leasing SE, which consists of six members in accordance with the Articles of Association, appoints, monitors and advises the Managing Board and is directly involved in decisions of fundamental importance for the Company and the Group.

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

\\ Sixt Location Longue Durée S.a.r.l., Rueil-Mailmaison/France
\\ Sixt Leasing (Schweiz) AG, Urdorf/Switzerland
\\ Sixt Leasing G.m.b.H., Vösendorf/Austria
\\ autohaus24 GmbH, Pullach/ Germany
\\ Sixt Mobility Consulting GmbH, Pullach/Germany
\\ Sixt Mobility Consulting S.a.r.l., Rueil-Mailmaison/France*
\\ Sixt Mobility Consulting AG, Urdorf/Switzerland
\\ Sixt Mobility Consulting Österreich GmbH, Vösendorf/Austria*
\\ Sixt Mobility Consulting B.V., Hoofddorp/Netherlands
\\ SXT Leasing Verwaltungs GmbH, Rostock/Germany
\\ SXT Leasing Dienstleistungen GmbH & Co. KG, Rostock/Germany

*not consolidated

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

Between Sixt Leasing SE and Sixt Mobility Consulting GmbH a profit and loss transfer agreement is in place.

As of reporting date 31 December 2020, the Company's share capital amounted to EUR 20,611,593.00 divided up into 20,611,593 ordinary bearer shares. The shares are no-par value shares with a notional interest in the share capital of EUR 1.00 per share. The shares are fully paid up.

As of the reporting date, Hyundai Capital Bank Europe GmbH, Frankfurt ('**HCBE**'), was the largest shareholder with 92.07% of the shares and voting rights is. The shares were acquired in the 2020 financial year.

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

Further agreements concluded between Sixt Leasing SE and Sixt SE as well as Sixt Leasing SE and HCBE and its respective subsidiaries are described in the notes to the consolidated statements under 'related party disclosures'.

## 1.2 GROUP ACTIVITIES AND SERVICES PORTFOLIO

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

### 1.2.1 LEASING BUSINESS UNIT

Through its Leasing business unit the Sixt Leasing Group acts as one of the largest non-bank, vendor-neutral leasing companies in Germany. In addition, the business unit is also represented by its operative subsidiaries in Switzerland, France, Austria and the Netherlands.

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

In the Fleet Leasing business field, the Group offers lease financing and associated services (so-called full-service leasing) to corporate customers. Based on Sixt Leasing SE's longstanding expertise in fleet procurement and fleet management, an optimisation of the total cost of ownership shall be achieved for the customers’ fleets.

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

Next to the classic finance leasing, the offering includes a variety of services such as multi-brand online configuration, consulting on the vehicle selection, online approval procedure according to individual company guidelines, vehicle procurement, maintenance of the vehicles over the total contract period, tire changing, damage assistance and management incl. insurance handling as well as the management of fuel cards, vehicle taxes and broadcast contribution. The ratio of contracts which combine finance leasing with service components of various scope accounted for more around 90% of the total contract portfolio of the Fleet Leasing business field in the end of 2020.

Sixt Leasing SE operates its Online Retail business field via the two websites *sixt-neuwagen.de* and *autohaus24.de*. The platforms give private and commercial customers (with up to 20 vehicles) the opportunity to configure the latest vehicle models from about 35 different car manufacturers, to request their individual leasing offer and to order online. In addition, a large number of immediately available storage cars can be selected. Customers thereby shall benefit from Sixt Leasing's expertise and economies of scale when buying vehicles in the form of attractive conditions. With vehicle leasing in online-based direct sales, the Company addresses an almost undeveloped market in Germany.

The Online Retail business field also offers additional services such as a wear and tear, an inspection or an insurance package, which can be booked online to the leasing contract and included in the lease instalment. At the end of 2020, around 50% of private and commercial customer contracts contained at least one service component.

### 1.2.2 FLEET MANAGEMENT BUSINESS UNIT

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

As bank- and manufacturer-independent fleet specialist, it is Sixt Mobility Consulting’s goal to optimise the costs for companies in terms of the procurement and management of leasing and outright purchase fleets and thus raising the efficiency of these fleets. To this end, just as in the Fleet Leasing business field, proprietary developed online-based IT tools like the Multibid Configurator, the FleetOptimizer and the Sixt Global Reporting Tool are used. The Multibid Configurator facilitates companies in freely configurating their fleet vehicles, comparing them with alternative vehicles and conducting tenders for certain vehicles among various leasing companies. Through the application of the FleetOptimizer, saving potentials at the existing customer fleets can be identified and measures can be derived to consistently reduce fleet costs.

With the Sixt Global Reporting Tool, customers have transparency over all of the vehicles in operation internationally. It gives a transnational overview on relevant aspects like vehicle procurement and replacement, contractual agreements, adherence to security provisions as well as development of fleet costs, fuel consumption and $CO_2$ emissions. Moreover, the Sixt Global Reporting Tool also allows to show concrete potential for optimisation for vehicles that are not yet managed by Sixt Mobility Consulting. So possibly new mandates can be acquired.

Furthermore, Sixt Mobility Consulting supports the company car users of its corporate customers in all issues concerning the vehicle, from procurement, accident management right through to wheel changes. The self-service app 'The Companion' allows company car users, among other things, to make appointments from their smartphone at anytime from anywhere for a workshop appointment and other vehicle-related tasks. It also assists the digital communication between the fleet manager and the company car user.

### 1.3 SIGNIFICANT EXTERNAL INFLUENCING FACTORS

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

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

## 2. BUSINESS MANAGEMENT

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

The following financial and operative control parameters (financial performance indicators) are particularly relevant for the Sixt Leasing Group and analogues for Sixt Leasing SE:

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

In addition, the following key figures support the business management of the Group:

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

## 3. RESEARCH AND DEVELOPMENT

Sixt Leasing did not pursue any significant research and development activities in the 2020 financial year. In order to offer our customers individual solutions and to secure our pioneering position in the digital business model, Sixt Leasing develops new products, applications and digital business processes itself. In doing so, Sixt Leasing makes use of external services depending on project requirements, capacity needs and relevant expertise. In the financial year 2020, production costs of EUR 7.6 million were activated for development projects in progress. Amortization of EUR 1.6 million occurred in the financial year for completed and commissioned in-house developments.

# B.2 \\ BUSINESS REPORT

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

## 1. ECONOMIC ENVIRONMENT

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

The global economy contracted in 2020 for the first time since the 2009 financial crisis due to the COVID-19 pandemic. According to the International Monetary Fund (IMF), global gross domestic product (GDP) decreased by 3.5% compared to the previous year. According to the Kiel Institute for the World Economy (IfW – Kieler Institut für Weltwirtschaft), it fell by 3.8%. The IMF reports that the dynamics increased more strongly than expected in the second half of the year. According to the IfW, the global economy was able to make up for a considerable part of the decline in production in the third quarter. In the fourth quarter, the recovery was slowed down by another wave of infections, but overall production remained on an upward trend.

The German economy fell into a deep recession in 2020. According to initial calculations by the Federal Statistical Office (Destatis), GDP fell by 5.0%. According to this, the pandemic had a significant impact on almost all sectors of the economy, especially private consumer spending, gross fixed capital formation as well as exports and imports. The average number of employed persons declined for the first time after a 14-year increase. State budgets ended 2020 with a financing deficit for the first time since 2011.

***Sources***
*International Monetary Fund (IMF), World Economic Outlook Update, January 2021;*
*Kiel Institute for the World Economy, Kiel Economic Reports No. 73, December 2020;*
*Federal Statistical Office (Destatis), Press Release, 14 January 2021.*

## 2. OPERATING BUSINESS DEVELOPMENT IN THE 2020 FINANCIAL YEAR

Business activities can be affected by one-off and extraordinary events. In order to gain a better understanding of the development of the operating business, the items of the income statement in the 2020 financial year that are accounted for in accordance with IFRS as described in this item have been adjusted for these non-operating, i.e., one-off and extraordinary, effects[1].

Accordingly, the corresponding adjusted earnings before taxes (EBT adjusted) amounted to EUR 20.8 million in the 2020 financial year (unadjusted: EUR 9.1 million). Adjusted personnel expenses amounted to EUR 38.8 million (unadjusted: EUR 42.9 million) and adjusted other operating expenses to EUR 29.9 million (unadjusted: EUR 33.3 million). Furthermore, adjusted depreciation and amortization expense amounted to EUR 187.0 million (unadjusted: EUR 191.2 million).

In the 2020 financial year, personnel expenses and other operating expenses included one-off costs which incurred in connection with the acquisition of shares in Sixt Leasing SE by Hyundai Capital Bank Europe GmbH (HCBE). These include, among other things, bonus payments, expenses for legal advice, for consulting by an investment bank and for IT consulting and services, expenses in connection with the takeover of used car locations, as well as internal personnel expenses for the purpose of better comparability that can be allocated to the takeover. In addition, expectations and assumptions, based among other things on external market data, were included in the assessment of risk provisions within the framework of the regular review of the residual values of lease assets, which were significantly influenced by the effects of the worldwide COVID-19 pandemic. The resulting expenses from the increase in risk provisions were included in the depreciation of lease assets as well as fleet expenses and cost of lease assets.

The Sixt Leasing Group thus developed in line with expectations overall in the 2020 financial year, which was characterised by particular challenges in view of the impact of the

[1] Further explanations can be found under point 8 ‘Reconciliation of adjusted items in the consolidated income statement’.

COVID-19 pandemic and the acquisition of shares in Sixt Leasing SE by HCBE.

## 3. GROUP BUSINESS PERFORMANCE OVERVIEW AND COMPARISON WITH FORECAST OF THE YEAR[2]

The Sixt Leasing Group's business performance in 2020 was in line with its adjusted expectations. Despite the uncertainties and restrictions arising from the Corona pandemic and the transaction-related expenses, the Sixt Leasing Group has a solid basis, as the operational, assets and financial situation shows. Consolidated revenue fell by 9.3% year-on year to EUR 747.7 million (2019: EUR 824.4 million). Consolidated operating revenue (excluding sales revenues) decreased by 9.6% to EUR 423.3 million (2019: EUR 468.2 million). This is mainly due to the significantly reduced vehicle utilisation as a result of the COVID-19-related contact restrictions and the associated decline in utilisation-related revenues. In March 2020, the Managing Board had expected that consolidated operating revenue would be roughly at the previous year's level. From October onwards, it expected a figure significantly below the level of the previous year. Sales revenues for lease returns and marketed customer vehicles in Fleet Management decreased by 8.9 per cent to EUR 324.4 million (2019: EUR 356.3 million). This decline resulted on the one hand from the very strong first quarter of the previous year with a very high number of lease returns sold in the Online Retail business field and on the other hand from the restrictions on stationary motor vehicle sales, particularly during the first half of 2020, due to the COVID-19 pandemic.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) declined by 9.1% to EUR 211.4 million in the reporting year (2019: EUR 232.7 million). Consolidated earnings before taxes (EBT) fell by 68.9% to EUR 9.1 million (2019: EUR 29.3 million). As a result, the operating return on revenue (ratio of EBT to operating revenue) was 2.2% (2019: 6.3%). The lower EBT is in line with the adjusted expectations of July 2020 and October 2020 and is due, among other things, to volume effects in the marketing area described above, temporary sales support measures (in particular the ‘hamster premium’), increased marketing expenses at the beginning of the year, transaction-related costs and additional risk provisioning requirements for residual values in the first half of 2020 amounting to a mid single-digit million euro figure. In March 2020, the Managing Board had expected that EBT would be very significantly below the previous year's level.

The equity of the Sixt Leasing Group decreased to a total of EUR 212,851 thousand compared to the previous year (2019: EUR 229,226 thousand). The group equity ratio was thus 16.4% as of the balance sheet date (2019: 17.2%).

As of 31 December 2020, the Sixt Leasing Group's contract portfolio (excluding franchise and cooperation partners) was 4.6% below the previous year's level at 129,900 contracts (2019: 136,200 contracts). In its forecast of March 2020, the Managing Board had expected a slight increase in the number of Group contracts. From October onwards, it expected a figure significantly below the level of the previous year. The main reasons for the adjustment were the weaker than expected business development in the third quarter of 2020 and the prospect of a continuing or worsening COVID-19 situation in the fourth quarter of 2020.

In the Online Retail business field, roughly 10,000 new contracts were concluded in 2020, around 23% fewer than in the previous year (2019: more than 13,000 new contracts). The main reason for this was the economic impact of the COVID-19 pandemic. At the same time, the business field recorded further vehicle returns from the 1&1 campaign conducted in the 2017 financial year. As a result of these two developments, the contract portfolio in Online Retail as of 31 December 2020 was 12.8% below the level of the previous year at 38,600 contracts (2019: 44,300 contracts).

In the Fleet Leasing business field, the number of contracts decreased by 6.6% to 37,800 contracts at the end of the year (2019: 40,400 contracts). This is due in particular to the economic effects of the COVID-19 pandemic.

The contract portfolio of the Fleet Management business unit developed positively. Compared to the previous year, it increased by 3.9% to 53,500 contracts (2019: 51,500 contracts) and thus reached a new all-time high.

In addition to the Group's own contract portfolio, franchise and cooperation partners of Sixt Leasing SE in around 30 countries managed a further 64,700 contracts as of 31 December 2020 (2019: 69,200 contracts; -6.5%).

---

[2] The following explanations refer to the IFRS consolidated financial statements and are in accordance with IFRS. There was no adjustment for one-off and extraordinary expenses as in 2. OPERATING BUSINESS DEVELOPMENT IN THE 2020 FINANCIAL YEAR.

| Contract portfolio[1] | 2020 | 2019 | Change |
|---|---|---|---|
| in thousands | | | in % |
| Sixt Leasing Group | 129.9 | 136.2 | -4.6 |
| thereof Online Retail | 37.8 | 40.4 | -6.6 |
| thereof Fleet Leasing | 38.6 | 44.3 | -12.8 |
| thereof Fleet Management | 53.5 | 51.5 | 3.9 |
| Franchise and cooperation partners | 64.7 | 69.2 | -6.5 |

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

## 4. CONTRACT AND REVENUE PERFORMANCE

### 4.1 SIXT LEASING GROUP

The Sixt Leasing Group's contract portfolio (excluding franchise and cooperation partners) as of 31 December 2020 decreased by 4.6% year-on-year to 129,900 contracts (2019: 136,200).

Consolidated revenue fell by 9.3% to EUR 747.7 million in the 2020 financial year (2019: EUR 824.4 million). At the same time, consolidated operating revenue, which comprises leasing revenue (finance rate), other revenue from leasing business and fleet management revenue, fell by 9.6% to EUR 423.3 million (2019: EUR 468.2 million). Sales revenues for lease returns and marketed customer vehicles in Fleet Management decreased by 8.9% to EUR 324.4 million (2019: EUR 356.3 million). This decline resulted on the one hand from the very strong first quarter of the previous year with a very high number of lease returns sold in the Online Retail business field and on the other hand from the restrictions on stationary motor vehicle sales, particularly during the first half of 2020, due to the COVID-19 pandemic.

### 4.2 LEASING SEGMENT

In the Leasing business unit, the contract portfolio at the end of the reporting year totalled 76,400 contracts, which was 9.8% below the figure as of 31 December 2019 (84,700 contracts). At the same time, the contract portfolio in the Online Retail business field declined by 12.8% to 38,600 contracts (2019: 44,300 contracts). The contract portfolio in the Fleet Leasing business field fell by 6.6% to 37,800 contracts (2019: 40,400 contracts).

Total revenue in the Leasing business unit fell by 11.1% to EUR 642.1 million in the reporting year (2019: EUR 722.6 million). Operating revenue (segment revenue excluding proceeds from the sale of lease returns) decreased by 10.2% to EUR 373.2 million (2019: EUR 415.6 million). Revenue from the sale of used leasing vehicles fell by 12.4% to EUR 268.9 million (2019: EUR 307.0 million).

### 4.3 FLEET MANAGEMENT BUSINESS UNIT

In the Fleet Management business unit, the number of contracts at the end of 2020 increased by 3.9% year-on-year to 53,500 contracts (2019: 51,500 contracts), a new record since the business unit was established.

The business unit's total revenue increased by 3.7% to EUR 105.6 million in 2020 (2019: EUR 101.8 million). Operating revenue decreased by 4.9% to EUR 50.0 million (2019: EUR 52.6 million). Revenue from the sale of customer vehicles increased by 12.9% to EUR 55.6 million (2019: EUR 49.2 million). The marketing of customer vehicles as an additional service is eliciting differing responses from customers, depending on their needs. Consequently, the development of revenue from vehicle sales is more volatile in the Fleet Management business unit than in the Leasing business unit.

## 5. EARNINGS DEVELOPMENT

| Consolidated income statement (condensed)<br>in EUR million | 2020 | 2019 | Absolute change | Change in % |
|---|---|---|---|---|
| Consolidated revenue | 747.7 | 824.4 | -76.7 | -9.3 |
| Thereof consolidated operating revenue[1] | 423.3 | 468.2 | -44.9 | -9.6 |
| Fleet expenses and cost of lease assets | 473.8 | 536.9 | -63.2 | -11.8 |
| Personnel expenses | 42.9 | 41.5 | 1.5 | 3.5 |
| Net other operating income/expenses | -19.6 | -13.3 | -6.3 | 46.9 |
| Earnings before interest, taxes, depreciation and amortisation (EBITDA) | 211.4 | 232.7 | -21.3 | -9.1 |
| Depreciation and amortisation expense[2] | 191.2 | 191.3 | -0.1 | -0.1 |
| Earnings before interest and taxes (EBIT) | 20.2 | 41.3 | -21.2 | -51.2 |
| Net finance costs | -11.1 | -12.0 | 0.9 | -7.9 |
| Earnings before taxes (EBT) | 9.1 | 29.3 | -20.2 | -68.9 |
| Operating return on revenue | 2.2 | 6.3 | -4.1 points | |
| Income tax expense | 6.9 | 7.8 | -0.9 | -11.1 |
| Consolidated profit | 2.2 | 21.5 | -19.3 | -89.9 |
| Earnings per share[2] (in EUR) – basic and diluted | 0.11 | 1.04 | -0.94 | |

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

Fleet expenses and cost of lease assets decreased by 11.8% to EUR 473.8 million (2019: EUR 536.9 million). Adjusted by expenditure incurred in connection with the sale of lease assets, fleet expenses and cost of lease assets recorded a decline of 5.8%.

Particularly on account of the further growth and expansion plans, especially the takeover of employees as part of the acquisition of the two SL Car Sales GmbH locations and transaction-related costs, personnel expenditure increased by 3.5% to EUR 42.9 million (2019: EUR 41.5 million).

The balance of other operating income and expenditure increased by 46.9% to EUR -19.6 million (2019: EUR -13,3 million) in particular due to transaction-related costs, especially in IT and consulting, whereas the decline in other operating income was much weaker than the increase in other operating expenses.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) decreased by 9.1% to EUR 211.4 million (2019: EUR 232.7 million).

Depreciation and amortisation remained almost unchanged at EUR 191.2 million (2019: EUR 191.3 million; -0.1%).

Earnings before interest and taxes (EBIT) totalled EUR 20.2 million, which was 51.2% less than the year before (2019: EUR 41.3 million).

Net financing costs in the year under review improved significantly once again, up by 7.9% to EUR -11.1 million (2019: EUR -12.0 million). Although liquidity reserves in the form of bank balances in the mid double-digit million range were formed in response to the COVID-19 pandemic, interest expenses were significantly reduced. This is the result of the improved financing conditions of the ABS transaction and the repayment of a bonded loan as well as the early termination of the bond issued in the 2017 financial year, which were each refinanced with independent financing instruments at more favourable conditions.

The Sixt Leasing Group reports earnings before taxes (EBT) for the 2020 financial year of EUR 9.1 million, which is 68.9% down on the previous year's figure of EUR 29.3 million.

Consequently, the operating return on revenue (ratio of EBT to operating revenue) came to 2.2% (2019: 6.3%).

Income taxes decreased by 11.1% to EUR 6.9 million (2019: EUR 7.8 million).

Consolidated profit for the reporting year dropped by 89.9% to EUR 2.2 million (2019: EUR 21.5 million).

## 6. NET ASSETS

As of 31 December 2020, the total assets of the Sixt Leasing Group came to EUR 1,295.6 million, some EUR 33.3 million or 2.5% less than on 31 December 2019 (EUR 1,328.9 million).

Non-current assets, which decreased year-on-year by EUR 19.2 million to EUR 1,131.6 million (2019: EUR 1,150.8 million; -1.7%) are still dominated by lease assets. By reference date comparison, lease assets fell by EUR 27.1 million or 2.4% to EUR 1,092.5 million (2019: EUR 1,119.7 million). As a proportion of total assets, its share remained unchanged at 84.3%. Among the other items of non-current assets, above all goodwill and intangible assets increased. Goodwill rose by EUR 2.0 million or 85.6% to EUR 4.3 million (2019: EUR 2.3 million). The increase results from the acquisition of significant parts of the business operations of SL Car Sales GmbH, Garching, as well as assets and contracts attributable to these business operations. Intangible assets increased by EUR 6.2 million or 49.8% to EUR 18.7 million (2019: EUR 12.5 million), as further investments in proprietary developed software currently in progress were made in the year under review.

Compared with the same reporting date of last year, current assets decreased by EUR 14.1 million or 7.9% to EUR 163.9 million (2019: EUR 178.0 million). This was largely due to the decrease in trade receivables by EUR 11.8 million or 14.6% to EUR 69.2 million (2019: EUR 81.0 million).

Inventories, which consist mainly of vehicles from the lease fleet and customer vehicles intended for sale, amounted to EUR 52.5 million and were EUR 2.5 million or 5.1% above the previous year's figure (2019: EUR 50.0 million).

Receivables due from related parties as of the reporting date came to EUR 1.5 million, a decrease of EUR 2.3 million or 61.3% (2019: EUR 3.8 million).

Income tax receivables as of the reporting date decreased EUR 1.5 million or 62.3% to EUR 0.9 million (2019: EUR 2.4 million).

| **Consolidated balance sheet (condensed)**<br>**Assets**<br>in EUR million | **2020** | 2019 |
|---|---|---|
| **Non-current assets** | | |
| Intangible assets | 18.7 | 12.5 |
| Lease assets | 1,092.5 | 1,119.7 |
| Other | 20.4 | 18.7 |
| **Current assets** | | |
| Inventories | 52.5 | 50.0 |
| Bank balances | 2.4 | 2.6 |
| Other | 109.0 | 125.4 |
| **Total assets** | **1,295.6** | **1,328.9** |

### 6.1 EQUITY

As of 31 December 2020, the Sixt Leasing Group's equity amounted to EUR 212.9 million. The decrease by EUR 16.4 million or 7.1%, compared to the same reporting date of the previous year (2019: EUR 229.2 million), is essentially the result of the generated consolidated profit minus the cash outflow for the dividend of EUR 18.6 million paid out in the reporting year for the 2019 financial year. The equity ratio decreased from 17.2% to 16.4% of the balance sheet total.

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

| **Consolidated balance sheet (condensed)**<br>**Equity and liabilities**<br>in EUR million | **2020** | 2019 |
|---|---|---|
| **Equity** | **212.9** | **229.2** |
| **Non-current liabilities and provisions** | | |
| Financial liabilities | 671.7 | 732.8 |
| Other | 50.8 | 67.8 |
| **Current liabilities and provisions** | | |
| Financial liabilities | 264.2 | 215.4 |
| Liabilities to related parties | 0.0 | 3.3 |
| Other | 96.0 | 80.4 |
| **Total equity and liabilities** | **1,295.6** | **1,328.9** |

### 6.2 LIABILITIES

As of 31 December 2020, the Group reported non-current liabilities and provisions of EUR 772.5 million (2019: EUR 782.7 million; -7.7%). This was mainly due to the decrease in non-current financial liabilities by EUR 61.1 million to EUR

671.7 million (2019: EUR 732.8 million; -8,3%). This is mainly due to the bond issued in the 2017 financial year, which was repaid early in mid-December.

Current liabilities and provisions as of 31 December 2020 amounted to EUR 360.2 million (2019: EUR 316.9 million). The increase by EUR 43.3 million or 13.7% was essentially due to increasing current financial liabilities by EUR 48.8 million or 22.6% to EUR 264.2 million (2019: EUR 215.4 million).

Trade payables rose by EUR 3.3 million or 7.3% to EUR 47.8 million (2019: EUR 44.6 million).

## 7. FINANCIAL POSITION

### 7.1 FINANCIAL MANAGEMENT AND FINANCIAL INSTRUMENTS

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

The financing instruments mainly consist of loans from Santander Consumer Bank AG, bilateral credit lines with other banks, an asset backed securities (ABS) programme and a bond. In addition, sale-and-lease-back transactions (purchase loans) for refinancing were used on a smaller scale.

The bond issued in 2017 was repaid early. Thus, as at the end of 2020 the Sixt Leasing Group was primarily financed by the following instruments:

\\ bond with a nominal value of EUR 250 million maturing in 2022, coupon of 1.500% p.a.

\\ current and non-current drawings from the ABS programme with variable market interest rates, maturing up to 2025 as well as

\\ current and non-current drawings from bank loans with variable market interest rates, in particular from Santander Consumer Bank AG

### 7.2 LIQUIDITY POSITION

| **Consolidated Cash flow statement (condensed)**<br>in EUR million | **2020** | 2019 |
|---|---|---|
| Gross Cash flow | 198.5 | 219.3 |
| Net cash flow used from/in operating activities | 41.1 | 107.1 |
| Net cash flow used in investing activities | -11.2 | -7.4 |
| Net cash flow in/from financing activities | -30.6 | -105.3 |
| **Net change in cash and cash equivalents** | **-0.8** | **-5.6** |

For 2020, the Sixt Leasing Group reports a gross cash flow of EUR 198.5 million, which is EUR 20.8 million less than the figure for the preceding year (2019: EUR 219.3 million). Adjusted for changes in net working capital, this results in net cash inflows from operating activities of EUR 41.1 million (2019: cash inflow of EUR 107.1 million). The change is essentially due to significantly lower income from disposals of lease assets and higher expenses for investments in lease assets.

Net cash used in investing activities amounted to EUR 11.2 million (2019: cash outflow of EUR 7.4 million), essentially due to the investments made in intangible assets and property, plant and equipment.

Financing activities resulted in a cash outflow of EUR 30.6 million (2019: cash outflow of EUR 105.3 million). Payments received of EUR 405.7 million were offset by dividend payments as well as the repayment of financial liabilities in the total amount of EUR 436.3 million.

After changes relating to exchange rates, total cash flows as of 31 December 2020 resulted in a reduction in cash and cash equivalents, down by EUR 0.8 million (2019: decrease of EUR 5.6 million). Cash and cash equivalents in the amount of EUR 0.01 million correspond to the item 'bank balances' in the amount of EUR 2.4 million in the balance sheet, netted with negative overdraft facilities reported under current financial liabilities in the amount of EUR 2.4 million.

### 7.3 INVESTMENTS

In 2020, the Sixt Leasing Group added vehicles with a total value of EUR 430.3 million (2019: EUR 407.0 million; +5.7%)

to the leasing fleet. This is mainly due to the strong order volume in the fourth quarter of 2019, with a large proportion of the corresponding vehicles not being delivered until 2020.

## 8. RECONCILIATION OF ADJUSTED ITEMS OF THE CONSOLIDATED INCOME STATEMENT

This reconciliation serves to reconcile the adjusted items of the income statement from section 2 'Operating business development in the 2020 financial year' to the IFRS items.

Personnel expenses in the IFRS income statement amount to EUR 42.9 million. For the presentation in section 2 'Operating business development in the 2020 financial year', these were adjusted for special effects of EUR 4.1 million to EUR 38.8 million. Other operating expenses amount to EUR 33.3 million and were adjusted for special effects of EUR 3.4 million to EUR 29.9 million. Depreciation and amortisation amounted to EUR 191.2 million and were adjusted for special effects of EUR 4.2 million to EUR 187.0 million. In total, earnings before taxes (EBT) of EUR 9.1 million were adjusted for special effects of EUR 11.7 million to EUR 20.8 million.

## 9. SEGMENT REPORTS

### 9.1 LEASING SEGMENT

#### 9.1.1 INDUSTRY DEVELOPMENT

During the first half of 2020, the European leasing industry was on a decline. According to the industry association Leaseurope, the volume of new business for leasing companies fell by 24.1% year-on-year to EUR 125.6 billion. New business in equipment and vehicle leasing fell by 17.1% and 27.8% respectively. Key figures on the development in 2020 as a whole were not yet available from Leaseurope at the time this management report was prepared.

The German leasing market, the second biggest in Europe after the UK, was on a decline, too. The Federal Association of German Leasing Companies (BDL – Bundesverband Deutscher Leasing-Unternehmen) provisionally expected a decline in new business of around 10% of acquisition values (including hire purchase) in 2020, citing calculations by the Federal Statistical Office (Destatis) according to which the pandemic-related uncertainty caused companies to hold back on investments, which also had an impact on the leasing sector. An analysis of the first three quarters shows that the decline in new business compared to the record year 2019 amounts to 12.3% of the acquisition values (including hire purchase) compared to the same period of the previous year. In contrast, the BDL expected a recovery due to a relatively strong fourth quarter. According to the BDL, the inclusion of leasing in state subsidy programmes and the recognition of leasing instalments as eligible costs within the framework of state bridging aid for companies had a fundamentally positive effect.

***Sources***
*Leaseurope, Market overview in 2019 and outlook for 2020, published on 4 December 2020 on leaseurope.org, accessed on 10 December 2020;*
*BDL, Newsletter: Forecast for the German Leasing Market 2020, 26 January 2021.*

#### 9.1.2 BUSINESS DEVELOPMENT

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

In the 2020 financial year, the business unit generated total revenue of EUR 642.1 million, a decrease of 11.1% (2019: EUR 722.6 million). The segment's operating revenue (excluding sales revenues) fell by 10.2% to EUR 373.2 million (2019: EUR 415.6 million). At the same time, leasing revenue (finance rate) decreased by 3.0% to EUR 216.5 million (2019: EUR 223.2 million). Other revenue from the leasing business, comprising mainly revenues from services, decreased by 18.5% to EUR 156.8 million (2019: EUR 192.4 million). Revenue from the sale of vehicles decreased by 12.4% to EUR 268.9 million (2019: EUR 307.0 million).

The segment's contract portfolio as of 31 December 2020 totalled 76,400 contracts, a decrease of 9.8% compared to the figure recorded on the same date the year before (2019: 84,700 contracts). In the Fleet Leasing business field, the number of contracts deceased by 6.6% to 37,800 contracts (2019: 40,400 contracts). This decrease is mainly due to the fact that market developments fell below expectations in the 2020 financial year.

In the Online Retail business field, the contract portfolio decreased by 12.8% to 38.600 (2019: 44.300 contracts). The main reason for this was the lower number of new orders due to the economic impact of the COVID-19 pandemic as well as further vehicle returns from the 1&1 campaign carried out in the 2017 financial year.

The main expense item is fleet expenses and cost of lease assets in the amount of EUR 380.7 million (2019: EUR 446.2 million).

The business unit's earnings before interest, taxes, depreciation and amortisation (EBITDA) fell in the reporting year, in line with the lower contract portfolio, by 8.9% to EUR 208.3 million (2019: EUR 228.7 million). Earnings before taxes (EBT) went down 75.7% to EUR 6.2 million (2019: EUR 25.5 million). The segment's operating return on revenue (EBT/operating segment revenue) thus fell by 4.4 percentage points to 1.7% (2019: 6.1%).

| **Key figures Leasing business unit** in EUR million | **2020** | 2019 | Change in % |
|---|---|---|---|
| Leasing revenue (finance rate) | 216.5 | 223.2 | -3.0 |
| Other revenue from leasing business | 156.8 | 192.4 | -18.5 |
| Sales revenue | 268.9 | 307.0 | -12.4 |
| Total revenue | 642.1 | 722.6 | -11.1 |
| Earnings before interest, taxes, depreciation and amortisation (EBITDA) | 208.3 | 228.7 | -8.9 |
| Earnings before interest and taxes (EBIT) | 17.1 | 37.4 | -54.2 |
| Earnings before taxes (EBT) | 6.2 | 25.5 | -75.7 |
| Operating return on revenue (%) | 1.7 | 6.1 | -4.5 points |

**Online Retail business field**

*Marketing and sales campaigns:* In the reporting period, Sixt Leasing carried out several marketing and sales campaigns in the Online Retail business field. These included, in particular, the sales cooperation between *sixt-neuwagen.de* and the PAYBACK bonus programme from the end of March to the end of May. On the occasion of the 20th anniversary of PAYBACK, a Kia Stonic 'VISION' was marketed to private customers at special conditions. The leasing offer was available both on *sixt-neuwagen.de* and in the PAYBACK app and was supplemented by optional service packages. The vehicle configuration and order, as well as the booking of the service packages, was carried out via the app and was handled by Sixt Neuwagen.

In addition, Sixt Leasing again took advantage of the attention of bargain hunters around 'Black Friday' in November to offer private and commercial customers a limited contingent of selected new car models at discounted prices through a 'Black Friday' promotion. Furthermore, Sixt Leasing initiated temporary sales support measures against the background of the COVID-19 pandemic. These included in particular the 'hamster bonus'.

*Further development of sixt-neuwagen.de:* Sixt Leasing aims to continuously improve the customer experience on its online platform *sixt-neuwagen.de*, for example by implementing a fully digital ordering process and a demand configurator. In the reporting year, the website was optimised in particular with regard to user-friendliness, clarity and mobile usability.

*Personnel changes:* In October of the reporting year, Werner König was appointed Managing Director of autohaus24 GmbH. He replaced Michael Ruhl, who continues in his position as Chairman of the Managing Board of Sixt Leasing SE. Mr König shares the management of autohaus24 with Josef Finauer, who has held this position since April 2020.

At autohaus24, Werner König is in charge of the offline business with the former Sixt Car Sales locations for used cars in Berlin-Adlershof, Munich-Eching and Frankfurt-Egelsbach. The locations in Berlin and Munich had been sold by SL Car Sales GmbH, a subsidiary of Sixt SE, to Sixt Leasing SE as part of the 92% takeover of Sixt Leasing SE by Hyundai Capital Bank Eu-rope GmbH (HCBE). The locations were rebranded to autohaus24 at the beginning of 2021. Meanwhile, Josef Finauer is concentrating on the online business of autohaus24.*de*.

A joint focus of Mr König and Mr Finauer will be on the rebranding of the autohaus24 brand with a new logo, new website and new brand strategy. In addition, the product portfolio is to be expanded.

*Promotion of customer satisfaction:* Private and commercial customers are regularly interviewed on their satisfaction with the offers and services of the Company as they encounter them at the various points of contact, starting from website configuration through to the return of the vehicle. At the end of 2020, the Customer Satisfaction Score (CSS) showed a rating of around 3.7 with 5.0 counting as the maximum.

In July 2020, autohaus24 GmbH was awarded the consumer award 'Germany's Best Online Portals 2020' in the category 'New Car Portals' by the news channel n-tv and the German Institute for Service Quality (DISQ) for its website *autohaus24.de*. This means that *autohaus24.de* won the title for the second time in a row. In addition, the website received the rating 'High Recommendation' in the category 'Car Leasing:

Online Providers' in the FOCUS-MONEY study 'Recommended by Customers'.

**Fleet Leasing business field**

***Digitisation of fleet leasing:*** In cooperation with its long-term strategic partner, DAD Deutscher Auto Dienst GmbH (DAD), Sixt Leasing introduced the Service Module Logistics (SML), a software solution for the entire vehicle deregistration process, in November 2020: The SML enables the service providers involved to digitally record the individual process steps from the time the vehicle is returned, through the entire defleet process to vehicle deregistration, and to use it for process tracking and monitoring. The aim is to achieve qualitative improvements and savings in the operational processes.

In addition, the Sixt leasing app was fundamentally revised and relaunched in December. The application offers company car drivers the opportunity to manage their leasing contract via smartphone and to use many useful functions. These include, for example, workshop search, appointment booking, damage reports or contacting the assistance. The Sixt leasing app is continuously updated and will be equipped with further useful features in the future.

***E-mobility:*** In March 2020, Sixt Leasing SE further expanded its cooperation with BSH Hausgeräte GmbH in the area of electric mobility. To this end, several Nissan e-NV200 e-transporters were handed over by Sixt Leasing to the customer service department of BSH Hausgeräte. The new vehicles will be used in urban areas in particular. The aim of the cooperation is to support BSH Hausgeräte in diversifying the types of drive and to make a contribution to reducing $CO_2$ emissions in cities.

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

***Promotion of customer satisfaction:*** Sixt Leasing customers are regularly interviewed on their satisfaction. To this end, the Company deploys a special CSI tool (Customer Satisfaction Index). With the help of this tool, the users of leasing vehicles as well as the fleet managers can provide detailed feedback on service quality. Sixt Leasing uses these data to continually optimise the service range to satisfy customer wishes and requirements. In 2020, the CSI tool once more indicated a persistently high degree of customer satisfaction. 87% of those surveyed stated that they intended to recommend Sixt Leasing (2019: 81%) and 94% indicated that they planned to continue using Sixt Leasing's solutions in future (2019: 87 %).

In December 2020, Sixt Leasing was awarded the 'Firmenwagen-Award' by AUTO BILD. The readers of Europe's largest automobile magazine voted the company the winner in the 'Leasing' category.

## 9.2 FLEET MANAGEMENT SEGMENT

### 9.2.1 INDUSTRY DEVELOPMENT

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

According to Dataforce, around 822,000 new passenger cars were registered in the relevant fleet market in 2020, 12.4% less than in the record year 2019 (938,000 passenger cars). In 2021, the fleet market should recover faster than the private market, according to Dataforce, because many leasing contracts were extended last year and therefore an above-average number of renewals are due in 2021.

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

***Sources***
*Dataforce, Press Release, 11 January 2021;*
*Dataforce, Press Release, 16 December 2020.*

## 9.2.2 BUSINESS DEVELOPMENT

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

In the year under review, total revenue of the business unit amounted to EUR 105.6 million, an increase of 3.7% on the previous year figure of EUR 101.8 million. The segment's operating revenue (excluding sales revenues) decreased by 4.9% to EUR 50.0 million (2019: EUR 52.6 million). Revenue from the sales of customer vehicles increased in 2020 by 12.9% to EUR 55.6 million (2019: EUR 49.2 million). The marketing of vehicles as an additional service is eliciting differing responses from customers, depending on their needs. Consequently, the development of revenue from sales is more volatile in the Fleet Management business unit than in the Leasing business unit.

The segment's contract portfolio as of 31 December 2020 totalled 53,500 contracts and was thus 3.9% higher than the corresponding figure on the same date the year before (2019: 51,500 contracts).

The main expense item is fleet expenses and cost of lease assets in the amount of EUR 93.1 million (2019: EUR 90.8 million).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) for the reporting year decreased by 22.0% to EUR 3.1 million (2019: EUR 4.0 million). Earnings before taxes (EBT) fell by 23.3% to EUR 2.9 million (2019: EUR 3.8 million). The earnings developments in the 2020 financial year were burdened especially by investments in future growth. Consequently, the segment's operating return on revenue (EBT/operating segment revenue) came to 5.8% compared to 7.2% the year before.

| **Key figures Fleet Management business unit** | **2020** | 2019 | Change |
|---|---|---|---|
| in EUR million | | | in % |
| Fleet management revenue | 50.0 | 52.6 | -4.9 |
| Sales revenue | 55.6 | 49.2 | 12.9 |
| Total revenue | 105.6 | 101.8 | 3.7 |
| Earnings before interest, taxes, depreciation and amortisation (EBITDA) | 3.1 | 4.0 | -22.0 |
| Earnings before interest and taxes (EBIT) | 3.1 | 4.0 | -22.6 |
| Earnings before taxes (EBT) | 2.9 | 3.8 | -23.3 |
| Operating return on revenue (%) | 5.8 | 7.2 | -1.4 points |

*Digitisation of fleet management:* In January 2020, Sixt Mobility Consulting GmbH equipped its smartphone app ‘The Companion’ for company car drivers with the digital payment function ‘Shell Payment@Pump’. The function is based on the ‘Shell SmartPay’ fuel card service and was integrated into the app as part of a partnership with the ‘Shell Card’. The application enables users to pay for the tank filling directly at the pump via smartphone and can be used at all Shell pumps in Germany. By the end of 2020, the ‘Companion’ app was used by a total of around 16,000 company car drivers.

*Personnel changes:* In June 2020, Christian Braumiller and Michael Poglitsch took over the management of Sixt Mobility Consulting GmbH.

Mr Braumiller has more than 30 years of experience in the fleet sector and has been Managing Director of Flottenmeister GmbH since 2015, which has been part of the Sixt Mobility Consulting Group since October 2019. He plays a key role in handling the operational services and is thus responsible, together with Mr Poglitsch, for the quality of the services offered.

As the second managing director and equal partner, Mr Poglitsch is in charge of the topics of sales and internationalisation. He worked for the Sixt Group for around 20 years, including as Senior Director Global Accounts.

*Integration of Flottenmeister GmbH:* In December 2020, Flottenmeister GmbH, which was acquired by Sixt Mobility Consulting GmbH in 2019, was merged with Sixt Mobility Consulting GmbH (‘SMC’) with retroactive effect from 1. January 2020. As a result, Flottenmeister GmbH will now continue to operate as its own brand under the name ‘Flottenmeister powered by SMC’ and will thus be integrated even more closely into SMC's business.

# B.3 \\ HUMAN RESOURCES REPORT

## 1. STRATEGIC HUMAN RESOURCES WORK

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

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

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

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

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

**Traineeships**
Sixt Leasing offers graduates a General Management trainee programme, running for 18 months. During this time, trainees pass through various core business areas. Furthermore, they have the opportunity to gather working experience in foreign subsidiaries. Trainees who perform well get offered a take-over contract into employment within the Sixt Leasing Group at the end of their training.

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

## 2. NUMBER OF EMPLOYEES

| Number of employees per segment (average) | 2020 | 2019 |
|---|---|---|
| Leasing | 606 | 572 |
| Fleet Management | 87 | 71 |
| **Total** | **693** | **643** |

The Sixt Leasing Group employed 693 people on average in 2020, an increase of around 8% over the previous year (2019: 643). The two main reasons for the growth in the workforce were the takeover of Flottenmeister GmbH and the SL Car Sales GmbH locations in Berlin and Eching from Sixt SE.

## 3. KEY FEATURES OF THE REMUNERATION SYSTEM

### 3.1 GENERAL REMUNERATION POLICY OF THE SIXT LEASING GROUP

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

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

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

### 3.2 REMUNERATION SYSTEM OF EMPLOYEES

The Sixt Leasing Group is not bound to any collective wage bargaining agreements.

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

Within the framework of a salary all-in programme, numerous employees were offered the possibility of making their variable salary component (bonus) permanent at a rate of 90% and transferring it to their fixed salary as of 1 January 2020. Since the majority of employees took advantage of this offer, the proportion of those employees who are remunerated by a variable salary component fell, so that the majority of employees are now only remunerated by a non-performance-related basic remuneration and benefits. Sixt Leasing is thus following a general trend and will be able to gain an advantage in the competition for talent. This is particularly important in the highly competitive location of Munich.

For the remaining employees, the total remuneration consists of a non-performance-related basic remuneration, a variable salary component (bonus or commission) and so-called benefits (fringe benefits).

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

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

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

**Benefits**
Besides their basic and variable remuneration, employees of Sixt Leasing Group can receive the following fringe benefits:

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

The Managing Board of Sixt SE, which until the IPO in May 2015 was the 100% parent company, has resolved that until the IPO previously selected employees should be given the opportunity to participate in an employee equity participation programme (Matching Stock Programme). At present, one tranche is still outstanding (exercise: 2021). [3]

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

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

[3] Please find further explanations in section 5.3 of the notes to the consolidated financial statement.

## 3.3 REMUNERATION SYSTEM OF THE MANAGING BOARD

The Supervisory Board has determined the remuneration for 2019 and 2020 on an individual basis as follows[1]:

| Remuneration | | Michael Ruhl | | Björn Waldow |
|---|---|---|---|---|
| in Euro | **2020 actual** | 2019 actual | **2020 actual** | 2019 actual |
| Basic remuneration | 400,000 | 400,000 | 400,000 | 400,000 |
| Taxable pecuniary benefits and other fringe benefits | 20,811 | 16,676 | 20,884 | 19,273 |
| **Total fixed remuneration** | **420,811** | **416,676** | **420,884** | **419,273** |
| Performance-related remuneration [2] | 848,460 | 312,973 | 498,460 | 312,973 |
| **Total remuneration** | **1,269,271** | **729,649** | **919,344** | **732,246** |

[1] *This includes a current transaction bonus committed for the successful transition to Hyundai Capital Bank Europe GmbH (HCBE) in 2019. The final entry requirements were met with the closing of the transaction in 2020; accordingly, the bonus payments (current) of EUR 750,000 (Michael Ruhl) and EUR 400,000 (Björn Waldow) were executed in 2020 and which are included in the performance-related remuneration in terms of amount. Furthermore, Björn Waldow received payments (non current) of EUR 80,000 in 2019 and 2020 respectively for phantom shares from the Matching Stock Programme of Sixt SE allocated in 2015 and 2016.*

[2] *The performance-related remuneration for 2019 will be paid out stretched until 2022, that for 2020 with the ecxeption of transaction bonus will be paid out stretched until 2025.*

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

The Total remuneration of the Managing Board consists of a fixed basic remuneration and a variable salary component (bonus), which is determined and set by the Supervisory Board for each past fiscal year on the basis of the achieved EBT (Earnings Before Taxes) in euros and in accordance with IFRS consolidated financial statements. Entitlement to a bonus depends on the adoption of the audited annual financial statements for the fiscal year.

Moreover, the variable portion of the remuneration is based on consolidated earnings before taxes (EBT) of the Sixt Leasing Group. Variable remuneration only becomes payable to Managing Board members once a defined minimum EBT has been reached. Furthermore, the variable remuneration becomes payable to individual Managing Board members subject to certain conditions. In one case, payment of the variable remuneration is dependent on the portfolio of leasing contracts (i.e. without fleet management contracts) and its comparison with the previous year. In another case, the default rate on receivables from customers must not exceed a specific threshold value.

In particular, under certain circumstances 40% of the variable remuneration must be deferred over a retention period of up to five years.

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

## 3.4 REMUNERATION SYSTEM OF THE SUPERVISORY BOARD

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

### 3.5 ADJUSTMENTS TO THE REMUNERATION OF THE MANAGING BOARD DURING THE YEAR

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

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

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

**Composition of subscribed capital, share categories**
As of 31 December 2020, the share capital of Sixt Leasing SE amounted to EUR 20,611,593.00 in total and was composed of 20,611,593 ordinary bearer shares. The Company's shares are no-par value shares with a notional interest in the share capital of EUR 1.00 per share. All shares have been fully paid up. The shareholders' rights and obligations are governed by the provisions of the German Stock Corporation Act (Aktiengesetz – AktG), in particular by sections 12, 53a et seq., 118 et seq. and 186 of the AktG.

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

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

**Shareholdings in Sixt Leasing SE**
Hyundai Capital Bank Europe GmbH holds 18,976,123 ordinary voting shares in the share capital of the Company pursuant to the latest voting rights announcement published in connection with the acquisition as of 16 July 2020, accounting for 92.07% of the voting rights. The Company has not received any information about, and the Managing Board is not aware of, any further direct or indirect interests in the share capital exceeding 3% of the voting rights as at 31 December 2020.

**Shares with special rights**
As of 31 December 2020, 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 Leasing SE has a two-tier management and monitoring system, made up of a management body (Managing Board) and a supervisory body (Supervisory Board). The legal stipulations and conditions of the Articles of Association governing the appointment and dismissal of Managing Board members are defined in article 39 (2), sent. 1 of the SE Regulation (SE-VO), article 46 SE-VO, section 16 of the SE Implementation Act (SEAG), article 9 (1) lit. c ii of the SE-VO, sections 84, 85 AktG and section 7 of the Articles of Association.

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

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

However, the law also provides for the possibility that the Articles of Association allow for a smaller majority providing that at least half of the subscribed capital is presented. This possibility does not apply though to a change of the Company’s purpose, relocation of the Company’s seat into another member state of the European Union, or for cases where a higher majority of capital is mandatory under statutory provisions (article 59 (2) SE-VO, section 51 SEAG).

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

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

**Authorised capital**
In accordance with section 4 (3) of the Articles of Association, the Managing Board is authorised to increase the share capital on one or more occasions by issuing new ordinary bearer shares against cash and/or non-cash contributions in the period up to 31 May 2021, with the consent of the Supervisory Board, by up to a maximum of EUR 6,183,477.00 (Authorised Capital 2016). 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.

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

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

**Authorisation to issue convertible and/or option bonds**
By resolution of the Annual General Meeting of 1 June 2016, the Managing Board is authorised, on one or more occasions in the period up to and including 31 May 2021 and with the consent of the Supervisory Board, to issue convertible and/or option bonds registered in the name of the holder and/or bearer of up to a maximum of EUR 200,000,000.00 with a fixed or open-ended term and, in accordance with the more detailed provisions of the convertible and/or option bond terms, grant conversion or option rights to the holders and/or creditors of bonds to acquire a total of up to 4,122,318 new no-par value shares in Sixt Leasing SE with a pro-rata portion in the share capital of up to EUR 4,122,318.00. The bonds are to be issued against cash contributions.

The issue can be effected by a German or foreign company, in which Sixt Leasing 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, in which it has a majority interest, to take on the guarantee for repayment of the bond and the other payment obligations associated with the bond and to grant the bearers and/or creditors of such bonds conversion or option rights for shares in Sixt Leasing SE.

In general, shareholders of Sixt Leasing SE are granted statutory subscription rights. However, the Managing Board is authorised, with the consent of the Supervisory Board, to exclude, fully or in part, the subscription rights of the shareholders to the bonds, (i) in order to exclude fractional amounts from subscription rights, (ii) if necessary, in order to grant holders and/or creditors of conversion or option rights and/or holders and/or creditors of bonds with conversion exercise obligations which have been issued beforehand or will be issued by Sixt Leasing SE or a company in which it has a majority interest, subscription rights to the extent they are entitled to after exercising the conversion or option rights and/or after meeting their conversion exercise obligations, or (iii) against payment of cash contributions, if the issuing price is not significantly below the theoretical market price of the bonds with conversion or option rights and/or conversion exercise obligations, calculated with recognised mathematical valuation methods, and whose pro-rata portion in the share capital does not exceed a total of 10% of the share capital, neither at the time when the authorisation takes effect nor at the time when this authorisation is exercised. Further details follow from section 4 (3) of the Articles of Association.

**Authorisation to grant subscription rights to shares of the Company**

By resolution of the Annual General Meeting of 29 June 2017, the Managing Board was authorised, as specified in the proposed resolution, to issue until the 28 June 2020 up to 1,000,000 subscription rights for up to a maximum of 1,000,000 no-par value bearer shares, in one or multiple tranches, to members of the Managing Board and executives underneath the Managing Board level as well as members of the governing boards of dependent companies. In as far as this affected Managing Board members, only the Supervisory Board was authorised accordingly.

The total volume of subscription rights was apportioned to a maximum of 500,000 subscription rights to members of the Company's Managing Board and a maximum of 500,000 subscription rights to select Company executives below the Managing Board and members of the management of dependent companies. Each subscription right entitled the owner to subscribe to one no-par value bearer share of the Company against payment of the exercise price and carried a term of seven years. The Company could service the subscription rights by granting the entitled beneficiaries either treasury shares or a cash payment instead of new shares out of the conditional capital. If the entitled beneficiaries were members of the Company's Managing Board this decision was taken at the sole discretion of the Supervisory Board.

The details of this authorisation followed from the authorisation resolution of 29 June 2017 and according to section 4 (5) of the Articles of Association.

**Authorisation to acquire treasury shares**

By resolution of the Annual General Meeting of 8 April 2015, the Managing Board was authorised, in accordance with section 71 (1) No. 8 of the AktG, to acquire in the period up to 7 April 2020 treasury shares of the Company in the amount of up to 10% of the Company’s share capital at the time of the authorisation or – in case this was the lower value – at the time of exercising this authorisation. At no point should the shares acquired under the above authorisation, together with other treasury shares owned and assigned to the Company under sections 71a et seq. of the AktG, represent more than 10% of the share capital.

With the approval of the Supervisory Board, the authorisation could 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 Company could elect to make the acquisition either via the stock exchange, in the form of a public offer made to all shareholders, in the form of a public request to issue sales offers and/or through the use of derivatives. Acquisitions for the purpose of trading in treasury shares were excluded.

The Managing Board was authorised with the consent of the Supervisory Board to (i) sell treasury shares against cash contributions in other forms than via the stock exchange or by a public offer made to all shareholders, insofar as the sales price for each treasury share was not materially lower than the quoted market price of existing listed shares at the time of the sale, whereby the attributable amount in the share capital of the shares sold under this authorisation did not exceed a total of 10% of the share capital, either at the time this authorisation took affect or at the time it was utilised, (ii) sell treasury shares in other forms than via the stock exchange or by a public offer made to all shareholders, 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, (iii) use treasury shares to service conversion and/or option rights and/or obligations from convertible and/or option bonds and/or convertible profit participation rights and/or (iv) offer treasury shares for acquisition, among other things, to members of the Company's Managing Board or members of the executive boards of dependent companies or to employees of the Sixt Leasing Group as part of their remuneration or as part of management or employees participation programmes.

The details of the authorisation followed from the authorising resolution from 8 April 2015.

In 2020, the Company held no treasury shares.

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

**Bonds**

In case of a change of control event, including the case of a takeover offer, the respective creditors of the bonds 2017/2021 (ISIN: DE000A2DADR6) and 2018/2022 (ISIN: DE000A2LQKV2) issued by Sixt Leasing SE both in the amount of EUR 250.0 million, are entitled to demand the issuer repay them in full or in parts the bonds held by them. According to the bonds' terms and conditions, a ‘change of control event’ only occurs, if there is a change of control and an existing rating is lowered during the period the change of control occurs or no rating agency has assigned an investment grade rating during this period (120 days beginning from the announcement and occurrence, respectively, of the change of control). Such a bondholder right constitutes a creditor right commonly encountered on the capital markets and in lending transactions.

Following the settlement of the successful public takeover offer for the acquisition of all shares in the Company, Hyundai Capital Bank Europe GmbH has acquired control over the Company within the meaning of section 5 (5) of the terms and conditions of the 2017/2021 and 2018/2022 bonds. As it thereby also acquired 50% or more of the share capital of the Company, which entitles it to exercise together more than 50% of the voting rights of the Company, this constitutes a change of control within the meaning of section 5 (5) of the terms and conditions of the bonds. As no rating agency has issued an investment grade rating within 120 days of the change of control taking effect for the bonds, this also constitutes a change of control within the meaning of section 5 (5) of the terms and conditions of the bonds.

In accordance with the process provided for in section 5 (5) of the terms and conditions, each bondholder of the 2017/2021 bond and 2018/2022 bond was entitled, but not obliged, to demand in whole or in part repayment of his/her bond(s) within 30 days after the change of control notification was given pursuant to section 13 of the bond's terms and conditions (i.e. until 14 December 2020) at 100% of the principal amount of the relevant bond(s) plus unpaid interest accrued up to the day which is seven days after the end of the aforementioned period (i.e. until 23 December 2020) (exclusive).

This right was exercised merely by a very small (Nominal 20.000 Euro of 250.000.000 Euro) fraction of bondholders.

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

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

**Agreements with Sixt SE and subsidiaries**

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

The licensor Sixt SE may terminate this Trademark Agreement without notice, if the shareholding of HCBE (or that of an affiliated company) falls below a threshold equal to the shareholding acquired by Sixt SE of approximately 41.9% or if a third party acquires a shareholding in Sixt Leasing SE that is greater than the shareholding of HCBE and its affiliated companies. It can also be terminated without notice, if HCBE or its shareholders directly or indirectly transfer shares in the Company to competitors of Sixt SE that are listed exhaustively in detail.

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

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

# B.5 \\ REPORT ON OUTLOOK

## 1. ECONOMIC ENVIRONMENT

The International Monetary Fund (IMF) expects the global economy to recover in 2021. In its outlook of January 2021, the IMF projects global gross domestic product (GDP) to increase by 5.5% (2020: -3.5%). This means the Fund upgraded its projections by 0.3 percentage points from its autumn forecast in 2020. This is based on the expectation that a better availability of vaccines and therapies should invigorate the economy as off the second quarter. Moreover, according to the IMF a number of large national economies could benefit from additional monetary measures. All in all, though the forecast remains subject to unusual uncertainty.

For the Euro area, the IMF also expects a return to growth. Accordingly, GDP is set to improve by 4.2% (2020: -7.2%), which equals a downgrade of the autumn forecast by one percentage point. The reason for this was the slowing economy at the end of 2020, which is likely to continue into the start of 2021 given the rising number of infections and renewed lockdowns. For Germany, the IMF projects economic growth of 3.5% (2020: -5.4%), after the autumn forecast had still been 0.7 percentage points higher.

The Institute for the World Economy (IfW) expects the global economy to grow by 6.7% in the current year according to its March 2021 outlook. It has thus raised its forecast from December 2020 by 0.6%. In the view of the IfW, a significant improvement in the outlook for the USA has contributed to this. The Institute reports that the global economy continued to recover in the winter half-year after the strong increase in production in the summer, although the number of new infections with the coronavirus increased sharply and the containment measures in many countries were tightened again. Industrial production and world trade had already almost fully recovered and seemed hardly affected by the second wave of the pandemic. The European economy had slipped into recession again. However, the decline in overall economic production should not be dramatic and should be replaced by a strong recovery in the summer half-year, provided that the progress in the vaccination campaign allowed for a thorough relaxation of the restrictions from the spring onwards, as expected, according to the IfW.

For the euro area, the IfW expects economic growth of 4.8% in the current year in its March 2021 outlook. Accordingly, the pre-crisis level is likely to be exceeded towards the end of the year. The IfW reports that the economic output in the euro area was around 5% below its pre-crisis level towards the end of the first quarter of 2021, following a renewed decline in the final quarter of 2020. At the same time, there were considerable differences between different economic sectors and member countries. Against the backdrop of an ongoing vaccination campaign, the pandemic-related restrictions on economic activity are likely to be largely reduced in the course of the summer half-year. Based on this assumption, the IfW expects that all sectors of the economy that are still under pressure will quickly return to their pre-crisis levels of activity. Particularly strong growth rates are expected in services trade, private consumption and equipment investment.

For Germany, the IfW expects GDP to rise by 3.7%. This means that the economy should pick up strongly after the decline of 4.9% in the previous year. According to the IfW, the second wave of the COVID-19 pandemic interrupted the recovery in Germany. For the first quarter, there were even signs of a quite significant decline in economic output. As the vaccination campaign progresses, however, the economic burden of the pandemic should ease and the recovery should continue at a rapid pace. In contrast to last year, the economic losses towards the end of the first quarter are clearly more concentrated in the consumer-related service sectors. Even if private consumer spending would temporarily be affected even more than at the beginning of the pandemic, the overall economic consequences would be less severe. It is crucial that the export business continues to recover. Since many companies have the prospect of a sustained easing of the situation due to the availability of effective vaccines, there would probably be no major decline in investment.

***Sources***

*IMF, World Economic Outlook Update, January 2020;*
*IfW, Kiel economic reports No. 75, 76 and 77, March 2021.*

## 2. PROJECTED INDUSTRY DEVELOPMENT

For 2020, the German leasing industry expects new business volume to decrease. Thus, the Bundesverband Deutscher Leasing-Unternehmen e.V. (BDL – German Association of Leasing Companies) projects in its preliminary outlook to see a minus of around 10% in acquisition values (including hire purchase). It bases this assessment on restrained investments, given the pandemic-induced uncertainty German companies are displaying. At the time of preparation of this management report, the BDL had not yet published an outlook for 2021. The German Council of economic experts (Sachverständigenrat) forecasts an increase in equipment investment of 10.0% (2020: -14.4%) and attributes this to positive impulses expected from the recovery of the world's economy.

The German Association of the Automotive Industry (VDA – Verband der Automobilindustrie e.V.) expects 2021 to witness a recovery of the car market. Following the collapse of the worldwide market by 15% last year, the VDA forecasts 2021 to average a growth rate of 9% to 73.9 million units of new cars sold. The European market is set to gain 12% to 13.5 million units. For Germany, the VDA expects a gain of around 8% to 3.15 million new registrations. However, the VDA also points out that last year's level of 2.9 million new cars was very low and that in 2021 the domestic car market will continue to fall substantially short of the approx. 3.5 million new registrations recorded in the years 2017 to 2019. The German automotive industry still monitors Corona developments with considerable concern and counts on the vaccine production and the administration of jabs speedily increase, allowing Germany swiftly to leave behind the crisis, according to the VDA. A market recovery was only to be expected in the second half of the year.

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

***Sources***

*BDL, Newsletter: Forecast for the German Leasing Market in 2020, 26 January 2021;*
*German Council of Economic Experts, Annual Report 2020/21, November 2020;*
*VDA, Press Release, 26 January 2021.*

## 3. EXPECTED GENERAL DEVELOPMENT

The Sixt Leasing Group intends to further expand its leading position – measured by contract volume – in online direct sales of new vehicles as well as specialist in the management and full-service leasing of corporate fleets.

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

In 2021, the Company plans to further set course for future strong and profitable growth, above all in the Online Retail and Fleet Management business fields. The focal point will be especially on digitalising the business model 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.

### 3.1 ONLINE RETAIL BUSINESS FIELD

The online retail market in Germany offers the company attractive growth potential. Sixt Leasing expects that in future new cars will switch more and more to online channels. This is also shown by numerous studies (see 'Opportunites Report' in this management report).

As one of the leading providers in the online direct 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.

The Company is continually working to further develop the product and service range of the business field to address new customer groups and generate additional growth. In particular, sales cooperations for the marketing of new cars as well as the introduction of leasing offers for used vehicles are to support the growth in contracts from 2021 onwards. In addition, the focus is on extending the range of services by severing the ties between leasing contracts and service products. In the coming years, the Company expects to generate an additional boost for contract portfolios, revenues and earnings from digital aftersales as well as from marketing service products to customers who do not hold a vehicle contract with Sixt Leasing.

Alongside the expansion of its product and service range, Sixt Leasing is attaching significant importance to further developing its IT systems and optimising its customer processes. The objective is the continuous improvement of the customer experience by gearing the websites as well as the order, delivery and return processes much more to user-friendliness. All of this is intended to have a positive impact on customer satisfaction and thereby foster and promote the conclusion of new and follow-up contracts. In February for example, a digital InFleet-DeFleet process was initiated, which shall increase efficiency and transparency during hand-over and return of leasing vehicles. Currently, this process is available at Sixt Leasing's own sites in Frankfurt-Egelsbach, Berlin-Adlershof and Munich-Eching. The aim of Sixt Leasing is to have this process rolled out at over 30 stations of Sixt SE, where Sixt Leasing customers can pick up or return vehicles. In addition, a completely digital ordering process for private customers was launched on the online platform *sixt-neuwagen.de*.

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

### 3.2 FLEET LEASING BUSINESS FIELD

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

Given the intense price competition in the segment with large and medium-large corporate customers, Sixt Leasing intends to expand the business with smaller corporate customers (20 to 100 vehicles). This segment is addressed and serviced by a local sales specialists. Thereby, interesting margin potentials as well as a further diversification of the corporate customer portfolio shall be achieved.

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

In addition, fleet customers shall be convinced by digital solutions. These include, among others, the InFleet-DeFleet process that was introduced in February as well as the Sixt Leasing app that was fundamentally revised and newly launched in December 2020. The app, makes administration of leasing contracts much easier for company car users and thereby provides an important contribution towards more efficiency in leasing fleets.

### 3.3 FLEET MANAGEMENT BUSINESS UNIT

In the Fleet Management business unit, the Sixt Leasing Group will continue to exploit the trend among larger corporations to outsource their fleet management so as to win over new customers. To this end the coming years will see the expansion of business in Europe, especially by using existing customer relationships. A key role will be accorded to the Sixt Global Reporting Tool, which enables the efficient worldwide management of fleets by transparently merging all data relevant for the vehicles under operation and thereby showing customers potentials for cost savings.

In addition, Sixt Mobility Consulting will continue to focus on intelligent IT solutions and continuously invest in the further development of the digital infrastructure and the digitalisation of the business model. The aim is to further improve the level of service for corporate customers and the user experience for company car drivers through digital solutions. The self-service app for company car drivers, 'The Companion', launched in the second half of 2019 and expanded in 2020, is expected to be rolled out to more customers and users in the 2021 financial year. More widespread use of the app could reduce staff time spent on user support and shift it to other activities such as advisory services. The Company expects this to have a positive impact on productivity and customer satisfaction.

In the long term, the Fleet Management business unit is to develop into a full-service provider of corporate mobility. This is because the mobility needs of employees have recently changed significantly, especially in large cities. Although the company car will probably remain a key component of corporate mobility, the demand from employees for flexible and individual mobility offers that integrate all means of transport is increasing. Sixt Mobility Consulting is therefore preparing to manage the entire range of corporate mobility across all suppliers and providers: from classic company cars to business bicycles and corporate car sharing systems to mobility budgets. Such a mobility budget is to be launched in 2021.

## 4. FINANCIAL OUTLOOK 2021

For the current financial year 2021, the Managing Board expects a slight increase in the Group contract portfolio compared to the previous year (2020: 129,900 contracts) and consolidated operating revenue in the range of previous year's figure (2020: EUR 423.3 million). With regard to EBT, the Managing Board expects a higher single-digit million euro amount (2020: EUR 9.1 million).

The reason for the cautious forecast for the full year 2021 is, in addition to the operating business development in the 2021 financial year to date, primarily the ongoing COVID-19 situation as described in the report on risks. In this respect, the company assumes that the market and business environment will continue to be strongly negatively impacted by the COVID-19 pandemic and expects a recovery in business development in the second half of 2021 at the earliest.

This assessment assumes that the current measures to combat the Corona pandemic will take effect in the further course of the year. These include in particular the vaccination campaign launched at the end of 2020, which of course depends significantly on the availability of suitable vaccines, and the increasing availability of rapid tests. In addition, the assessment assumes that the exit strategies from crisis mode currently being worked out by the governments at federal and state level will be successful and that the economy will pick up again from the second half of the year. Furthermore, the company assumes that the extensive financial support measures currently adopted or still to be adopted by the federal and state governments will cushion the economically negative effects on the national economies.

In addition, consolidated earnings will also be burdened in the 2021 financial year by transaction-related costs in connection with the takeover of the company by Hyundai Capital Bank Europe GmbH (HCBE).

In this context, EBT for the first quarter of 2021 is expected to decline very sharply compared to the corresponding period of the previous year (Q1 2020: EUR 5.6 million) according to the Managing Board's estimates. This assessment takes into account the internal accounting status including February 2021 and the expected development in the current March.

# B.6 \\ REPORT ON RISKS AND OPPORTUNITIES

## 1. RISK SITUATION

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

### 1.1 GENERAL MARKET RISKS (ECONOMIC, SOCIAL AND REGULATORY RISKS)

The Sixt Leasing Group is primarily engaged in the two business units Leasing and Fleet Management, both of which are focused mainly on Germany. However, as part of the international expansion of Sixt Leasing the Group's business activities in other European countries could become increasingly important.

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

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

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

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

In addition, the business development of the Sixt Leasing Group may be affected by unforeseeable external factors such as natural and environmental disasters, terrorist attacks or epidemics or pandemics. Such events could have negative effects both directly on operations and on general demand and supply. As a result of these external events, there may be defaults by customers in the inventory portfolio, by dealers/manufacturers on vehicle sales, especially via buy-back agreements, and by service providers.

The business of the Sixt Leasing Group is subject to numerous laws and regulations, under which the Group is active. There is a risk that Sixt Leasing fails to meet all legal and regulatory requirements or to react timely to changes in the legal or regulatory environment. In addition to the existing requirements under the German Stock Corporation Act (AktG) and the German Banking Act (KWG) within the Group, Sixt Mobility Consulting GmbH, a wholly owned subsidiary of Sixt Leasing SE, submitted an application for permission under the German Payment Services Supervision Act (Zahlungsdiensteaufsichtsgesetz – ZAG) during the reporting period in order to obtain a licence to execute payment transactions.

### 1.2 SPECIFIC RISKS IN THE LEASING AND FLEET MANAGEMENT BUSINESS UNITS

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

The IFRS 16 leasing standard of the International Accounting Standards Board (IASB) has been applied since the 2019 financial year. Due to IFRS 16, lessees must recognise most operating leases with a right-of-use and a leasing liability in their balance sheet. For the lessee this essentially abolishes the distinction between finance leases and operate leases. The consequence of these changes will be that companies can no longer relieve their balance sheets with operate leases to the extent so far possible. No noticeable switch to alternative forms of financing of the vehicle fleet by corporate customers who prepare their accounts in accordance with international standards has been observed to date. Sixt Leasing remains convinced that the services associated with leasing, in particular, can continue to generate demand for full-service leasing products. In addition, both private and corporate customers can use kilometre leasing to secure the residual vehicle value.

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

In the Fleet Leasing business field, the Sixt Leasing Group focuses on full-service leasing products which, in addition to pure financial leasing, also provide a variety of additional services in particular for corporate customers. Due to the consistent orientation as a full-service leasing provider, the Sixt Leasing Group aspires to reduce its dependency on pure finance leasing, which is under constant price pressure. In addition, the continuous development of new, mostly internet-based products provides an opportunity for the Group to differentiate itself from the competition. Sixt Leasing Groups' Online Retail business field offers attractive leasing solutions to private and commercial customers, particularly on its websites *sixt-neuwagen.de* and *autohaus24.de*. In the Fleet Management business unit, the Company benefits from its many years of experience in the management of vehicle fleets and from its position as a major fleet operator.

Besides the fleet customer business, the Online Retail business with private and commercial customers is becoming increasingly important, and should be expanded in future. The related diversification of the Group's customer portfolio shall contribute to counteract risk concentrations which could arise, among others, from the economic, accounting, regulatory and fiscal conditions for commercial vehicle leasing in the fleet customer business.

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

## 2. INTERNAL CONTROL AND RISK MANAGEMENT ORGANISATION

### 2.1 RISK MANAGEMENT SYSTEM

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

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

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

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

Based on the risk strategy determined by the management, essential components of the risk management system are the identification, systematic documenting and analysis, assessment and prioritisation of risks, as well as an analysis of the effects and impact of risks on the Company. On this basis, measures to avoid, reduce or transfer risks can be initiated.

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

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

\\ IT administration

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

Sixt Leasing SE has made adequate provisions for contingent and exposure risks and other risks arising from its business activities. Depreciations and value adjustments in the financial statements have been made at an appropriate level.

### 2.2 INTERNAL CONTROL- AND RISK MANAGEMENT SYSTEM FOR (GROUP) ACCOUNTING (DISCLOSURES IN ACCORDANCE WITH SECTIONS 289 (4), 315 (4) OF THE HGB – GERMAN COMMERCIAL CODE)

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

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

## 3. RISK IDENTIFICATION

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

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

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

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

### 3.1 COUNTERPARTY DEFAULT RISK

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

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

The counterparty default risks are monitored on an ongoing basis and actively managed. In addition, there is a regular review of the customer's creditworthiness in the fleet customer business during the term of the lease or fleet management contract.

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

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

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

### 3.2 MARKET PRICE RISK

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

#### 3.2.1 RESIDUAL VALUE RISK

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

Especially when it comes to the marketing of used leasing vehicles, the Sixt Leasing Group is also dependent on developments on the used-car market, particularly in Germany. The vehicles to be disposed of by the Sixt Leasing Group on the used-vehicle market undergo regular valuation tests, which are based on the Group's own experience and monitoring of the market. The remarketing of these vehicles is executed via a multistage process. Vehicles that are not sold under a buy-back agreement to a manufacturer, dealer or the lessee at the end of their leasing contract, are generally offered via an online auction platform to registered dealers. If after the end of an auction period Sixt Leasing reckons from its own sales experiences that a specific vehicle could achieve a price above the highest offer from the auction if it was offered on the used vehicle stations operated by itself or jointly with the Sixt SE Group, this vehicle will be transferred to these stations. Operating under the brand name 'Sixt Car Sales' at four sites across Germany, sales experts take care the vehicles are sold to end customers. In several cases, leasing returns are also directly handed over to one of the Sixt Car Sales stations for remarketing.

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

### 3.2.2 INTEREST RATE RISK

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

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

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

## 3.3 LIQUIDITY RISK

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

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

Furthermore, a range of asset-based financing opportunities (e. g. forfeiting or securitisation of leasing receivables) is available to Sixt Leasing Group. The Sixt Leasing Group made use of this for the first time in the year 2016 and set-up an asset backed securities (ABS) programme, which was prolongated for another year at the end of 2020. The leasing and residual value receivables supplied into the ABS programme are refinanced with matching terms through additional swap transactions. Nevertheless, the risk generally remains that an increase in refinancing costs could have a significant impact on the cost basis and that the Group is potentially not able to pass on higher refinancing costs to its customers.

## 3.4 OPERATIONAL RISKS

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

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

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

Alongside these internal operational risks, there is also the risk of targeted external attacks from criminals aiming at the IT infrastructure and corporate data inventory (Hacking, DDoS attacks, etc.). Increasing digitisation efforts may further increase this risk. In order to address these risks accordingly, the Sixt Leasing Group maintains its own IT department and employs additional IT resources and IT infrastructural means of the Sixt Group, whose task is permanent monitoring, maintenance, continuous development and protection of the Group's IT systems. In addition, Sixt Leasing SE has planned to increase the number of staff in the area of information security.

The personal skills and knowledge of its employees are an important success factor for the Sixt Leasing Group. If there is an increased rate of fluctuation and a corresponding loss of know-how, this could impact on service quality in leasing or fleet management operations. The Sixt Leasing Group prevents these risks by increased commitment to basic and advanced training, anchoring personnel development in corporate culture and the use of incentive systems.

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

Further regulatory, legal and tax related risks associated with the operation of a financial service institution will be mitigated by a compliance structure in accordance with MaRisk and the corresponding control and prevention mechanisms. Any regulatory, legal or tax-related changes are constantly monitored by the respective departments of Sixt Leasing SE, communicated to the management and implemented promptly and on time within the framework of projects. With regard to the possible effects of the MaRisk amendment currently being consulted, a specialist committee has been convened in which the specialist departments affected by the changes are included.

The outsourcing risk primarily extends to the outsourced IT services. By means of corresponding outsourcing agreements, the envisaged audit and control rights vis-à-vis the respective outsourcing unit are carried out on an ongoing basis. The IT administration, which is currently still outsourced, is to be reintegrated into the Sixt Leasing SE Group by the 2022 financial year as part of an ongoing project.

### 3.5 INVESTMENT RISK

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

The risk management and risk controlling system of Sixt Mobility Consulting GmbH is largely outsourced to Sixt Leasing SE due to the existing outsourcing agreement. The risk methods and procedures to be applied at Sixt Leasing SE are also used for Sixt Mobility Consulting GmbH. In this respect, Sixt Mobility

Consulting GmbH is closely integrated into the risk management and monitoring processes of Sixt Leasing SE. Thus, negative risk and earnings developments at Sixt Mobility Consulting GmbH can be identified at an early stage and suitable countermeasures can be initiated.

## 4. ASSESSMENT OF THE OVERALL RISK PROFILE BY THE MANAGING BOARD

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

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

In addition, leasing companies are obligated to meet the qualitative requirements for a proper business organisation pursuant to section 25a of the German Banking Act (KWG), which are substantiated by the minimum requirements for risk management of banks and financial services institutions (MaRisk). In this context, leasing companies have to ensure that they are invested at all times with adequate funds to shoulder the risk they have entered into (principle of risk bearing capacity). The corresponding risk bearing capacity statement is therefore key component of the quarterly risk reporting system of Sixt Leasing SE. According to this statement, the unexpected loss from those risks deemed to be material is compared with the risk cover amount available. Risk capacity is given, if the material risk can be continually covered by a corresponding risk cover amount. As of 31 December 2020, Sixt Leasing SE has a risk potential for counterparty default, market price (residual value and interest rate risk), liquidity and operational risk as well as equity investment risk in the amount of EUR 140 million.

The material risk types are distributed as follows:

| **Risk type** | Risk share in the total risk |
|---|---|
| Residual value risk | 60.6% |
| Counterparty default risk | 18.9% |
| Operational risk | 7.3% |
| Interest rate risk | 2.4% |
| Investment risk | 1.5% |
| Liquidity risk | 0.2% |
| Other risks | 9.1% |

To determine the residual value risk, the negative deviations between the assessed residual value at the beginning of the contract and the expected market value at the expected marketing date of the vehicle after the end of the leasing contract are compared. Counterparty default risks are quantified using a CVaR approach based on the Gordy model. Operational risk is calculated on the basis of the regulatory basic indicator approach. Interest rate risks are simulated by increasing the yield curve. The quantification of investment risk is also carried out on the basis of a scenario calculation. Liquidity risks are determined on the basis of the current account liability and the difference between the interest rate for mortgage bonds ('Hypothekenpfand-briefe') and the swap rate, each with a three-year term. A lump sum is formed for the other risks.

According to the net asset value approach, the risk potential is offset by a risk coverage potential of EUR 350 million. This results in a coverage of the risks of around 250%. During the entire reporting period, the risk-bearing capacity was ensured at all times, both at the overall risk level and at the risk type level. Limit overruns were not identified

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

With the internal control and risk management organisation outlined above, we consider ourselves to be generally in an adequate position to monitor and control the Sixt Leasing Group in view of the current Corona crisis. Given the continued dynamics of current developments and the lack of experience of research and industry with such an exogenous shock for societies and economies worldwide, we have significantly intensified our early warning, monitoring and control measures and increased their frequency.

As part of these measures, we have increased the frequency of meetings and the intensity of the work overseen by the internal credit committee, particularly with regard to the topics of monitoring the creditworthiness of our customers and buyback partners and receivables management. Furthermore, we have integrated the sectors particularly affected by the pandemic more strongly into our risk monitoring processes, expanded the risk inventory to include the risks of the ongoing pandemic as well as tightened the negative assumptions for the existing stress tests accordingly and set up new stress tests respectively to reflect a severe economic downturn. Moreover, the risk appetite is adjusted to the current risk situation.

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

For closer monitoring and controlling our stationary used car sales in particular, we have further expanded our inventory monitoring and are focusing more strongly on alternative sales channels. To ensure liquidity, we draw on existing credit lines and our ABS programme. On the basis of our short- and medium-term liquidity forecast, we closely monitor the utilisation of our financing instruments and take any necessary measures.

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

## 5. OPPORTUNITIES REPORT

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

### 5.1 MARKET OPPORTUNITIES

**Opportunities from general economic developments**

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

The Group operates its business primarily in Germany. German gross domestic production (GDP) grew continuously before the outbreak of the COVID-19 pandemic and affected demand for new vehicles. According to preliminary calculations of the German Federal Statistical Office (Destatis), GDP contracted by 5.0% in 2020. At the same time the number of new vehicle registrations dropped by around 19% year-on-year to 2.9 million vehicles according to the German Association of the Car Industry (VDA – Verband der Automobilindustrie e.V.). For 2021, leading economic institutes expect a recovery of the German economy and a GDP growth of 4.7%, which also could invigorate demand for new passenger cars.

In its plans for fiscal year 2021, the Sixt Leasing Group takes due account of economic analysts' assessments for the business cycle, as the report on outlook outlines. In the event that the economy should develop better than these projections, it could also result in stronger demand for the products and services offered by the Sixt Leasing Group.

***Sources***
*Destatis, Press Release No. 020, 14 January 2021;*
*VDA, Press Release, 8 January 2021;*
*IfW, Media Information, 14 October 2020.*

**Opportunities from a positive leasing business cycle**
After the UK, the German leasing market is the second biggest in Europe and has for years been characterised by a stable upward trend. Accordingly, the German Association of Leasing Companies (Bundesverband Deutscher Leasing-Unternehmen e.V. – BDL) registered a significant increase of 8.7% in new business transactions in 2019 compared to the previous year. For 2020, the BDL provisionally expects a decline in investments of about 10% (including hire purchase) due to the uncertainty caused by the pandemic. At the time this management report was completed, BDL had not yet issued an annual forecast for 2021.

The German Council of Economic Experts (Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung) forecasts an increase in equipment investment of 10.0% for 2021 (2020: -14.4%) and attributes this to positive impulses from the expected recovery of the global economy.

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

***Sources***
*BDL, Leasing in Europe, bdl.leasingverband.de, accessed on 10 December 2020;*
*BDL, Annual and Structural Data, bdl.leasingverband.de, accessed on 10 December 2020;*
*BDL, Newsletter: Forecast for the German Leasing Market in 2020, 26 January 2021;*
*German Council of Economic Experts, Annual Report 2020/21, November 2020.*

**Opportunities from market changes**
Experts are agreed that the mobility market and customer needs will continue to change strongly over the coming years. This shift is often explained by such trends as using instead of owning, flexibilisation, individualisation, car subscription, new mobility, urbanisation, autonomous driving, digitisation, interlinking, sustainability, alternative powertrains, electro-mobility and customer focus. Some of these trends, such as flexibilisation, digitisation and electro-mobility, are in the view of experts, going to be accelerated by the COVID-19 pandemic. Leasing providers can benefit from these current and future developments, if they are pro-active in keeping up with these changes. The Sixt Leasing Group is constantly developing its product and service portfolio, taking into account future market developments and in the interest of customers.

According to the business consultancy McKinsey, the above mentioned changes could mean for the European leasing market that it could reach a volume of EUR 31 to 23 billion by 2025 (2019: EUR 25 billion). This would equal an average annual growth rate of around 4 to 5%, or a total gain of 24 to 36%.

According to a study by the market research company Dataforce, compiled in behalf of the Association of Brand-Independent Fleet Management Companies (VMF – Verband der markenunabhängigen Fuhrparkmanagementunternehmen), it will be above all the private leasing that is set to increase significantly in future. Thus, 12.7% of those surveyed want to lease their next passenger car, which would almost triple the current leasing ration of 4.5%.

According to the Dataforce study, ecological awareness and electrification are letting the car lose its importance as status symbol and with it the importance of ‘wanting to own’. More flexible models such as leasing could fill this gap. However, more would have to be invested in knowledge transfer and marketing. Making the case for private leasing would be, among other things, more attractive offers, advantageous monthly instalments, price advantages over buying, independence, a lower risk and higher flexibility.

A survey by the market research company Kantar for the BDL found that leasing had gained substantial significance also within companies. Thus, the share of companies that decided to opt for leasing as a financing format came to 76% in 2020, which is a gain of 13 percentage points from 2015 (63%). The proportion of companies that are considering leasing as an option went up from 64 to 79% over the same time period. Especially the share of smaller and mid-sized companies went up, from 59 to 80% (companies with a headcount from 5 to 20 employees), respectively from 71 to 83% (for companies with 21 to 49 employees). In addition, the ratio of ‘heavy users’ also increased, i.e. companies that are ‘always’ or ‘often’ deciding for leasing, up from 24 to 40%. At 52% in 2020, this share had already been especially high for companies with a workforce above 500 (2015: 45%). According to the study, the ‘return of the leasing object’ proved to be the most important leasing reason for companies, eliciting an approval 65% and thus the factor that had gained most in importance over the last years (2015: 33%). Another important reason is the planability of costs, scoring an approval rating of 62% (2015: 49%).

The Sixt Leasing Group can benefit from the market change described above because it addresses the changing mobility needs in particular with its leasing offer on *sixt-neuwagen.de*. On the online platform, private customers can configure a leased car, book optional services and order the vehicle in a completely digital process. This fulfils the essential wishes of today's customers.

***Sources***
*McKinsey, Subscribed to Future Auto Finance yet?, November 2020;*
*Dataforce, VMF Private Leasing – Results Report, January 2020;*
*Kantar, Market Study – Leasing in Germany 2020, September 2020.*

## 5.2 COMPETITIVE OPPORTUNITIES

**Growth through brand independence**
Sixt Leasing is a vendor-neutral leasing company (non-captive) and thus has key competitive advantages over vendor-tied leasing companies (captive). According to the Deloitte management consultancy, non-captives can provide their customers with better offers because they can forward the manufacturers' rebates they obtain on their purchasing volumes to their customer in the form of particularly attractive conditions. In addition, they have plentiful expertise on the life-cycle of vehicles and the marketing of used vehicles. Furthermore, their business models are highly efficient and are already geared to future customer requirements, such as for example brand-independent full-service leasing and direct marketing. Hence, non-captives are very experienced when it comes to offering customers flexible mobility solution and to developing even more appealing products and services.

Measured by the number of new registrations, Deloitte estimates that the market for non-captives in the EU-5 countries will grow by an average of 2.9% year on year between the years 2017 and 2025. Moreover, the non-captives are likely to pile the pressure on the captives' traditional business model. Accordingly, in the business with private and corporate customers, non-captives stand the chance of seizing an annual average of EUR 42 billion up until 2025 or a quarter of the captives' business volume.

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

Against this backdrop, the Sixt Leasing Group, as an established manufacturer-independent leasing provider with a broadly diversified offering in both corporate and private customer business, can take advantage of further growth opportunities.

***Sources***
*Deloitte, Omnipresence of Services & Direct Sales in Auto Finance, November 2018;*
*Deloitte, Future of Automotive Sales and Aftersales, June 2020.*

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

According to McKinsey, direct online sales to private customers will gain more and more significance and by 2025 will have highest strategic priority with executives in the area of vehicle financing (incl. leasing). At the same time, executives expect that the proportion of online sales will climb significantly in this segment to between 20 to 25% by the year 2025. That would mean a tripling compared to their current share (2020: 8%).

By launching its online platform *sixt-neuwagen.de* in 2012, Sixt Leasing positioned itself early on as a provider of new vehicles on the online market for private and commercial customers. The takeover of the online platform *autohaus24.de* in 2016 saw the Company expand its position as a leading provider still further. Also, in the future, the Company aims to benefit extraordinarily from the development of the online vehicle market.

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

**Accelerated growth through acquisitions**
The Sixt Leasing Group pursues the objective of driving forward its foreign expansion primarily through organic growth. In addition, there is also a possibility of accelerating the Group's growth through acquisitions at favourable conditions of other providers or leasing portfolios. To this end, Sixt Leasing is permanently reviewing relevant market opportunities. When examining potential take-over candidates, the Managing Board and Supervisory Board apply strict criteria regarding earnings

situation, risk profile and enterprise culture as well as compatibility with Sixt Leasing's business model.

**Growth through internationalisation**
The Sixt Leasing Group permanently monitors the expansion of its international presence to unearth new growth potential.

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

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

In the Fleet Management business unit, the Sixt Leasing Group is active on the German market as well as through its own national subsidiaries in Switzerland, France, Austria and the Netherlands. This business pursues above all the objective of overseeing fleets of its international customers across national boundaries. A key instrument for this is the Sixt Global Reporting Tool, which enables companies to manage and optimise their fleets worldwide. The tool can transparently synchronise information from different countries and sources, allowing for an efficient analysis. This way, Sixt Mobility Consulting can reveal to its customers potential cost savings in individual countries and provide them with optimisation proposals. The increasing spread in the usage of Sixt Global Reporting raises the opportunities of acquiring further international fleet volume from existing customers.

Another important instrument is the app ‘The Companion’ developed by Sixt Mobility Consulting, which has been used not only in Germany but also by fleet customers in Switzerland and France since 2020. The ‘Companion’ allows company car users to manage such vehicle-related assignments as appointment scheduling with partner workshops via their smartphone. In addition, the app provides further functionalities to ease the usage of the vehicle.

In December 2020, the Sixt leasing app for the fleet leasing business was also fundamentally revised and relaunched. The application offers drivers of company cars the possibility to manage their leasing contract via smartphone.

**Growth through complementary services**
Over the last few years, the trend continued among customers to utilize additional services next to their leasing financing. According to a study by Kantar conducted for the BDL, 4 out of 10 companies (41%) consider such additional services to be an important instrument to increase efficiency and save their human resources. The ratio has thus almost doubled since 2015 (23%). According to the BDL, leasing customers expect all-round solutions for their vehicle leasing, complete with additional services capable of providing them with true added value.

Within the scope of full-service-leasing, the Sixt Leasing Group offers its fleet customers a comprehensive all-in package and assumes all administrative work associated with the fleet. This includes finance leasing, fleet consultation, procurement, registration, maintenance, return of vehicles, drivers' licence checks and online solutions as well as the management of insurance cover, tyres, taxes and fees, tank cards, speeding and parking tickets, damage and third-party vehicles. On top of this, Sixt Leasing is developing incentive models that will allow corporations to improve their appeal on the labour market and to reward committed employees.

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

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

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

The Sixt Leasing Group offers private and commercial customers service packages for damage management, inspection as well as wear and tear from its online platform *sixt-neuwagen.de*. In addition to these, customers can opt to pick up their car at the dealer or have it delivered to their door and conclude a suitable insurance cover for their new vehicle. Since the launch of the digital after-sales in December 2019, customers can also choose to book the service package full digitally for maintenance and wear and tear even after they have ordered their new vehicle. McKinsey expects that the significance of such bundled and modular services will increase substantially over the coming years.

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

***Sources***
*Kantar, Market Study – Leasing in Germany 2020, September 2020;*
*BDL, Leasing of the New Generation: Investment plus Service, bdl.leasingverband.de, accessed on 10 December 2020;*
*Dataforce, Leasing and Vehicle Procurement 2021, dataforce.de, accessed on 10 December 2020;*
*Dataforce, VMF Private Leasing – Results Report, January 2020;*
*McKinsey, Subscribed to Future Auto Finance yet?, November 2020.*

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

From the end of March to the end of May, Sixt Leasing for example joined a sales cooperation with Germany's biggest bonus programme PAYBACK. Celebrating the 20th birthday of PAYBACK, a Kia Stonic ‘VISION’ was marketed with special conditions to private customers.

In addition, during the year under review, Sixt Leasing kindled the attention of bargain hunters during the ‘Black Friday’ date in November. With a ‘Black Leasing Friday’ promotion, private and commercial customers were offered a limited number of select new vehicle models at special rebated prices.

Implementing wide-reaching advertising and marketing campaigns will also remain a key instrument in future to further accelerate the growth of Sixt Neuwagen and strengthen Sixt Leasing's market position as a leading provider in the German online market for new vehicle sales.

**Growth through remarketing**
Remarketing vehicles holds significant opportunities for leasing providers to attain a leading position on the used vehicle market. In Germany, this market has grown continually over the last few years. According to Statista, revenues in 2019 amounted to EUR 89.7 billion, a gain of around 6% over the previous year (EUR 84.7 billion). Volume grew at an annual rate of around 6% since 2009 (EUR 51.7 billion) or by 74% in total.

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

Remarketing vehicles is an established element in Sixt Leasing's business model and is especially conducted via the Group-owned online B2B auction platform as well as the local used car stations (Sixt Car Sales). As part of the strategy programme ‘DRIVE>2021’ the Company started to connect more and more international dealers to the platform in 2018 to intensify the marketing of used leasing vehicles outside Germany and thereby reduce dependence on the German used vehicle market. The overriding aim of this measure was to improve the Sixt Leasing Group's risk-return profile through pro-active risk management. Sixt Leasing now operates three of its own locations in Germany for the remarketing of vehicles.

***Source***
*Statista, Turnover on the Used Car Market in Germany from 2000 to 2019, statista.de, accessed on 10 December 2020.*

### 5.3 OPPORTUNITIES FROM DIGITALISATION

**Digitalising services**

The digitalisation 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 digital offers such as the fully digital ordering process and the 'flat rate for the road', which will serve to further digitalise the sale of new vehicles. Moreover, with its digital tools such as the Sixt Global Reporting Tool, 'The Companion' app and the Sixt Leasing app, the Company has built up an extensive portfolio of innovative IT solutions for fleet managers and company car drivers. This makes Sixt Leasing seeing itself prepared for the future developments in these areas.

**Increasing significance of the internet as information and sales channel**

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

A McKinsey study on consumer behaviour of car and mobility customers has found that at least a third of all consumers in the European markets prefer digital sales channels. According to DAT, more than 80% of new vehicle buyers in Germany inform themselves online prior to their purchase. New vehicle portals rank among the key points of call.

According to MHP, 62% of customers in Germany are willing to buy a car online and irrespective of the state of the vehicle. 56% of new vehicle buyers visited a portal for new vehicles before their purchase, and 26% of those who visited such a site also bought a vehicle from the portal. The potential of online sales is also born out, according to MHP, by the fact that 45% of customers can imagine to buy a car online in the coming 12 months. From a customer perspective, key incentives for an online vehicle purchase are price advantages compared to other providers (82%), exclusive online supplementary offers (76%), such as special options or extended warranties, and the swift availability of the vehicle (73%).

This change in user behaviour plays into the hand of the business model of Sixt Leasing, as both *sixt-neuwagen.de* as well as *autohaus24.de* can satisfy these needs. Customers with *sixt-neuwagen.de* for example can browse a particularly wide selection of vehicles, make transparent comparisons of offers, configure the car of their choice and directly order it online.

***Sources***

*McKinsey, Subscribed to Future Auto Finance yet?, November 2020;*
*DAT, DAT Report 2020, January 2020;*
*MHP, Online Car Sales 2020, October 2020.*

**Individual digital customer service**

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

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

The Sixt Leasing Group offers its customers individual digital customer services. Thus, leasing customers can use the Sixt Leasing website for example to find a suitable workshop, inquire a delivery date, notify a damage and submit a purchase query for their leasing vehicle. In addition, they can also write in by e-mail or make a call to receive personal advice from customer services.

In addition, Sixt Leasing conducts regular customer surveys both in its business with private as well as with commercial customers. The company takes these findings to derive suitable measures for optimising its customer services. Irrespective of this, Sixt Leasing always aims to continually enhance its customer services in the interest of its customers.

***Sources***

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

## 5.4 OPPORTUNITIES FROM INNOVATIONS

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

The Sixt Leasing Group sees itself as one of the industry's innovation leaders and puts great emphasis on the development of modern online and mobile services. In the business with corporate customers, leasing and administration processes will be optimized especially in the form of reporting and apps. These applications, such as the Sixt Global Reporting Tool, the 'Companion' app or the Sixt Leasing app, shall allow the Company to meet customer demands for more and more 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 facilitated above all through the use of an online configurator and digital ordering steps. The Group is permanently driving forward its solutions and is working on new digital products to provide customer benefit.

**Growth market electric mobility**
Worldwide electric mobility is gaining traction. Factors for this are, among other things, the accelerated climate change, a stronger environmental awareness, new mobility requirements, a bigger choice of vehicles, falling production and acquisition costs, better charging infrastructure, new battery technologies as well as higher performance and mileage range. Of particular importance in Europe are also such factors as legislative regulations, $CO_2$ stipulations as well as governmental subsidy programmes. In Germany, the topic receives added attention through the debate over bans on Diesel-powered vehicles. In all of this, it is not only environmental aspects that are being debated, but also the growth opportunities for the automotive industry.

Experts are agreed that over the coming years the worldwide market for electric mobility will grow substantially and that Europe will take up a trailblazer role in the electrification of powertrains. The business consultancy Deloitte developed a base scenario, whereby e-vehicles and hybrids will take up 35% of the new vehicle registrations in 2035 for the five biggest European markets. In the event of a disruptive development, Deloitte estimates that share to be 55%. The consultancy firm PwC reckons that the share of e-vehicles and plug-in hybrids for new vehicle sales in Europe will climb strongly to 26% by 2025 (2020: 7%). For 2030, PwC projects a share of 44% and for 2035 are share of 78%.

In Germany electric mobility enjoys a high acceptance even if that is not yet adequately reflected in the vehicle stock. At the same time, vehicles with electric powertrains are witnessing strong growth in the number of new registrations. According to MHP, 75% of passenger car customer are in principle willing to consider a hybrid powertrain, while 62% prefer an electric powertrain (62%). According to the German Federal Motor Vehicle Office (Kraftfahrtbundesamt – KBA), passenger cars powered by an electric motor took up a share of 1.2% in total passengers cars on 1 January 2021 (1 January 2020: 0.5%). In 2020, a total of around 395,000 passenger cars with electric powertrain were newly registered, which equals a share of 13.5% of all new passenger car registrations. The number of newly registered plug-in hybrids climbed by 342.1% to around 200,000, while the pure electric cars gained 206.8% to around 194,000 units.

Leasing customers are also proving to be open-minded towards alternative powertrains. According to Dataforce, some 37% of private leasing customers can imagine taking out a car with an electric powertrain as their next leasing vehicle. Likewise, according to Kantar, around a third of companies with an affinity for leasing are planning to make 'green investments' in the coming two years. For them, top priority is on procuring electric and hybrid vehicles.

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

For years now, Sixt Leasing has been assisting and following the developments in electric mobility as it promotes these through cooperating with manufacturers and electric power suppliers. In addition, Sixt Leasing has expertise in the selection and deployment of electric vehicles and is able of give interested customers competent and in-depth advice. This way existing fleets can be optimised to improve the overall pollutant emissions for example. Consequently, the Sixt Leasing Group stands to benefit from such additional opportunities as the technological advances with electric vehicles, manufacturer's initiatives to promote this drive type, for example in setting up a nation-wide charging infrastructure, government subsidies as well as increasing corporate interest in optimising their fleets for ecological considerations.

***Quellen***
*Deloitte, Future of Automotive Sales and Aftersales, Juni 2020;*
*PwC, Digital Auto Report 2020, Oktober 2020;*
*MHP, Online Car Sales 2020, Oktober 2020;*
*KBA, Press Release No. 01/2021, 6. January 2021;*
*KBA, Press Release No. 02/2021, 8. January 2021;*
*Dataforce, VMF Private Leasing – Results Report, January 2020;*
*Kantar, Market Study – Leasing in Germany 2020, September 2020;*
*McKinsey, Subscribed to Future Auto Finance yet?, November 2020.*

## 5.5 ASSESSMENT OF THE OVERALL OPPORTUNITIES PROFILE BY THE MANAGING BOARD

Sixt Leasing SE considers itself well positioned to take advantage of the growth opportunities described above. The recovery of the global economy expected by experts in the course of the 2021 financial year is likely to have a positive impact on the leasing economy, as companies' willingness to invest is influenced in particular by the overall economic situation. This may also have a positive impact on the business development of the Sixt Leasing Group.

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

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

The steady expansion of the digital product and service portfolio enables the Sixt Leasing Group to exploit the growth potential in the area of digitalisation. This applies in particular to the Online Retail business field; at the same time, however, corresponding innovations are also in great demand in the Fleet Leasing business field and Fleet Management business unit. The digitalisation of the business model should also contribute to process and cost optimisation and thus have a positive impact on productivity and earnings development. In addition, the development towards electromobility opens up additional opportunities for Sixt Leasing.

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

# B.7 \\ NON-FINANCIAL DECLARATION IN ACCORDANCE WITH SECTIONS 289B TO E AND 315B AND C OF THE HGB

Pursuant to section 289b (2) and section 315b (2) of the HGB, Sixt Leasing SE is exempt from the obligation to add a non-financial declaration to the management report on the situation of the Group and the Company, as it is included in the non-financial consolidated declaration of Banco Santander S.A., which is contained in the management report on the situation of the Group and the Company for the financial year 2020 of Banco Santander S.A. Banco Santander S.A. is the controlling shareholder of Santander Consumer Bank AG, which in turn is the majority shareholder of Hyundai Capital Bank Europe GmbH. Information on the sustainability of Sixt Leasing SE can also be found in the chapter 'Sustainability' of this management report.

# B.8 \\ DEPENDENT COMPANY REPORT

Pursuant to section 17 of the German Stock Corporation Act (AktG), a relationship of dependence existed in the 2020 financial year with Sixt SE, Pullach, in the period from 1 January 2020 to 15 July 2020

Following the successful takeover of Sixt Leasing SE, HCBE is the largest shareholder of Sixt Leasing SE with 92.07% of the ordinary shares and voting rights as of 16 July 2020. Thus, since 16 July 2020, Sixt Leasing SE has had a relationship of dependence within the meaning of section 17 of the AktG with Hyundai Capital Bank Europe GmbH, Frankfurt am Main, and its affiliated companies.

Due to the indirect majority shareholding of Banco Santander S.A., Santander, Spain, in Sixt Leasing SE, there is thus a relationship of dependence of Sixt Leasing SE within the meaning of section 17 of the AktG with Banco Santander S.A., Santander, Spain, and its affiliated companies.

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

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

# B.9 \\ 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 the Annual Report 2020 of Sixt Leasing SE and is available to the general public online at *ir.sixt-leasing.com* under 'Corporate Governance'.

# B.10 \\ ADDITIONAL INFORMATION FOR SIXT LEASING SE (PURSUANT TO THE HGB)

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

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

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

The most significant financial performance indicator for Sixt Leasing SE is the pay-out ratio (payout of Sixt Leasing SE in relation to the consolidated profit of the Sixt Leasing Group according to IFRS. The most significant non-financial performance indicators are essentially identical and concurrent with those of the Sixt Leasing Group. These are described in detail in the economic report of the combined management report.

Differences between the accounting and valuation methods according to HGB in conjunction with RechKredV and IFRS arise primarily in the presentation and disclosure of items in the annual financial statements and the income statement according to RechKredV. In particular, there are the following deviations. Vehicles held for sale that have been returned from the leasing contract are not reported in inventories as under IFRS, but in other assets. Advance payments received from lump-sum full-service contracts are not reported under contract liabilities as under IFRS, but under other liabilities. The liabilities from the ABS transaction are not reported under current and non-current financial liabilities, as under IFRS, but under other liabilities. Furthermore, the discount as well as costs in connection with the issuance of the bonds are not deducted from the carrying amount of the bonds, but are reported in prepaid expenses.

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

**Results of operations, net assets and financial position**
With the exception of depreciation, the non-recurring and extraordinary events presented in the economic report above also apply to the separate financial statements of Sixt Leasing SE. The one-off and extraordinary effects in the depreciation and amortisation amounted to EUR 4.1 million. Thus, the adjusted depreciation and amortisation in the 2020 financial year would amount to EUR 166.2 million instead of EUR 170.1 million. The fleet expenses and cost of lease assets described there are included in the leasing expenses in the annual financial statements of Sixt Leasing SE. Earnings before taxes in the annual financial statements of Sixt Leasing SE would thus amount to EUR 17.8 million instead of EUR 6.2 million.

The business development of Sixt Leasing SE in 2020 was in line with the adjusted expectations. Despite the uncertainties and constraints from the Corona pandemic as well as the transaction-related expenses, Sixt Leasing SE has a solid basis, as the operations, assets and financial situation shows.

In the 2020 financial year, Sixt Leasing SE generated income (less leasing expenses) of EUR 233.7 million from its operating leasing business (2019: EUR 247.9 million). In addition, interest income and expenses resulted in a net charge of EUR 8.9 million (2019: charge of EUR 10.3 million). This was offset by personnel and administrative expenses of EUR 59.1 million

(2019: EUR 55.1 million) and expenses from depreciation, amortisation and impairments, particularly on lease assets, of EUR 170.2 million (2019: EUR 169.9 million).

Profit from ordinary activities amounted to EUR 6.2 million in 2020 (2019: EUR 25.4 million). The company reported a net profit for the year of EUR 0.8 million (2019: EUR 18.1 million) plus a profit carried forward from the previous year and less the transfer to other retained earnings, a net profit of EUR 22.2 million (2019: EUR 40.3 million). Significant assets of Sixt Leasing SE as at the reporting date of 31 December 2020 consist of lease assets of EUR 1,005.5 million (2019: EUR 1,031.4 million). Receivables from customers amount to EUR 31.0 million (2019: EUR 32.8 million) and from banks to EUR 0.1 million (2019: EUR 0.2 million). In addition, other assets, mainly receivables from affiliated companies, amount to EUR 281.3 million (2019: EUR 271.7 million).

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

The main liabilities are other liabilities of EUR 645.5 million (2019: EUR 513.9 million). There are also liabilities to banks of EUR 170.0 million (2019: EUR 46.2 million) and securitised liabilities of EUR 250 million (2019: EUR 500 million).

For the 2020 financial year, the Managing Board of Sixt Leasing SE is considering proposing a dividend of EUR 0.02 per share for distribution. Subject to approval by the Supervisory Board and the Annual General Meeting on the appropriation of profits, this would result in a distribution of EUR 0.4 million (2019: EUR 18.6 million). This corresponds to a pay-out ratio of just under 20% (2019: around 86%) based on the consolidated profit for the year.

**Opportunities, risks and forecast**

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

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

For the financial year 2021, Sixt Leasing SE expects a pay-out ratio (pay-out of Sixt Leasing SE in relation to the consolidated profit of the Sixt Leasing Group according to IFRS) in the corridor of 30% to 60% (2020: just under 20%).

**Investments**

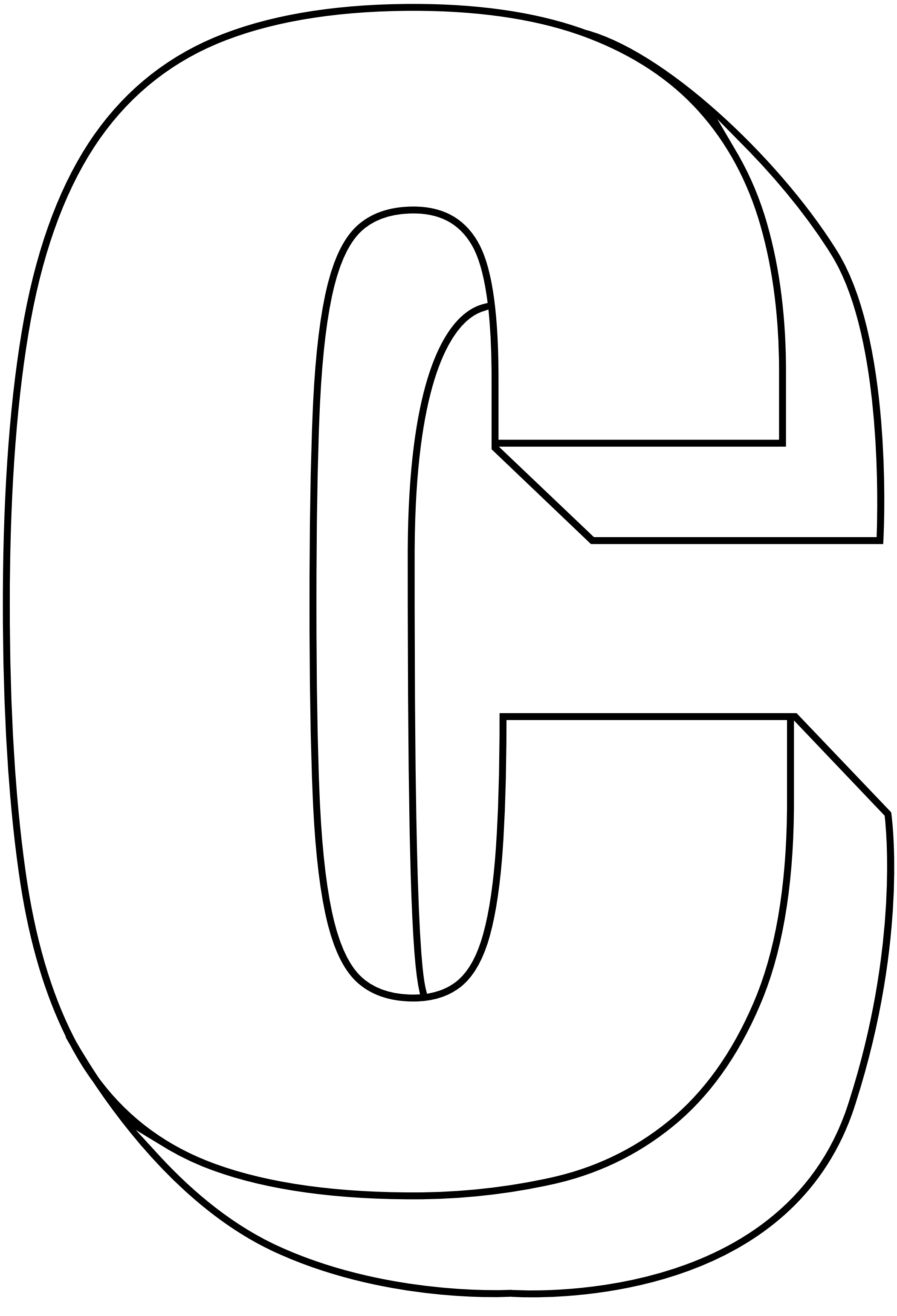
As the operative leasing company, Sixt Leasing SE oversees as part of its normal business activities the investments in lease assets, intangible assets and property and equipment. As part of its financing function within the Sixt Leasing Group, Sixt Leasing SE will provide consolidated companies with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

Pullach, 8 April 2021

**Sixt Leasing SE**

**The Managing Board**

| | |
|---|---|
| MICHAEL RUHL | BJÖRN WALDOW |



# C CONSOLIDATED FINANCIAL STATEMENTS

# C \\ CONSOLIDATED FINANCIAL STATEMENTS

## C.1 \\ CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

of Sixt Leasing SE, Pullach, for the year ended 31 December 2020

| Consolidated Income Statement<br>in EUR thou. | Notes | | 2020 | | 2019 |
|---|---|---|---|---|---|
| Revenue | /4.1/ | | 747,723 | | 824,432 |
| Other operating income | /4.2/ | | 13,680 | | 13,828 |
| Fleet expenses and cost of lease assets | /4.3/ | | 473,758 | | 536,929 |
| Personnel expenses | /4.4/ | | 42,934 | | 41,478 |
| a) Wages and salaries | | 37,050 | | 35,648 | |
| b) Social security contributions | | 5,884 | | 5,830 | |
| Other operating expenses | /4.5/ | | 33,289 | | 27,177 |
| **Earnings before interest, taxes, depreciation and amortisation (EBITDA)** | | | **211,422** | | **232,676** |
| Depreciation and amortisation expense | /4.6/ | | 191,228 | | 191,328 |
| a) Depreciation of lease assets | | 187,140 | | 188,030 | |
| b) Depreciation of property and equipment | | 2,478 | | 2,180 | |
| c) Amortisation of intangible assets | | 1,609 | | 1,118 | |
| **Earnings before interest and taxes (EBIT)** | | | **20,194** | | **41,348** |
| Net finance costs | /4.7/ | | -11,081 | | -12,029 |
| a) Interest income | | 379 | | 283 | |
| b) Interest expense | | -11,283 | | -12,062 | |
| c) Other net financial income | | -177 | | -250 | |
| **Earnings before taxes (EBT)** | | | **9,114** | | **29,319** |
| Income tax expense | /4.8/ | | 6,941 | | 7,805 |
| **Consolidated profit** | **/4.9/** | | **2,173** | | **21,513** |
| Of which attributable to shareholders of Sixt Leasing SE | | | 2,173 | | 21,513 |
| | | | | | |
| Earnings per share – basic and diluted (in Euro) | /4.10/ | | 0.11 | | 1.04 |

| Consolidated statement of comprehensive income<br>in EUR thou. | Notes | 2020 | 2019 |
|---|---|---|---|
| Consolidated profit | /4.9/ | 2,173 | 21,513 |
| | | | |
| Other comprehensive income (not recognised in the income statement) | | 2 | 853 |
| Thereof components that could be reclassified to income statement in the future | | | |
| Currency translation gains/losses | /4.20/ | 60 | 450 |
| Change of derivative financial instruments in hedge relationship | | -112 | 277 |
| Related deferred taxes | | 12 | -79 |
| other change | | - | 240 |
| Thereof components that will not be reclassified to income statement in the future | | | |
| Remeasurement of defined benefit plans | /4.22/ | 56 | -50 |
| Related deferred taxes | | -13 | 14 |
| **Total comprehensive income** | | **2,175** | **22,367** |
| Of which attributable to minority interests | | -101 | 438 |
| Of which attributable to shareholders of Sixt Leasing SE | | 2,276 | 21,928 |

# C.2 \\ CONSOLIDATED BALANCE SHEET

of Sixt Leasing SE, Pullach, as at 31 December 2020

| **Assets** | | | |
|---|---|---|---|
| in EUR thou. | Notes | **31 Dec. 2020** | 31 Dec. 2019 |
| **Non-current assets** | | | |
| Goodwill | /4.11/ | 4,293 | 2,313 |
| Intangible assets | /4.12/ | 18,709 | 12,487 |
| Property and equipment | /4.13/ | 14,374 | 13,583 |
| Lease assets | /4.14/ | 1,092,535 | 1,119,670 |
| Financial assets | | 27 | 26 |
| Other receivables and assets | /4.17/ | 888 | 1,147 |
| Deferred tax assets | /4.8/ | 797 | 1,615 |
| **Total non-current assets** | | **1,131,623** | **1,150,840** |
| | | | |
| **Current assets** | | | |
| Inventories | /4.15/ | 52,527 | 49,999 |
| Trade receivables | /4.16/ | 69,173 | 80,981 |
| Receivables from related parties | | 1,461 | 3,779 |
| Other receivables and assets | /4.17/ | 37,499 | 38,263 |
| Income tax receivables | | 897 | 2,381 |
| Bank balances | /4.18/ | 2,374 | 2,641 |
| **Total current assets** | | **163,931** | **178,045** |
| | | | |
| **Total assets** | | **1,295,553** | **1,328,885** |

| **Equity and liabilities** | | | |
|---|---|---|---|
| in EUR thou. | Notes | **31 Dec. 2020** | 31 Dec. 2019 |
| **Equity** | | | |
| Subscribed capital | /4.19/ | 20,612 | 20,612 |
| Capital reserves | | 135,045 | 135,045 |
| Other reserves | /4.20/ | 57,750 | 74,025 |
| Minority interests | /4.21/ | -556 | -455 |
| **Total equity** | | **212,851** | **229,226** |
| | | | |
| **Non-current liabilities and provisions** | | | |
| Provisions for pensions | /4.22/ | 232 | 260 |
| Other provisions | /4.23/ | 226 | - |
| Financial liabilities | /4.24/ | 671,693 | 732,776 |
| Other liabilities | /4.27/ | 13,962 | 16,513 |
| Deferred tax liabilities | /4.8/ | 36,383 | 33,177 |
| **Total non-current liabilities and provisions** | | **722,496** | **782,725** |
| | | | |
| **Current liabilities and provisions** | | | |
| Other provisions | /4.23/ | 2,855 | 5,641 |
| Income tax liabilities | | 1,077 | 787 |
| Financial liabilities | /4.24/ | 264,201 | 215,434 |
| Trade payables | /4.26/ | 47,849 | 44,583 |
| Contract Liabilities[1] | /4.28/ | 13,977 | 13,461 |
| Liabilities to affiliated companies | /4.25/ | 21 | 3,284 |
| Other liabilities | /4.27/ | 30,226 | 33,743 |
| **Total current liabilities and provisions** | | **360,206** | **316,934** |
| | | | |
| **Total equity and liabilities** | | **1,295,553** | **1,328,885** |

[1] *The prior year amount of Contract Liabilities was included in the position Trade payables in the prior year.*

# C.3 \\ CONSOLIDATED CASH FLOW STATEMENT

of Sixt Leasing SE, Pullach, for the year ended 31 December 2020

| **Consolidated cash flow statement** | | | |
|---|---|---|---|
| in EUR thou. | Notes | **2020** | 2019 |
| **Operating activities** | | | |
| Consolidated profit | /4.9/ | 2,173 | 21,513 |
| Income taxes recognised in income statement | /4.8/ | 2,917 | 1,209 |
| Income taxes received / paid (net) | | -1,144 | -446 |
| Financial result recognised in income statement[1] | /4.7/ | 11,081 | 11,930 |
| Interest received | | 398 | 133 |
| Interest paid | | -12,140 | -10,189 |
| Depreciation and amortisation | /4.6/ | 191,228 | 191,328 |
| Income from disposal of fixed assets | | -1,883 | -2,218 |
| Other (non-)cash expenses and income | | 5,900 | 6,032 |
| **Gross Cash flow** | | **198,531** | **219,292** |
| Proceeds from disposal of lease assets | | 268,891 | 307,043 |
| Payments for investments in lease assets | | -430,320 | -407,039 |
| Change in inventories | /4.15/ | -2,528 | 726 |
| Change in trade receivables | /4.16/ | 11,809 | 43 |
| Change in trade payables | /4.26/ | 3,266 | -9,865 |
| Change in other net assets | | -8,553 | -3,113 |
| **Net cash flows from/used in operating activities** | | **41,096** | **107,086** |
| | | | |
| **Investing activities** | | | |
| Payments for investments in intangible assets and equipment | /4.12/ to /4.13/ | -9,148 | -6,885 |
| Acquisition of subsidiary, net of cash acquired | | - | -466 |
| Acquisition of a business | /4.11 | -2,100 | - |
| **Net cash flows used in investing activities** | | **-11,248** | **-7,351** |
| | | | |
| **Financing activities** | | | |
| Dividends paid | | -18,550 | -9,894 |
| Proceeds from bank loans (incl. ABS-transaction) | /4.24/ | 380,685 | 11,752 |
| Payments made for redemption of bonds, borrower's note loans and bank loans (incl. ABS-transaction) | /4.24/ | -408,766 | -78,802 |
| Payments made for current financial liabilities[2] | /4.24/ | -9,000 | -37,345 |
| Proceeds from current financial liabilities[2] | /4.24/ | 25,000 | 9,000 |
| **Net cash flows used in/from financing activities** | | **-30,631** | **-105,288** |
| | | | |
| **Net change in cash and cash equivalents** | | **-783** | **-5,552** |
| Effect of exchange rate changes on cash and cash equivalents | | 3 | 19 |
| **Cash and cash equivalents at 1 Jan.** | | **710** | **6,243** |
| **Cash and cash equivalents at 31 Dec.[3]** | **/4.18/** | **-70** | **710** |

[1] *Excluding income from investments*

[2] *Short-term borrowings with a maturity period of up to three months and quick turnover*

[3] *Cash and cash equivalents as at 31 December 2020 consist of bank balances (EUR 2,374 thousend) and bank overdrafts (EUR 2,444 thousand). Cash and cash equivalents as at 31 December 2019 consist of bank balances (EUR 2,641 thousend) and bank overdrafts (EUR 1,931 thousand).*

# C.4 \\ CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of Sixt Leasing SE, Pullach, as at 31 December 2020

| Consolidated statement of changes in equity | Subscribed capital | Capital reserves | Other reserves | | | Equity attributable to shareholders of Sixt Leasing SE | Minority interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| in EUR thou. | | | Retained earnings | Currency translation reserve | Other equity | | | |
| **1 Jan. 2020** | **20,612** | **135,045** | **9,337** | **2,023** | **62,664** | **229,681** | **-455** | **229,226** |
| | | | | | | | | |
| Consolidated profit | - | - | - | - | 2,173 | 2,173 | - | 2,173 |
| Other comprehensive income | - | - | - | 60 | 43 | 103 | -101 | 2 |
| Dividends paid | - | - | - | - | -18,550 | -18,550 | - | -18,550 |
| Transfer to retained earnings | - | - | 408 | - | -408 | - | - | - |
| | | | | | | | | |
| **31 Dec. 2020** | **20,612** | **135,045** | **9,745** | **2,083** | **45,922** | **213,407** | **-556** | **212,851** |
| | | | | | | | | |
| | | | | | | | | |
| **1 Dec. 2019** | **20,612** | **135,045** | **6,071** | **1,573** | **54,346** | **217,647** | **-893** | **216,753** |
| | | | | | | | | |
| Consolidated profit | - | - | - | - | 21,513 | 21,513 | - | 21,513 |
| Other comprehensive income | - | - | - | 450 | -35 | 415 | 438 | 853 |
| Dividends paid | - | - | - | - | -9,894 | -9,894 | - | -9,894 |
| Transfer to retained earnings | - | - | 3,266 | - | -3,266 | - | - | - |
| Other changes | - | - | - | - | - | - | - | - |
| | | | | | | | | |
| **31 Dec. 2019** | **20,612** | **135,045** | **9,337** | **2,023** | **62,664** | **229,681** | **-455** | **229,226** |

*See also Notes \4.19\ to \4.21*

# C.5 \\ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of Sixt Leasing SE, Pullach, for the year ended 31 December 2020

## 1. GENERAL DISCLOSURES

### 1.1 INFORMATION ABOUT THE COMPANY

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

During the Extraordinary General Meeting on 10 December 2020, a resolution was passed to amend the purpose of the Company as set out in the Articles of Association. In accordance with its Articles of Association, the object and purpose of the Company is (a) the leasing business relating to motor Vehicles and other road and land Vehicles including, in particular, e-bikes and bikes (hereinafter collectively "**Vehicles**") and Vehicle accessories as a lessor, (b) to otherwise grant use of Vehicles against payment, (c) the administration of Vehicle fleets and Vehicle accessories (Vehicle fleet management), (d) the brokerage of purchase agreements, leasing agreements, agreements regarding the grant of use against payment as well as insurances relating to Vehicles and Vehicle-related goods, (e) the exploitation of, and the trade with, vehicles and spare parts, lubricants, fuels, and process materials as well as vehicle accessories, (f) the performance and brokerage of mobility services and Vehicle-related services; as well as (g) the sale and distribution of online advertising spaces.

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

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

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

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

On 15 July 2020 Hyundai Capital Bank Europe GmbH (HCBE) acquired from Sixt SE the investment it had held in Sixt Leasing SE (41.9% of the share capital). On 16 July 2020 HCBE took over the shares from the minority shareholders as part of the public take-over offer. Following completion of these two sub-steps, HCBE holds marginally more than 92% of the ordinary shares and voting rights in Sixt Leasing SE, making it the biggest shareholder and parent company of Sixt Leasing SE. HCBE is domiciled in Frankfurt am Main and is a joint venture of Santander Consumer Bank AG, Mönchengladbach, and Hyundai Capital Services Inc., Frankfurt am Main. The parent company and ultimate parent of the Group that prepares the consolidated annual financial statements for the largest group of companies is Banco Santander S.A., Santander, Spain. These consolidated annual financial statements are published in the electronic Federal Gazette.

### 1.2 GENERAL DISCLOSURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of Sixt Leasing SE as at 31 December 2020 have been prepared in accordance with

International Financial Reporting Standards (IFRS), as adopted by the EU and the applicable commercial law regulations according to section 315e (1) of the HGB (German Commercial Code).

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

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

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

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

The following amendments and revisions to existing standards became effective for the Sixt Leasing Group consolidated financial statements as of 1 January 2020:

- Amendments to IFRS 3 – Definition of a Business
- Amendments to IAS 1 and IAS 8 – Definition of material
- Amendments to IAS 28 – Long-term interests in associates and joint ventures
- Amendments to IFRS 9, IAS 39, IFRS 7 – Interest rate benchmark reform
- Amendments to references to the conceptual framework in IFRS standards

The amendments and interpretations are not expected to have a material impact on the financial position and financial results of the Sixt Leasing Group. The following new and/or amended standards/interpretations have been ratified by IASB but are not yet mandatory. The Company has not applied these regulations prematurely:

| **Standard/ Interpretation** | | Adoption by European Commission | Applicable as at |
|---|---|---|---|
| IFRS 14 | Regulatory deferral accounts example | No | Exposed |
| IFRS 17 | Insurance Contracts | No | 1 Jan. 2023 |
| Amendments to IAS 1 | Classification of liabilities as current or non-current | No | 1 Jan. 2023 |
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | Interest rate benchmark reform – Phase 2 | Yes | 1 Jan. 2021 |
| Amendments to IAS 16 | Property, Plant and Equipment – Proceeds before Intended Use | No | 1 Jan. 2022 |
| Amendments to IFRS 3 | Conceptual framework | Yes | 1 Jan. 2022 |
| Amendments to IAS 37 | Provisions contingent liabilities and contingent asstes | Yes | 1 Jan. 2022 |
| Amendments to IFRS 10 and IAS 28 | Sales or contributions of assets between an investor and its associate/joint venture | No | Deferred indefinitely |
| Amendments to IFRS 16 | COVID-19-Related Rent Concessions | Yes | 1 Jun. 2020 |
| Annual Improvements Project | Annual improvements to IFRS Standards 2018-2020 | No | 1 Jan. 2022 |

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

## 2. CONSOLIDATION

### 2.1 CONSOLIDATED COMPANIES

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

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

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

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

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

List of shareholdings:

| Name | Domicile | Equity | Equity interest | Annual result |
|---|---|---|---|---|
| Sixt Mobility Consulting Österreich GmbH | Vösendorf/Austria | -441,573 EUR | 100.0% | -281,774 EUR |
| Sixt Mobility Consulting SARL | Rueil-Malmaison/France | -742,827 EUR | 100.0% | -309,483 EUR |
| SXT Leasing Verwaltungs GmbH | Rostock/Germany | 26,543 EUR | 100.0% | 484 EUR |

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

The 'Flottenmeister GmbH' from Pullach im Isartal/Germany, which had been newly consolidated for the first time last year, was retroactively merged with Sixt Mobility Consulting GmbH, Pullach im Isartal/Germany, effective as at 1 January 2020. The merger had no material effects on the Group’s net assets, financial position and results of operations.

### 2.2 CHANGES IN THE SCOPE OF CONSOLIDATION

Due to the merger of Flottenmeister GmbH, Pullach the scope of consolidation decreased from nine consolidated subsidiaries to eight consolidated subsidiaries. Compared to fiscal year 2019, no further changes in the scope of consolidation of Sixt Leasing SE have been made.

### 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 Leasing Group as at the balance sheet date 31 December 2020. Where necessary, the single-entity financial statements of the consolidated companies are adjusted to bring them into line with the accounting policies used within the Group.

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

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

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

In the event, that significant parts of a company are acquired (asset deal) without an acquisition of shares, IFRS 3 is to be applied as described above, if not only an asset or a group of assets is purchased, but a business. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return.

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

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

## 2.4 FOREIGN CURRENCY TRANSLATION

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

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

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

| **Exchange rates** | | Closing rate | | Average rate |
|---|---|---|---|---|
| | **31 Dec. 2020** | 31 Dec. 2019 | **2020** | 2019 |
| Swiss Francs | 1.08020 | 1.08540 | 1.07075 | 1.11102 |

## 3. REPORTING AND VALUATION METHODS

### 3.1 INCOME STATEMENT

**Revenue**

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

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

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

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

**Net finance costs**

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

**Derivatives and hedging relationships**

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

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

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

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

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

The Group applies hedge accounting for certain interest rate derivatives, which are reported under the other non-current liabilities. The Group uses these financial instruments to hedge cash flows from variable-rate liabilities under the Asset Backed Securities programme against changes to the underlying interest rate.

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

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

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

**Income tax expense**

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

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

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

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

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

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

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

## 3.2 ASSETS

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

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

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

The annual impairment test is based on management's planning of the cash generated unit. The planning assumptions used to determine the value in use are adapted annually to reflect current market conditions and the Company's results of operations. The model used for the impairment test is based on the discounted cash flow method, with a multi-year plan and a growth factor of 1% taken as the basis in deriving a sustainable figure. The discount rates (before taxes and growth discount) used are currently between 3.7% and 4.0% (2019: between 3.6% and 3.8%). The assumptions used for the model are based on external observations. In the opinion of Sixt Leasing, there are no reasonably conceivable change in the underlying assumptions, on which the determination of the recoverable amount is based, that would result in the accumulated carrying amount of the cash-generating unit exceeding its recoverable amount.

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

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

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

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

| Useful lives | |
|---|---|
| Operating and office equipment | 3 to 23 years |

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

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

**Lease**

Leasing relations are deemed to be all contracts that transfer the right of usage of a specific asset for a fixed period of time in return for payment.The Sixt Leasing Group acts both as lessor and as lessee. The Group has been applying IFRS 16 Lease with the retrospective method. IFRS 16 states that the leased items allocated to the lessor (operating lease) or to the lessee (finance lease).

**Sixt Leasing Group as lessor**

Leasing transactions are classified as finance leases, 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 operating leases. The Sixt Leasing Group also concludes buy-back agreements with the supplier of the respective vehicle. Considering all the facts and conditions relating to the buy-back agreement and the Sixt Leasing Group's specific use of the vehicles during the period from acquisition to final (self-) re-marketing of the vehicles, substantially all the risks and rewards incidental to ownership of the vehicles remains with Sixt Leasing Group.

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

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

**Sale-and Leaseback**

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

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

**Sixt Leasing Group as lessee**

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

According to IFRS 16 right of use assets are recognised in the amount of the lease liability, less any lease incentives received, and depriciated on a straight line basis over the lease term. The capitalized Right of use assets, resulting from leasing relationships, have a remaining useful life of 10 to 111 month. Lease liabilities were measured at the present value of the future lease obligations, discounted using a uniform incremental borrowing rate for each currency and term of the Sixt Leasing Group.

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

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

**Inventories**

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

**Financial assets, other receivables and assets**

The financial assets consist of originated loans and receivables, equity instruments, purchased debt instruments, cash and cash equivalents, and derivatives. Financial assets are recognised when the Group has a contractual right to receive cash or another financial asset from another party. Purchases and sales of financial assets are generally recognised at the settlement date. Financial assets are initially recognised at fair value plus transaction costs if applicable. Transaction costs incurred for the purchase of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables that do not include a significant financing component are recognised at transaction price. Subsequent measurement is based on the allocation of the financial assets to the categories according to IFRS 9.

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

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

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

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

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

Financial assets, with the exception of financial assets at fair value through profit or loss, are assessed at each reporting date on the basis of expected credit losses. The impairment method applied depends on whether there has been a significant increase in credit risks. For trade receivables, 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 creditworthiness and transaction type to determine an impairment provision reflecting the expected probability of default.

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

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

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

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

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

## 3.3 EQUITY AND LIABILITIES

**Equity**

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

**Provisions for pensions**

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

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

**Provisions**

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

**Financial liabilities**

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

## 3.4 ESTIMATION UNCERTAINTIES AND DISCRETIONARY DECISIONS

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

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

Goodwill is measured on the basis of expected developments and estimated parameters, internally developed software is measured on the basis of the estimated useful lives of the assets. Lease assets are measured based on the estimated useful lives of the vehicles and taking into account the expected residual value of the vehicle, lease assets intended for sale are measured on the estimation of the expected net realisable value. For classifying it's lease contracts the Sixt Leasing-Group as a lessor, concludes that, for contracts with existing buy-back agreements with the supplier of the respective vehicle, taking into account all relevant circumstances and conditions, despite a residual value guarantee, substantially all the risk and rewards incidental to ownership of the underlying vehicles remains with the Sixt Leasing-Group. Valuation allowances are charged on receivables based on an assessment of the expected credit risks, which are based on management expectations. Derivatives are valued using a calculation model based on yield curves obtained from a market data platform. The need for provisions is determined using the best estimate of the most probable settlement amount of the present obligation at the balance sheet date. Provisions for pensions are based on actuarial valuations derived from financial and demographic assumptions.

The regularly reviewed and recognised risk provisioning for lease assets essentially represents provision for future marketing at the end of the individual lease term of the existing leasing contract portfolio as of the relevant reporting date and has therefore not yet been realised as of the relevant reporting date. For measuring the risk provisioning, Managing Board applies a model that uses external industry expertise to predict future developments. Given that Sixt Leasing-Group's current re-marketing profits as well as the re-marketing operations of further companies in the industry, aren't considerable impacted by the COVID-19 pandemic, the Managing Board applied a post model adjustment, based on the current re-marketing profits of the Sixt Leasing-Group. However, due to the unprecedented nature of the COVID-19 pandemic and uncertainty on how it will develop, trends in used car prices are currently hard to predict.

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

## 4. EXPLANATIONS AND DISCLOSURES ON INDIVIDUAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 4.1 INCOME STATEMENT

\4.1\ *Revenue* is broken down as follows:

| **Revenue** | | Germany | | Abroad | | Total | Change |
|---|---|---|---|---|---|---|---|
| in EUR thou. | **2020** | 2019 | **2020** | 2019 | **2020** | 2019 | in % |
| **Leasing Business Unit** | | | | | | | |
| Leasing revenue (finance rate) | 193,600 | 199,656 | 22,872 | 23,523 | 216,473 | 223,179 | -3.0 |
| Other revenue from leasing business | 140,079 | 173,942 | 16,698 | 18,442 | 156,776 | 192,384 | -18.5 |
| Sales revenue | 251,805 | 287,547 | 17,087 | 19,496 | 268,891 | 307,043 | -12.4 |
| **Total** | **585,483** | **661,145** | **56,657** | **61,461** | **642,140** | **722,606** | **-11.1** |
| | | | | | | | |
| **Fleet Management Business Unit** | | | | | | | |
| Fleet management revenue | 38,567 | 39,900 | 11,459 | 12,708 | 50,026 | 52,608 | -4.9 |
| Sales revenue | 55,557 | 49,218 | - | - | 55,557 | 49,218 | 12.9 |
| **Total** | **94,123** | **89,118** | **11,459** | **12,708** | **105,582** | **101,826** | **3.7** |
| | | | | | | | |
| **Group total** | **679,607** | **750,263** | **68,116** | **74,169** | **747,723** | **824,432** | **-9.3** |

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

| **Business segments** | |
|---|---|
| Leasing | Vehicle leasing including additional services for companies as well as for private individuals and sale of lease assets |
| Fleet Management | Fleet management services and sale of used customer vehicles |

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

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

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

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

Revenues of the Sixt Leasing Group include compensation payments from third parties totalling EUR 8,309 thousand (2019: EUR 9,597 thousand).

\4.2\ *Other operating income* in the amount of EUR 13,680 thousand (2019: EUR 13,828 thousand) include income of EUR 1,350 thousand (2019: EUR 1,464 thousand) from currency translation. The corresponding expenses from currency translation are included within other operating expenses. The item also includes income of EUR 518 thousand (2019: EUR 626 thousand) from payments of previously derecognised receivables, income of EUR 254 thousand (2019: EUR 174 thousand) from forwarding costs to third parties, income of EUR 535 thousand (2019: EUR 336 thousand) from reversal of provisions and income of EUR 3,390 thousand (2019: EUR 3,388 thousand) from capitalised cost. In the year under review, income from the reduction of the general bad debt allowance in the amount of EUR 2,597 thousand (previous year EUR 3,768 thousand) was recognised. In fiscal year 2020 and 2019, receivables that had already been written down after exceeding age thresholds and after receiving final notices of default, were derecognised, which reduced the general specific valuation allowances. The corresponding expense from this derecognition was recognised under other operating expenses and is included there as a part amount in the expenses from impairment of receivables in the amount of EUR 7.133 thousand (previous year EUR 5,700 thousand).

\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. | **2020** | 2019 | in % |
| Selling expenses[1] | 321,665 | 353,818 | -9.1 |
| Fuel | 46,305 | 70,604 | -34.4 |
| Repair, maintenance and reconditioning | 64,944 | 70,843 | -8.3 |
| Insurance | 8,141 | 7,274 | 11.9 |
| External rent expenses | 4,543 | 6,388 | -28.9 |
| Vehicle licenses and deregistration | 6,786 | 6,181 | 9.8 |
| Transportation | 5,395 | 5,542 | -2.7 |
| Taxes and dues | 3,083 | 3,313 | -6.9 |
| Radio license fees | 1,573 | 1,614 | -2.5 |
| Vehicle return expenses | 4,267 | 4,843 | -11.9 |
| Other expenses | 7,057 | 6,509 | 8.4 |
| **Group total** | **473,758** | **536,929** | **-11.8** |

*[1] Including impairment reversal gains on leased assets held for sale of EUR 0.4 million (2019: Impairment losses EUR 0.6 Mio Euro)*

\4.4\ ***Personnel expenses*** increased from EUR 41,478 thousand the year before to EUR 42,934 thousand in the year under review, especially due to the takeover of employees of SL Car Sales GmbH in connection with the asset deal and transaction related costs. Social security contributions mainly include the employer contributions to statutory insurance schemes and the expenses for the defined contribution as well as defined benefit pension plans. Expenses for defined contribution pension plans in the amount of EUR 2,583 thousand (2019: EUR 2,583 thousand) primarily result from the statutory German pension insurance. Expenses for defined benefit plans are included in the amount of EUR 101 thousand (2019: EUR 93 thousand).

| **Personnel expenses** | | | Change |
|---|---|---|---|
| in EUR thou. | **2020** | 2019 | in % |
| Wages and salaries | 37,050 | 35,648 | 3.9 |
| Social security contributions | 5,884 | 5,830 | 0.9 |
| **Group total** | **42,934** | **41,478** | **3.5** |

Average number of employees during the year:

| Employees in the Group | 2020 | 2019 |
|---|---|---|
| Female employees | 330 | 305 |
| Male employees | 363 | 338 |
| **Group total** | **693** | **643** |

The Leasing business unit employed 606 (2019: 572) members of staff and the Fleet Management business unit 87 (2019: 71) members of staff.

\4.5\ The following table contains a breakdown of ***other operating expenses***:

| **Other operating expenses**<br>in EUR thou. | **2020** | 2019 | Change<br>in % |
|---|---|---|---|
| Rental expenses for business premises | 1,145 | 957 | 19.7 |
| Other selling and marketing expenses | 4,715 | 4,934 | -4.4 |
| Expenses from write-downs of receivables | 7,133 | 5,700 | 25.1 |
| Audit, legal, advisory costs, and investor relations expenses | 6,491 | 2,985 | >100 |
| Other personnel services | 1,814 | 3,128 | -42.0 |
| IT expenses | 5,890 | 3,351 | 75.8 |
| Expenses for foreign currency translation | 1,297 | 1,363 | -4.8 |
| Miscellaneous expenses | 4,802 | 4,760 | 0.9 |
| **Group total** | **33,289** | **27,177** | **22.5** |

Rental expenses for business premises include expenses for short-term leases in the amount of EUR 306 thousand (2019: EUR 231 thousand). Total payments made for leasing contracts in fiscal year 2020 amounted to EUR 10,824 thousand (2019: EUR 6,588 thousand).

In fiscal year 2020 a transition to a new auditor took place.

The consolidated financial statements of Sixt Leasing SE recognise as operating expense in the amount of EUR 265 thousand the fees for the auditor of the consolidated financial statements. The fees break down into audit costs in the amount of EUR 257 thousand and other assurance services in the amount of EUR 8 thousand, that were provided for the parent or subsidiary companies.

The consolidated financial statements of Sixt Leasing SE in fiscal year 2019 recognised as operating expense in the amount of EUR 142 thousand the fees for the auditors of the consolidated financial statements. The fees break down into audit costs (EUR 114 thousand), other assurance services (EUR 18 thousand) mainly for comfort letters and an audit of the ABS program and tax consultancy services (EUR 11 thousand) that were provided for the parent or subsidiary companies

In fiscal years 2020, receivables that had already been written down after exceeding age thresholds and after receiption of final notice of default, were derecognised, which increased the expenses from write-down on receivables. Netted against these, the gross receivables for general bad debt allowance were omitted. The resulting income is included in the income from the reduction of the general bad debt allowance in the amount of EUR 2,597 thousand, which is recognised under other operating income.

IT expenses increased to EUR 5,890 thousand compared to the previous year, due to separation costs as part of the carve-out that were incurred in the context of the transaction. The increase in legal and advisory costs to EUR 6,491 thousand results mainly from transaction related costs as well as cost incurred due to the carve-out.

\4.6\ ***Expenses for depreciation and amortisation*** in the financial year are explained in more details below:

| Depreciation and amortisation | | | Change |
|---|---|---|---|
| in EUR thou. | **2020** | 2019 | in % |
| Lease assets | 187,140 | 188,030 | -0.5 |
| Property and equipment | 2,478 | 2,180 | 13.7 |
| Intangible assets | 1,609 | 1,118 | 44.0 |
| **Group total** | **191,228** | **191,328** | **-0.1** |

The depreciation of lease assets has decreased slightly below prior year's level to EUR 187,140 thousand (EUR 188,030 thousand), mainly due to the decrease in the average level of leased assets in the fiscal year 2020 almost compensated by the increase in risk provisioning for expected lower residual values at the end of the lease term. Armortisation of intangible assets increased due to the completion of internally developed software in fiscal year 2020.

\4.7\ ***Net finance costs*** have improved year-on-year from EUR -12,029 thousand to EUR -11,081 thousand, mainly due to favourable financing terms of the ABS-transaction after the prolongation in the end of fiscal year 2019. The following table contains a breakdown of the net finance cost:

| Net finance costs | | |
|---|---|---|
| in EUR thou. | **2020** | 2019 |
| Other interest and similar income | 342 | 270 |
| Other interest and similar income from related parties | 37 | 13 |
| Interest and similar expenses | -11,283 | -12,062 |
| Other net financial result | -177 | -250 |
| **Group total** | **-11,081** | **-12,029** |

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

\4.8\ ***Income tax expense*** comprises the following:

| Income tax expense | | | Change |
|---|---|---|---|
| in EUR thou. | **2020** | 2019 | in % |
| Current income tax for the reporting period | 2,917 | 1,209 | >100 |
| Deferred taxes | 4,023 | 6,596 | -39.0 |
| **Group total** | **6,941** | **7,805** | **-11.1** |

The current income tax expense for the financial year 2020 of EUR 2,917 thousand (2019: EUR 1,209 thousand) includes tax expense from previous years in the amount of EUR 444 thousand (2019: tax income of EUR 286 thousand).

The following tax reconciliation explains the relationship between the expected and effective tax expense reported. The expected tax expense results from the application of an income tax rate of 26.3% (2019: 26.1%) to consolidated profit for the period (before taxes) in accordance with IFRS. The income tax rate is made up of corporation tax at 15% (2019: 15%), a solidarity surcharge of 5.5% (2019: 5.5%) as well as trade tax at 10.5% (2019: 10.3%).

| Reconciliation of taxes | | |
|---|---|---|
| in EUR thou. | **2020** | 2019 |
| Consolidated profit before taxes in accordance with IFRS | 9,114 | 29,319 |
| Expected income tax expense | 2,395 | 7,653 |
| Effect of different tax rates outside Germany | -47 | -22 |
| Changes in permanent differences | - | 16 |
| Changes in impairments | 711 | -198 |
| Non-deductible operating expenses | 76 | 124 |
| Tax-exempt income | - | -1 |
| Income taxes from other periods (current and deferred) | 444 | -125 |
| Change in tax rates | - | 279 |
| Other effects | 3,362 | 79 |
| **Reported tax expense** | **6,941** | **7,805** |

At the end of fiscal year 2019 a difference between the carrying amount of a provision in the statement of financial position and ist tax base existed due to the non-recognition of the provision in the tax statement as a result of a tax audit, that lead to a deferred tax asset. At the end of fiscal year 2020, Managing Board concluded, with the opinion of external tax consultation, to recognize the provision in the tax statement again. Consequently the deferred tax assets in the amount of EUR 2,484 thousand had to be derecognized. This amount is included in the other effects.

As at 31 December 2020, deferred tax without impact on the income statement amounted to EUR 36 thousand (2019: EUR 137 thousand). The change compared to the previous year amounts to EUR -101 thousand (2019: EUR 175 thousand).

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

| Deferred taxes | | |
|---|---|---|
| in EUR thou. | **2020** | 2019 |
| From temporary differences | 3,189 | 4,406 |
| From loss carryforwards | 834 | 2,191 |
| **Group total** | **4,023** | **6,596** |

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

| Deferred taxes | Deferred tax assets | | Deferred tax liabilities | |
|---|---|---|---|---|
| in EUR thou. | **31 Dec. 2020** | 31 Dec. 2019 | **31 Dec. 2020** | 31 Dec. 2019 |
| Lease assets | 482 | 545 | 29,161 | 32,346 |
| Receivables | 311 | 298 | 1,537 | 589 |
| Other assets | 687 | 801 | 8,012 | 5,543 |
| Other liabilities | 3,684 | 7,223 | 2,628 | 3,437 |
| Tax loss carryforwards | 588 | 1,486 | - | - |
| | **5,752** | **10,353** | **41,338** | **41,915** |
| Offsetting | 4,955 | 8,738 | 4,955 | 8,738 |
| **Group total** | **797** | **1,614** | **36,383** | **33,178** |

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

On the unused corporate tax losses carried-forward of EUR 10,909 thousand (2019: EUR 12,682 thousand) no deferred tax assets were recognised in respect of EUR 8,551 thousand (2019: EUR 6,978 thousand) and on the unused trade tax losses carried-forward of EUR 8,456 thousand (2019: EUR 10,015 thousand) no deferred tax assets were recognised for EUR 7,436 thousand (2019: EUR 4,920 thousand). The loss carry-forwards for which deferred tax assets have been recognised are expected to be used during the five-year planning period. The losses may be carried forward indefinitely.

In previous year, a portion of EUR 833 thousand of tax losses carried-forward, where no deferred tax assets were recognized, that are going to expire after fiscal year 2024, were lost in fiscal year 2020 due to the acquisition of Sixt Leasing SE shares from HCBE.

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

There were no deductible temporary differences in the fiscal year for which no deferred taxes were recognised (2019: 0 EUR thousand).

The temporary differences taxable upon realization in connection with interests held in the Group's subsidiaries and for which no deferred tax liabilities were recognised in the reporting periods presented amount to 807 EUR thousand (2019: 1.114 EUR thousand).

\4.9\ The ***consolidated profit*** amounts to EUR 2,173 thousand (2019: EUR 21,513 thousand). As in the previous year minority interests are not to be considered.

In the previous year a dividend of EUR 0.90 per ordinary share was paid. This corresponds to a total distribution to shareholders in the amount of EUR 18.550 thousand, recognised in the financial year.

The dividend proposal for the financial year 2020 is a dividend of EUR 0.02 per ordinary share. This corresponds to an estimated total distribution of EUR 412 thousand for the year under review. The proposed dividend is dependent upon a corresponding resolution being passed by the Annual General Meeting and was not recognised as a liability in the consolidated financial statements. The exact dividend proposal is subject to the approval of the supervisory board and will be published with the agenda for the 2021 Annual General Meeting, taking into account any expectations of the supervisory authorities in this respect.

\4.10\ ***Earnings per share*** are as follows:

| **Earnings per share** | | **2020** | 2019 |
|---|---|---|---|
| Consolidated profit | in EUR thou. | 2,173 | 21,513 |
| Profit attributable to shareholders of Sixt Leasing SE | in EUR thou. | 2,173 | 21,513 |
| Weighted average number of shares | | 20,611,593 | 20,611,593 |
| Earnings per share – basic and diluted | in EUR | 0.11 | 1.04 |

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

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

## 4.2 BALANCE SHEET

### Assets

\4.11\ 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. 2020 | Foreign exchange differences | Additions | adjustment of the opening balance | Change in the scope of consolidation | Disposals | Transfers | 31 Dec. 2020 |
| **Goodwill** | **2,313** | **1** | **1,979** | **-** | **-** | **-** | **-** | **4,293** |
| Purchased software | 3,474 | - | 231 | - | - | - | - | 3,705 |
| Internally developed software | 5,592 | - | -0 | - | - | | 11,873 | 17,466 |
| Internally developed software in progress | 9,349 | - | 7,600 | - | - | | -11,873 | 5,076 |
| **Intangible assets** | **18,415** | **-** | **7,831** | **-** | **-** | **0** | **-** | **26,247** |
| Right of use assets | 13,766 | 6 | 1,654 | - | - | 1,449 | - | 13,978 |
| Operating and office equipment | 3,476 | -1 | 1,438 | - | - | 7 | 2,286 | 7,192 |
| **Property and equipment** | **17,241** | **5** | **3,093** | **-** | **-** | **1,456** | **2,286** | **21,169** |
| **Lease assets** | **1,344,602** | **281** | **430,320** | **-** | **-** | **465,250** | **-2,286** | **1,307,667** |
| **Total** | **1,382,572** | **287** | **443,222** | **-** | **-** | **466,706** | **-** | **1,359,376** |

| Consolidated statement of changes in non-current assets | Acquisition and production costs | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| in EUR thou. | 1 Jan. 2019 | Foreign exchange differences | Additions | adjustment of the opening balance | Change in the scope of consolidation | Disposals | Transfers | 31 Dec. 2019 |
| **Goodwill** | **1,752** | **6** | **-** | **-** | **556** | **-** | **-** | **2,313** |
| Purchased software | 3,474 | - | - | - | - | - | - | 3,474 |
| Internally developed software | 5,530 | - | - | - | - | -63 | - | 5,592 |
| Internally developed software in progress | 3,572 | - | 5,839 | - | - | 63 | - | 9,349 |
| **Intangible assets** | **12,576** | **-** | **5,839** | **-** | **-** | **-** | **-** | **18,415** |
| Right of use assets | - | 47 | 128 | 13,590 | - | - | - | 13,766 |
| Operating and office equipment | 2,447 | 5 | 1,045 | - | 1 | 23 | - | 3,476 |
| **Property and equipment** | **2,447** | **53** | **1,174** | **13,590** | **1** | **23** | **-** | **17,241** |
| **Lease assets** | **1,427,864** | **2,118** | **407,039** | **-** | **-** | **492,418** | **-** | **1,344,602** |
| **Total** | **1,444,639** | **2,176** | **414,052** | **13,590** | **556** | **492,442** | **-** | **1,382,572** |

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

| | | | Depreciation/Amortisation | | | | | Carrying amounts |
|---|---|---|---|---|---|---|---|---|
| | 1 Jan. 2019 | Foreign exchange differences | Depreciation/ Amortisation in the financial year | Disposals | Transfers | 31 Dec. 2019 | 31 Dec. 2019 | 31 Dec. 2018 |
| | **-** | **-** | **-** | **-** | **-** | **-** | **2,313** | **1,752** |
| | 3,454 | - | 5 | - | - | -3,459 | 15 | 20 |
| | 1,356 | - | 1,113 | - | - | 2,469 | 3,123 | 4,173 |
| | - | - | - | - | - | - | 9,349 | 3,572 |
| | **4,810** | **-** | **1,118** | **-** | **-** | **5,928** | **12,487** | **7,766** |
| | - | 3 | 1,807 | - | - | 1,809 | 11,956 | - |
| | 1,493 | 4 | 373 | 21 | - | 1,849 | 1,626 | 954 |
| | **1,493** | **7** | **2,180** | **21** | **-** | **3,659** | **13,583** | **954** |
| | **223,444** | **620** | **188,030** | **187,162** | **-** | **224,932** | **1,119,670** | **1,204,419** |
| | **229,748** | **626** | **191,328** | **187,182** | **-** | **234,519** | **1,148,053** | **1,214,891** |

\4.11\ ***Goodwill*** amounting to EUR 4,293 thousand (2019: EUR 2,313 thousand) resulted from resulted from consolidation of the companies acquired in 2016, which were autohaus24 GmbH, Pullach, and Sixt Mobility Consulting AG, Urdorf and the firm Flottenmeister GmbH, Pullach, which was included in the scope of consolidation for the first time in fiscal 2019 and that merged with Sixt Mobility Consulting GmbH in fiscal 2020. In fiscal year 2020 material parts of the business operations of SL Car Sales GmbH, Garching, were acquired as well as assets and contracts attributed to this business operation. As in the year before, no impairment losses were recognised for them in the fiscal year.

In a purchase and transfer agreement, the acquisition of significant parts of the business operations of SL Car Sales GmbH, were agreed plus the assets and contracts affiliated with this business operation. Acquisition was effected on 15 July 2020 at a purchase price of EUR 2.1 million, which is customary in the market, and was paid in cash. So far SL Car Sales GmbH marketed on behalf and for the account of the Sixt Leasing Group the returned vehicles of the Sixt Leasing Group. With the purchase, the Sixt Leasing Group acquired the expertise, processes and relevant workforce of SL Car Sales GmbH. Furthermore this remarketing channel to the end client contributes higher margins than alternative channels. Both mentioned aspects essentially make up the goodwill value of EUR 2.0 million. This goodwill is amortised in the tax balance sheet over a period of 15 years. Other assets and liabilities recognised at fair value due to the acquisition are of minor importance for the net assets, financial position and results of operations of the Sixt Leasing Group.

\4.12\ ***Intangible assets*** include internally developed software amounting to EUR 13,398 thousand (2019: EUR 3,123 thousand) and purchased software amounting to EUR 235 thousand (2019: EUR 15 thousand). It also includes internally developed software in progress amounting to EUR 5,076 thousand (2019: EUR 9,349 thousand).

\4.13\ The item ***Property and equipment*** includes operating and office equipment (mainly Company cars, IT systems, fixtures and fittings and office equipment) in the amount of EUR 4,199 thousand (2019: EUR 1,626 thousand), as well as right-of-use assets (mainly properties) in the amount of EUR 10,175 thousand (2019: EUR 11.956 thousand)

\4.14\ ***Lease assets*** decreased to EUR 1,092.5 million (2019: EUR 1,119.7 million). The Sixt Leasing Group as lessor primarily leases out vehicles of various brands, mainly under full-service lease agreements. On 31 December 2020 the outstanding lease payments from operating lease contracts are spread over the following years:

| **Operating Leases**<br>**in EUR thou.** | **31 Dec. 2020** | 31 Dec. 2019 |
|---|---|---|
| 2020 | | 188,174 |
| 2021 | 171,996 | 117,401 |
| 2022 | 106,285 | 56,950 |
| 2023 | 48,857 | 15,288 |
| 2024 | 12,218 | 789 |
| 2025 | 928 | 9 |
| 2026 and later | 1 | |
| | **340,286** | **378,611** |

The amounts stated contain only the lease instalments without service components. The fixed-term agreements usually contain agreements on the vehicles' mileage. The resulting contingent lease payments recognised as result in profit and loss in the current financial year amounted to EUR -0.5 million (2019: EUR 0.5 million). In addition to these, the Group estimated calculated residual values covered by buyback agreements in the amount of EUR 215 million (2019: EUR 259 million) and further calculated residual values not covered by third parties in the amount of EUR 637 million (2019: EUR 609 million). Impairment losses of EUR 4.5 million (2019: EUR 1.0 million) were recognised on lease assets in the year under review.

Lease assets of EUR 47.6 million (2019: EUR 37.9 million) are pledged as collateral to banks. Furthermore, lease assets were assigned as a security as part of the ABS-program in the amount of 558.6 EUR million (2019: 428.3 EUR million).

Certain lease vehicles are refinanced under finance lease agreements having the same maturities as the lease vehicles (Sale and Leaseback-transactions until 31. Dec. 2018). These agreements are structured in a way that the refinanced vehicles in the amount of EUR 2.8 million remain attributable to the Group (2019: EUR10.6 million). The agreements have a residual value of up to one year and provide for full amortisation. The obligations under the leases are presented under financial liabilities.

\4.15\ ***Inventories*** consist mainly of lease assets intended for sale in the amount of EUR 52,527 thousand (2019: EUR 49,999 thousand).

\4.16\ ***Trade receivables*** result almost exclusively from services invoiced in the course of leasing and fleet management business and from vehicle deliveries. Valuation allowances were recognised for expected credit losses.

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

| **Other receivables and assets** | | |
|---|---|---|
| in EUR thou. | **31 Dec. 2020** | 31 Dec. 2019 |
| Financial other receivables and assets | | |
| Finance lease receivables | 6,510 | 2,017 |
| Miscellaneous assets | 14,369 | 13,337 |
| Non-financial other receivables and assets | | |
| Other tax receivables | 3,173 | 2,098 |
| Insurance claims | 8,636 | 12,971 |
| Deferred expense | 4,928 | 5,115 |
| Claims for vehicle deliveries | 771 | 3,872 |
| **Group total** | **38,387** | **39,410** |
| | | |
| thereof current | 37,499 | 38,263 |
| thereof non-current | 888 | 1,147 |

The finance lease receivables result from lease agreements with customers that are classified as finance leases. The interest rate implicit in the leases is fixed at the inception of the lease for the entire term. The agreements partly contain put options on the part of the Group as lessor. The valuation allowance on finance lease receivables amounted to EUR 0.0 million (previous year EUR 0.1 million) in total. On 31. December 2020 the outstanding lease payments from finance lease contracts are spread over the following years:

| **Finance leases** | | |
|---|---|---|
| in EUR thou. | **31 Dec. 2020** | 31 Dec. 2019 |
| 2020 | | 1,083 |
| 2021 | 5,787 | 715 |
| 2022 | 579 | 335 |
| 2023 | 207 | 38 |
| 2024 | 66 | 1 |
| 2025 | 4 | 0 |
| 2026 and later | 0 | 0 |
| | **6,642** | **2,172** |

\4.18\ ***Bank balances*** of EUR 2,374 thousand (2019: EUR 2,641 thousand) include short-term deposits at banks with terms of up to one month. On 31. December 2020 the position reduced about current bank liabilities, including in the financial liabilities, in the amount of 2,444 EUR thousand corresponding the total liquid funds in the cash flow statement. On 31. December 2019 the position reduced about current bank liabilities, including in the financial liabilities, in the amount of 1,931 EUR thousand corresponding the total liquid funds in the cash flow statement.

## Equity and liabilities

The Sixt Leasing Group's **equity** decreased year-on-year to a total of EUR 212,851 thousand (2019: EUR 229,226 thousand). Therein, the subscribed capital of Sixt Leasing SE amounted unchanged to EUR 20,612 thousand.

### \4.19\ Subscribed capital of Sixt Leasing SE

| Share capital | No-par value shares | Nominal value in EUR | No-par value shares | Nominal value in EUR |
|---|---|---|---|---|
| | | **31 Dec. 2020** | | 31 Dec. 2019 |
| Ordinary shares | 20,611,593 | 20,611,593 | 20,611,593 | 20,611,593 |
| **Total** | **20,611,593** | **20,611,593** | **20,611,593** | **20,611,593** |

The subscribed capital is composed of ordinary bearer shares. The shares are no-par value shares with a notional interest in the share capital of EUR 1.00 per share. The share capital is fully paid up.

## Authorised capital

The Managing Board is authorised to increase the share capital on one or more occasions in the period up to and including 31 May 2021, with the consent of the Supervisory Board, by up to a maximum of EUR 6,183,477 by issuing new no-par value bearer shares against cash and/or non-cash contributions (Authorised Capital 2016). 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 new share dividend rights can also be arranged otherwise than stipulated in section 60 (2) AktG. In particular, the new shares can 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.

In general, shareholders are granted statutory subscription rights to the new shares. The subscription right can also be arranged in full or in part as indirect subscription right in accordance with section 186 (5) sentence 1 AktG.

However, the Managing Board is authorised, with the consent of the Supervisory Board, to exclude the subscription rights of the shareholders, in full or in part, in accordance with the following provisions:

a) The Managing Board is authorised, with the consent of the Supervisory Board, to exclude fractional amounts from the subscription right of shareholders and also to exclude the subscription right of shareholders if necessary, in order to grant holders and/or creditors of conversion or option rights and/or holders and/or creditors of bonds with conversion exercise obligations or convertible profit participation certificates which have been or will be issued by the company or a domestic or foreign enterprise, in which the company directly or indirectly has a majority of voting rights and capital interest, a subscription right to the extent they would be entitled to after exercising the conversion or option rights and/or after meeting the conversion or option obligations.

b) In the event of a capital increase against cash contributions, the Managing Board is furthermore authorised, with the consent of the Supervisory Board, to exclude the subscription right of shareholders in accordance with section 186 (3) sentence 4 AktG, if the issue price of the new shares is not materially lower than the quoted stock exchange price of existing listed shares and the shares issued on the basis of this authorisation to exclude the subscription right 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. This 10% limitation also applies to own shares issued or sold during the term of this authorisation pursuant to another authorisation or pursuant to section 186 (3) sentence 4 AktG under exclusion of the subscription right; furthermore it applies to shares 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 or conversion profit participation certificates, to the extent that the bonds or certificates are issued during the term of this authorisation in corresponding application of section 186 (3) sentence 4 AktG and under exclusion of the subscription right.

c) The Managing Board is finally authorised, with the consent of the Supervisory Board, to exclude the shareholders' subscription right in case of capital increases against non-cash contributions in kind, in particular for the purpose of acquiring companies, parts of companies, or investments in companies, as part of business combinations and/or to acquire other assets including rights and claims.

On the basis of the Authorised Capital 2016, the Managing Board is also authorised, with the consent of the Supervisory Board, to issue new shares against non-cash contributions in kind for the purpose of (directly or indirectly) acquiring loan repayment and/or interest claims against the company arising from shareholder loans that have been or will be granted to the company by Sixt SE (Munich Local Court; HRB 206738) (in each case 'Shareholder Loan Claims'). In this case shareholders are generally granted the statutory subscription right to the new shares. The subscription right is to be granted in such form, that the new shares are offered to the shareholders for subscription against cash payment of the subscription price, while Sixt SE (or a third party who acquired the Shareholder Loan Claims) shall be entitled to pay all or part of the subscription price for the new subscribed shares, either against cash payment or through a contribution in kind of the Shareholder Loan Claims. This shall not affect the authorisation to a partial exclusion of subscription rights in accordance with lit. a). Details hereof are to be determined by the Managing Board with the consent of the Supervisory Board. The non-cash contribution in kind may also be effected in full or in part by transferring to the company all ownership interests in a German or foreign special purpose company, all of the assets of which are substantially the Shareholder Loan Claims. To the extent that the subscription price is paid as a non-cash contribution in kind pursuant to the aforelisted provisions, the value of the contribution in kind must be at least equal to the subscription price. The value of the contribution in kind must be assessed by a valuation report by an audit firm fulfilling the legal requirements of section 205 (5) in combination with section 33 (4) no. 2 and (5) of the AktG.

Taken together, the notional amount in the share capital attributable to the new shares, for which the subscription right of the shareholders is excluded on account of the authorisation of the Authorised Capital 2016, may not exceed 20% of the share capital either at the time when the authorisation takes effect nor at the time of its exercise.

This limitation also applies to new and existing shares, that are issued or sold during the term of this authorisation pursuant to another authorisation under exclusion of the subscription rights; furthermore it applies to new shares 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 or conversion profit participation certificates, to the extent that the bonds or certificates are issued during the term of this authorisation pursuant to another authorisation under exclusion of the subscription right.

**Conditional capital**

By resolution of the Annual General Meeting of 1 June 2016 the Managing Board is authorised, on one or more occasions in the period up to and including 31 May 2021 and with the consent of the Supervisory Board, to issue convertible and/or bonds with warrants registered in the name of the holder and/or bearer of up to a maximum of EUR 200,000,000 with a fixed or open-ended term and grant conversion or option rights to the holders and/or creditors of convertible bonds to acquire a total of up to 4,122,318 new ordinary bearer shares in Sixt Leasing SE. The bonds can be issued against cash and/or non-cash contributions. The issue can be effected by a German or foreign company in which Sixt Leasing 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, in which it has a majority interest, to take on the guarantee for repayment of the convertible and/or bond with warrants and the other payment obligations associated with the convertible and/or bond with warrants and to grant the bearers and/or creditors of such convertible and/or bond with warrants conversion or option rights for shares in Sixt Leasing SE.

By resolution of the Annual General Meeting of 1 June 2016, the company's share capital is conditionally increased by up to EUR 4,122,318 (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 up to and including 31 May 2021 on the basis of the resolution passed by the Annual General Meeting of 1 June 2016 (Authorisation 2016), by the company or a German or foreign subsidiary in which the company directly or indirectly holds 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 new shares will be issued at the option and/or conversion price to be determined in accordance with the Authorisation 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.

By resolution of the Annual General Meeting of 29 June 2017 the Managing Board was authorised, as specified in the proposed resolution, to issue until 28 June 2020 up to 1,000,000 subscription rights for up to a maximum of 1,000,000 no-par value bearer shares, in one or multiple tranches, to members of the Managing Board and executives below the Managing Board level as well as members of the governing boards of subsidiaries. As far as this affects Managing Board members, only the Supervisory Board should had been authorized accordingly.

The total volume of subscription rights was apportioned to a maximum of 500,000 subscription rights to members of the Company's Managing Board and a maximum of 500,000 subscription rights to selected Company executives below the Managing Board and members of the management of subsidiaries. Each subscription right entitled the owner to subscribe to one no-par value bearer share of the Company against payment of the exercise price and carries a term of seven years. The Company could had settled the subscription rights by granting the entitled beneficiaries either treasury shares or a cash payment instead of new shares out of the conditional capital. If the entitled beneficiaries were members of the Company's Managing Board this decision would have been taken at the sole discretion of the Supervisory Board. No use has been made of the authorization to issue the subscription rights.

In this context the Company's share capital was conditionally increased by up to EUR 1,000,000 through issuance of up to 1,000,000 new no-par value bearer shares (Conditional Capital 2017). The conditional capital increase served to service the stock option programme 2017 and only in so far, as subscription rights were issued under the stock option programme 2017 and the owners of the subscription rights used their exercise right. As at 31. December 2020 no treasury shares exist.

**Treasury shares**

By resolution of the Annual General Meeting of 8 April 2015 the Managing Board, with the consent of the Supervisory Board, was authorised to purchase the Company's own shares through 7 April 2020, up to a total of 10% of the Company's share capital at the time of the adoption or, if the respective amount is lower, of the utilisation of this authorisation. This authorisation has not been exercised.

## \4.20\ Retained earnings

| Retained earnings<br>in EUR thou. | 2020 | 2019 |
|---|---|---|
| Balance as at 1 Jan. | 9,337 | 6,071 |
| Transfer to retained earnings | 408 | 3,266 |
| Other changes | - | - |
| **Balance as at 31 Dec.** | **9,745** | **9,337** |

## \4.20\ Currency translation reserve

| Currency translation reserve<br>in EUR thou. | 2020 | 2019 |
|---|---|---|
| Balance as at 1 Jan. | 2,023 | 1,573 |
| Differences arising from the translation of the financial statements of foreign subsidiaries | 60 | 450 |
| **Balance as at 31 Dec.** | **2,083** | **2,023** |

## \4.20\ Other equity

| Other equity<br>in EUR thou. | 2020 | 2019 |
|---|---|---|
| Balance as at 1 Jan. | 62,664 | 54,346 |
| Consolidated profit | 2,173 | 21,513 |
| Dividends paid | -18,550 | -9,894 |
| Other comprehensive income | 43 | -35 |
| Transfer to retained earnings | -408 | -3,266 |
| **Balance as at 31 Dec.** | **45,922** | **62,664** |

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

\4.21\ ***Minority interests*** relate to the subscribed capital of Isar Valley S.A., Luxembourg, in which Sixt Leasing Group has a capital interest of 0%. Minority interest has decreased in the year under review from EUR -455 thousand to EUR -556 thousand due to the effective portion of the hedging relationship recognised in the other comprehensive income.

### Liabilities and provisions

\4.22\ ***Provisions for pensions*** amount to EUR 232 thousand (2019: EUR 260 thousand).

Pension schemes in the Sixt Leasing 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 Leasing offers its Swiss employees funded defined benefit plans, which are managed by an external pension fund. The pension fund is responsible for the investment policy and asset management, as well as for all changes in the plan conditions and the determination of contributions to finance the benefits. In case of underfunding the pension fund can raise additional contributions from employers and employees.

The valuation of the provisions for pensions relies on actuarial reports. The reports use the following actuarial assumptions:

| Actuarial assumptions<br>in % | 2020 | 2019 |
|---|---|---|
| Discount rate | 0.2 | 0.1 |
| Assumed salary increase | 0.5 | 0.5 |
| Assumed pension increase | - | - |
| Mortality table | BVG 2015 GT | BVG 2015 GT |

The following table shows the development of the defined benefit pension plan:

| **Development of defined benefit pension plans** | Defined benefit obligations (DBO) | | Fair value of plan assets | | Net balance of defined benefit obligations | |
|---|---|---|---|---|---|---|
| in EUR thou. | **2020** | 2019 | **2020** | 2019 | **2020** | 2019 |
| Balance as at 1 Jan. | 1,081 | 898 | 821 | 699 | 260 | 199 |
| | | | | | | |
| Additions for previous years | - | - | - | - | - | - |
| Current service costs | 101 | 93 | - | - | 101 | 93 |
| Past service cost and plan compensation | - | -28 | - | - | - | -28 |
| Net interest costs of defined benefit obligations | 1 | 8 | 1 | 7 | 0 | 2 |
| **Expenses recognised in the consolidated income statement** | **102** | **73** | **1** | **7** | **101** | **67** |
| | | | | | | |
| Gain/loss on plan assets | - | - | 30 | 11 | -30 | -11 |
| Actuarial gains/losses | | | | | | |
| Experience gains/losses | -20 | 11 | - | - | -20 | 11 |
| Changes in demographic assumptions | - | - | - | - | - | - |
| Changes in financial assumptions | -6 | 49 | - | - | -6 | 49 |
| **Remeasurement for defined benefit obligations recognised in other comprehensive income** | **-26** | **60** | **30** | **11** | **-56** | **50** |
| | | | | | | |
| Employer contributions | - | - | 74 | 65 | -74 | -65 |
| Plan participants' contributions | 74 | 65 | 74 | 65 | - | - |
| Benefits paid | -197 | -53 | -197 | -53 | - | - |
| Foreign currency translation effects | 6 | 38 | 4 | 29 | 2 | 9 |
| **Other reconciling items** | **-117** | **49** | **-45** | **105** | **-73** | **-56** |
| | | | | | | |
| **Balance as at 31 Dec.** | **1,040** | **1,081** | **807** | **821** | **232** | **260** |

The weighted average duration of the defined benefit obligation was around 19 years (2019: 19 years). Employer contributions expected to be paid for defined benefit obligations in fiscal year 2020 amount to EUR 79 thousand.

.

The pension scheme is provided through an external pension fund, which manages the plan assets. As at balance sheet date, the plan assets are attributable to other assets without quoted market prices.

### Sensitivity analysis

The sensitivity analysis assumes in each case a parallel shift of half a percentage point up and down.

This would result in the changes of values of the reported defined benefit obligations presented in the following table:

| **Sensitivity analysis of defined benefit obligations** | Changes in the defined benefit obligations | | Changes in the defined benefit obligations | |
|---|---|---|---|---|
| in EUR thou. | | **2020** | | 2019 |
| | +0.5 percentage points | -0.5 percentage points | +0.5 percentage points | -0.5 percentage points |
| Discount rate | -44 | 53 | -46 | 56 |
| Assumed salary increase | 7 | -12 | 6 | -11 |
| Assumed pension increase | 30 | -29 | 23 | -21 |

The decrease/increase of the life expectancy in the assumptions by one year respectively would result in a change of the defined benefit obligations by EUR -12 thousand / EUR 14 thousand (2019: EUR -12 thousand / EUR 13 thousand).

\4.23\ The obligations reported in the financial year under ***other provisions*** are expected to be settled in the amount of EUR 2,855 thousand within one year and in the amount of EUR 226 thousand between one and five years. They consist mainly of personnel and warranty provisions.

| **Other provisions** | | | |
|---|---|---|---|
| in EUR thou. | Personnel | Miscellaneous | **Total** |
| Balance as at 1 Jan. | 4,099 | 1,542 | 5,641 |
| Additions | 1,532 | 963 | 2,495 |
| Reversals | -535 | - | -535 |
| Utilised | -2,920 | -1,600 | -4,520 |
| Foreign exchange differences | 0 | - | 0 |
| **Balance as at 31 Dec.** | **2,176** | **905** | **3,081** |
| | | | |
| thereof non-current | - | 226 | 226 |
| thereof current | 2,176 | 679 | 2,855 |

\4.24\ ***Financial liabilities*** comprise liabilities from issued bonds, bank loans as well as liabilities from an asset backed securities programme and refinancing lease assets. As at 31 December 2019 issued borrower's note loans still existed.

| **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. 2020** | 31 Dec. 2019 | **31 Dec. 2020** | 31 Dec. 2019 | **31 Dec. 2020** | 31 Dec. 2019 |
| Borrower's note loans | - | 29,977 | - | - | - | - |
| Bonds | - | - | 248,840 | 497,131 | - | - |
| Liabilities to banks | 252,811 | 170,438 | 414,595 | 220,350 | - | - |
| Lease liabilities | 5,054 | 9,364 | 6,496 | 9,112 | 1,761 | 4,309 |
| Other liabilities | 6,335 | 5,656 | - | 1,875 | - | - |
| **Group total** | **264,201** | **215,434** | **669,931** | **728,468** | **1,761** | **4,309** |

In fiscal year 2016 non-current borrower's note loans were issued in two tranches with a total nominal value of EUR 30 million. The interest is variable for one tranche and fixed for the other tranche. The liabilities are unsecured and have a maturity of four years. The borrower's note loan from the 2016 financial year was repaid in full in the 2020 financial year.

The bonds include a EUR 250 million unsecured bond issued on the capital market in May 2018 with a nominal interest rate of 1.50% p.a. and a maturity of four years. The bond placed in the capital market in January 2017 was prematurely redeemed in fiscal year 2020. Refinancing was done especially through the Asset Backed Securities Program and credit lines granted by Santander Consumer Bank AG.

Liabilities to banks, reported as at 31 December 2020, with a residual term of one to five years, result from an asset backed securities programme, which the Sixt Leasing Group has set up to refinance leasing contracts. The programme comprises a financing volume of EUR 500 million. Under the programme variable interest rate liabilities are taken out, which are redeemable based on the amortisation schedule of the lease contract portfolio.

These loans are recognised initially at fair value, less directly attributable transaction costs. Subsequent measurement is carried out at amortised cost using the effective interest method. To mitigate interest rate risks the company concluded interest rate swap agreements over the amortisation period of the related lease contract portfolio. Furthermore loans from Santander Consumer Bank AG in the amount of EUR 90 milion drawn from granted credit lines are included.

Liabilities to banks, with a residual term of up to one year, include short-term borrowings at variable interest rates taken out by utilising the credit lines available to the Group, as well as the current portion of liabilities from the asset backed securities programme.

The liabilities to banks have been secured by transferring ownership of assets.

Other liabilities include mainly financing with other financing partners and accrued interests.

Sale and leaseback transactions concluded are recognised under other financial liabilities. These financial liabilities are secured by a retention of title by the financing partner for the financed assets.

The reconciliation of current and non-current financial liabilities is outlined below:

| **Reconciliation of financial liabilities** | | |
|---|---|---|
| in EUR thou. | **2020** | 2019 |
| **Ending balance prior year** | **948,211** | **1,026,104** |
| Adjustement according to first-time adoption of IFRS 16 | | 13,590 |
| **Balance as at 1 Jan.** | **948,211** | **1,039,694** |
| Net change in cash flows | -12,081 | -95,394 |
| Other non-cash movements | -750 | 1,980 |
| Thereof deferrals for interest | -1,045 | 1,616 |
| thereof others | 295 | 364 |
| Change in bank overdrafts (cash and cash equivalents) | 513 | 1,931 |
| **Balance as at 31 Dec.** | **935,893** | **948,211** |

\4.25\ The ***liabilities to related parties*** relate in the financial year mainly to the current transactions with affiliates companies of the Sixt Leasing SE, which are not included in the consolidated financial statements of Sixt Leasing SE. In previous year liabilities to related parties related mainly to the current transactions with Sixt SE and Sixt GmbH & Co. Autovermietung KG.

\4.26\ ***Trade payables*** comprise current liabilities arising from deliveries to the Group, mainly from the purchase of vehicles for the lease fleet, and other purchases in the course of operating activities.

\4.27\ ***Other liabilities*** are broken down as follows:

| **Other liabilities**<br>in EUR thou. | **31 Dec. 2020** | 31 Dec. 2019 |
|---|---|---|
| Financial other liabilities | | |
| Interest rate swap | 1,060 | 801 |
| Payroll liabilities | 174 | 83 |
| Miscellaneous liabilities | 12,742 | 12,549 |
| Non-financial other liabilities | | |
| Deferred income | 29,513 | 34,624 |
| Tax liabilities | 700 | 2,198 |
| **Group total** | **44,188** | **50,255** |
| | | |
| thereof current | 30,226 | 33,743 |
| thereof non-current | 13,962 | 16,513 |

The remaining other liabilities include, among other things, liabilities from customer deposits amounting to 8,970 EUR thousand (2019: 6,456 EUR thousand). Deferred income relates mostly to the deferral of income from advance payments by lessees. Deferred income from one-time lease payment is short-term in the amount of 16,754 EUR thousand (2019: 19,043 EUR thousand) with a remaining term of up to one year, and an amount of 12,758 EUR thousand (2019: 15,581 EUR thousand) is long-term with a remaining term between one and five years.

\4.28\ ***Contract Liabilities*** include downpayments for full service contracts, which involve a flat- and constant-rate settlement with the customer until the actual full service performance has been duly provided. Revenue is realised at the point in time when the specific service is provided. The further the point in time at which the full service is actually provided is postponed, the greater the contractual obligation becomes. A detailed evaluation of the disclosure required in IFRS 15.116(b) at individual contract level is not feasible with reasonable effort.

| **Contract Liabilities**<br>in EUR thou. | Opening Balance<br>1 Dec. 2019 | Change | 31 Dec. 2019 | Change | **31 Dec. 2020** |
|---|---|---|---|---|---|
| **Contract Liabilities** | 19,132 | -5,688 | 13,445 | 338 | **13,783** |

## 4.3 ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of the individual financial assets and liabilities for each single category of financial instrument. The fair value of financial assets and liabilities that are not regularly measured at fair value, but for which the fair value is to be specified, are assigned in the following table to the measurement levels of the fair value hierarchy according to IFRS 13.

| Financial instruments | IFRS 9 measurement | Measurement basis for fair value | Carrying amount | | Fair value | |
|---|---|---|---|---|---|---|
| in EUR thou. | category[1] | | **31 Dec. 2020** | 31 Dec. 2019 | **31 Dec. 2020** | 31 Dec. 2019 |
| **Non-current assets** | | | | | | |
| Financial assets | FVTPL | Level 3 | 27 | 26 | 27 | 26 |
| Finance lease receivables | IFRS 16 | | 795 | 1,027 | 824 | 1,064 |
| Interest rate derivatives | FVTPL | Level 2 | 23 | 53 | 23 | 53 |
| Other receivables | AC | | 70 | 66 | | |
| **Total** | | | **914** | **1,173** | **873** | **1,143** |
| | | | | | | |
| **Current assets** | | | | | | |
| Finance lease receivables | IFRS 16 | | 5,714 | 990 | 5,961 | 1,032 |
| Currency derivatives | FVTPL | Level 2 | - | - | - | - |
| Trade receivables | AC | | 69,173 | 80,981 | | |
| Receivables from related parties | AC | | 1,461 | 3,779 | | |
| Other receivables | AC | | 14,278 | 13,218 | | |
| **Total** | | | **90,626** | **98,968** | **5,961** | **1,032** |
| | | | | | | |
| **Non-current liabilities** | | | | | | |
| Bonds | AC | Level 2 | 248,840 | 497,131 | 256,912 | 513,076 |
| Liabilities to banks | AC | Level 2 | 414,595 | 220,350 | 408,583 | 217,315 |
| Lease liabilities | IFRS 16 | | 8,258 | 13,421 | | |
| Interest rate derivatives | Hedge Accounting | Level 2 | 1,060 | 801 | 1,060 | 801 |
| Other financial liabilities | AC | | - | 1,875 | - | 1,876 |
| Other liabilities | AC | | 143 | 130 | | |
| **Total** | | | **672,896** | **733,708** | **666,555** | **733,068** |
| | | | | | | |
| **Current liabilities** | | | | | | |
| Borrower's note loans | AC | Level 2 | - | 29,977 | | |
| Liabilities to banks | AC | Level 2 | 252,811 | 170,438 | 253,556 | 170,966 |
| Lease liabilities | IFRS 16 | | 5,054 | 9,364 | | |
| Liabilities to related parties | AC | Level 2 | 21 | 3,284 | | |
| Currency derivatives | FVTPL | Level 2 | 106 | 54 | 106 | 54 |
| Other financial liabilities | AC | | 6,335 | 5,656 | | |
| Trade payables | AC | | 47,849 | 44,583 | | |
| Financial other liabilities | AC | | 26,642 | 25,909 | | |
| **Total** | | | **338,820** | **289,265** | **253,662** | **171,021** |

1 *FVTPL - Fair value through profit or loss, AC - At amortised cost*

The financial instruments in above table are classified into three levels depending on the measurement basis. Level 1 measurements are based on prices quoted in active markets. Level 2 measurements are based on parameters other than quoted prices that are observable either directly as prices or are indirectly derived from prices. Level 3 measurements are based on models that use parameters that are not based on observable market data, but rather on assumptions.

There have been no transfers between the individual measurement levels.

Due to factors that change in the course of time, the reported fair values can only be regarded as indicative of the values actually realisable on the market. The fair values of the financial instruments were calculated on the basis of market data available at the balance sheet date and the methods and assumptions described below.

For all current financial instruments it was assumed that the carrying amount (amortised cost) is a reasonable approximation of fair value unless not specified otherwise in the table.

The fair values of the finance lease receivables reported as assets and the borrower's note loans, bonds, finance lease liabilities, liabilities to banks and liabilities to related parties reported as liabilities were calculated as the present values of the future expected cash flows. Standard market interest rates of between - 0.0 % p.a. and 1.4% p.a. (2019: between -0,0 % p.a. and 2.0 % p.a.) based on the respective maturities were used for discounting.

Finance lease receivables and lease liabilities are measured in accordance with IFRS 16.

In the year under review, financial assets are allocated to the FVTPL measurement category and are valued on the basis of the net assets value. The net gain recognised in profit or loss resulted from the fair value measurement amounts to EUR 0 thousand (2019: EUR 100 thousand). At present there is no intention to dispose these equity instruments.

Net gains from financial assets on the AC measurement category (measured at amortised cost) amount to EUR 518 thousand (2019: EUR 626 thousand) and relate to income from payments received on receivables previously written off.

As in the previous year, there were no net gains or losses in the financial year on financial liabilities measured at amortised cost (AC measurement category).

Total interest income from financial assets not measured at fair value through profit or loss amounts to EUR 379 thousand (2019: EUR 283 thousand). This includes interest income from finance lease in the amount of EUR 242 thousand (2019: EUR 180 thousand). Total interest expense on financial liabilities not measured at fair value through profit or loss amounts to EUR 11,283 thousand (2019: EUR 12,062 thousand). This includes interest expense from payments of interest derivatives in a hedging relationship in the amount of EUR 991 thousand (2019: EUR 843 thousand).

The interest rate and currency derivatives are subsequently measured at fair value (level 2 measurement). As at balance sheet date, assets from interest rate derivatives amounted to EUR 23 thousand (2019: EUR 53 thousand). Financial liabilities from interest rate derivatives amounted to EUR 1,060 thousand (2019: EUR 801 thousand). The assets from interest rate derivatives were not in a cash flow hedge relationship in the previous year. All in all, a volume of EUR 500 million (2019: EUR 380 million) is hedged with interest rate derivatives carrying fixed interest rates between -0.6% p.a. and 0.0% p.a. (2019: between -0.6% p.a. and 0.0% p.a.) and remaining term of up to four years (2019: five years). Of these, EUR 499 million (2019: EUR 378 million) are in a cash flow hedge relationship according to IFRS 9. The variable interest rate is based on the 1-monthly Euribor.

As at 31 December 2020, the Company held interest rate derivatives to hedge interest payment flows (interest rate risk). The following table presents the impact of the hedging instruments on the amount, timing and uncertainty of future cash flows and the effects of the recognition of hedging instruments on the financial statements.

| **Profile of timing** | | | | | |
|---|---|---|---|---|---|
| in EUR thou. | 31 Dec. 2020 | 31 Dec. 2021 | 31 Dec. 2022 | 31 Dec. 2023 | 31 Dec. 2024 |
| Nominal amount of the hedging instrument | 498,687 | 322,421 | 180,195 | 63,641 | 3,570 |
| Average of fixed interest rate | -0.379% | -0.437% | -0.489% | -0.513% | -0.531% |

| **Amounts of designated hedging instruments in balance sheet and hedging ineffectiveness** | | | **31 Dec. 2020** | | | **Financial year 2020** |
|---|---|---|---|---|---|---|
| in EUR thou. | Nominal amount | Carrying amount of liability | Balance sheet line item | Changes in value recognized in other comprehensive income | Losses from ineffectiveness recognised in profit or loss | Profit or loss line item for ineffectiveness |
| | 498,687 | 1,060 | Other non-current liabilities | -112 | 147 | Net finance costs |

**Sensitivity analysis**

The sensitivity analysis assumes a parallel shift in the yield curves of +100/-100 basis points for **variable-rate financial liabilities.** Taking into account the existing interest rate derivatives this would result in changes in equity and profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant and does not include any tax effects. The variable-rate borrower's note loans were redeemed in total in fiscal year 2020.

| **Interest rate sensitivity** | Effect on profit and loss<br>Change in the yield curves | | Effect on equity<br>Change in the yield curves | |
|---|---|---|---|---|
| in EUR thou. | +100 basis points | -100 basis points | +100 basis points | -100 basis points |
| 31 Dec. 2020 | - | - | - | - |
| 31 Dec. 2019 | -142 | - | -142 | - |

The sensitivity analysis for the reported **interest rate derivatives** assumes a parallel shift in the yield curves of +100/-100 basis points. This would result in a change in the reported fair values (other non-current assets/other non-current liabilities) of EUR 5,633 thousand / EUR - 6,455 thousand (2019: EUR 5,385 thousand / EUR - 4,806 thousand).

The sensitivity for the reported **currency derivatives** assumes a change in the EUR exchange rate of +10/-10 percentage points. The reported values as at 31 December 2019 (other current assets/other current liabilities) would then change by EUR 2,348 thousand / EUR - 2,634 thousand (2019: EUR 3,155 thousand / EUR - 3,192 thousand).

All in all, given aforelisted changes to valuations from interest rate and currency exchange risks, this would result in a change in equity, profit and loss and other comprehensive income in the amounts shown in the following table:

| **Sensitivity of interest and exchange rate risks** | Effect on profit and loss<br>Change in exchange rates and yield curves | | Effect on other comprehensive income<br>Change in exchange rates and yield curves | | Effect on equity<br>Change in exchange rates and yield curves | |
|---|---|---|---|---|---|---|
| in EUR thou. | | | | | | |
| 31 Dec. 2020 | 2,662 | -2,695 | 5,319 | -5,695 | 7,981 | -9,089 |
| 31 Dec. 2019 | 3,888 | -3,772 | 4,510 | -4,226 | 8,398 | -7,998 |

**Financial risk management and hedging**
The Sixt Leasing Group is exposed to the following financial risks, which are addressed through the risk management system that has been implemented.

Sixt Leasing SE has implemented an internal control and risk management system throughout the Group designed to identify at an early stage all developments that can lead to significant losses or endanger the existence of the Company or of the Group. Efficient tools ensure that risks are centrally and decentrally identified, evaluated and managed swiftly. The risk management system covers all activities for the systematic handling of potential risks, starting with risk identification and documentation, analysis and assessment through to the management and monitoring of material risks. It is defined by a formal process that firmly integrates all relevant Group divisions and segments. The risk management system installed thereby registers the relevant individual risks.

The internal audit department monitors and evaluates the efficiency of the risk management system.

Moreover, risk management is handled in accordance with the principle of segregation of duties and monitoring. Financial risks are thereby identified, evaluated and secured in collaboration with the operating units. Management has prepared a written risk management manual and has defined guidelines for certain areas such as interest rate risks, counterparty default risks, residual value risks and liquidity risks.

**Interest rate risk**
Interest rate risk arises from the Group's operating activities. Changes in prevailing interest rates impact the profitability of the Group's leasing business, as the interest rates underlying the lease instalments are set for the term of the lease at the beginning of the lease agreement. In its dealings with corporate customers, the Group generally tries to counter such interest rate risk by including interest escalation clauses in individual framework agreements that apply to all new leasing contracts concluded under such framework agreements. In addition, the interest rate risk is kept to a minimum by borrowing funds with matching maturities.

The Sixt Leasing Group is also exposed to risk arising from variable interest rate liabilities. The Group is exposed to the interest rate risk resulting from lease contracts being based on fixed interest rates and external financing partly being based on floating interest rates. Differences between fixed interest rates under lease contracts and floating interest rates paid for borrowed funds create a risk of wider spreads between financial revenues and financial costs which, if negative, may lead to losses on the Group's lease contracts.

While the Sixt Leasing Group enters into derivative contracts to hedge its interest rate exposure, there can be no guarantee that such hedge will be effective or that losses will be completely avoided.

Increased costs of borrowings may have a material impact on the Group's cost base, which the Group may not be able to pass on to the same degree to the Group's customers.

It needs to be considered that the financing behaviour of financial institutions may change significantly due to ongoing structural changes in the credit industry, for example higher capital requirements or changes in the weighting of risks. Depending on the development of Sixt Leasing Group's own creditworthiness, external financing might become more costly. This is particularly important as the Sixt Leasing Group also enters into variable interest rate liabilities. In addition this also relevant for the extension and renewal of financing.

**Market price risk**
The market price risk describes the danger of a loss caused by changes to market prices. For Sixt Leasing SE it is especially the residual values of leasing vehicles that are subject to the market price risk.

To counteract the market price risk involved in the disposal of vehicles within the Sixt Leasing Group the residual values of the vehicles included in the calculation of the leasing contract are hedged partly by buyback agreements with dealers or manufacturers depending on market conditions.

When it comes to the marketing of used leasing vehicles the Sixt Leasing Group is also dependent on developments of the used-car market, particularly in Germany. The vehicles to be disposed of by the Sixt Leasing Group on the used-vehicle market undergo regular valuation tests, which are based on the Group's own experience and monitoring of the market. The remarketing of these vehicles is executed via multistage process. Vehicles that are not sold under a buyback agreement to a manufacturer or dealer at the end of their leasing contract, are offered via an online auction platform to registered dealers. If after the end of an auction period Sixt Leasing reckons from its own sales experiences that a specific vehicle could achieve a price above the highest offer from the auction if it was offered on the used vehicle stations operated jointly with Sixt SE Group, this vehicle will be transferred to these stations. Sales specialists at the three German Company-owned sites as well as the site in Garching of SL Car Sales GmbH, a subsidiary of Sixt SE, take care of marketing the vehicles to end customers.

The Managing Board is closely monitoring the developments surrounding the emissions issue at the Volkswagen Group and other potentially affected manufacturers. For a certain part of the affected vehicles in the portfolio of the Sixt Leasing Group there are no buyback agreements with dealers or manufacturers in place. The Managing Board is also keeping a close eye on the political discussion regarding new emission stipulations for diesel-powered vehicles and potential driving bans in selected German cities for diesel-powered vehicles with Euro-5 standards and below. In this context, the residual value risk could increase for the Sixt Leasing Group, whilst the sales proceeds could fall below expectation.

**Counterparty default risk**
The counterparty default risk arises if lessees and fleet management customers fail to meet their payment obligations fully or partly during the contract term or if vehicle suppliers cannot fulfil their buyback agreements towards Sixt Leasing SE, resulting in payment defaults.

To reduce the counterparty default risk, credit assessments are carried out in accordance with internal guidelines prior to the contract conclusion. Furthermore, creditworthiness of customers is regularly monitored during the lease period. This precautionary measure helps to avoid and/or mitigate future risks arising from the customer relationship.

Also when selecting the vehicles dealers, Sixt Leasing Group pays high attention to their economic stability. The vehicles dealers are subject to regular and strict creditworthiness reviews. Should contractual partners not be able to meet their repurchase commitments, Sixt Leasing Group would be forced to sell the vehicles directly in the used car market.

Deposits with banks consist only to a small extent of deposits available on demand. The ratings of the banks are monitored on an ongoing basis. The default risk is estimated to be negligible on the basis of the awarded external ratings.

The risk measurement and control systems as well as the organisation of the credit risk management of Sixt Leasing SE comply with the minimum requirements for risk management of banks and financial institutions (MaRisk) as defined by Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – Federal Financial Supervisory Authority).

For expected default risks a valuation allowance is recognised. The relevant receivable is written-off when the recovery is no longer expected.

Overall there are no significant risk concentrations.

### Analysis of trade receivables

The trade receivables are classified in the following table:

| Analysis of trade receivables by risk class | Gross receivables | Impairments | Net receivables |
|---|---|---|---|
| in EUR thou. | | | 31 Dec. 2020 |
| very low | 35,802 | 70 | 35,732 |
| low | 31,830 | 542 | 31,287 |
| highly increased | 5,856 | 3,702 | 2,153 |
| **Total** | **73,487** | **4,314** | **69,173** |

| Analysis of trade receivables by risk class | Gross receivables | Impairments | Net receivables |
|---|---|---|---|
| in EUR thou. | | | 31 Dec. 2019 |
| very low | 38,433 | 73 | 38,360 |
| low | 40,532 | 478 | 40,054 |
| highly increased | 7,932 | 5,365 | 2,567 |
| **Total** | **86,896** | **5,915** | **80,981** |

*Prior-year comparative information has not been adjusted*

Trade receivables predominantly comprise receivables from Leasing and Fleet Management end-customers of the Sixt Leasing Group and receivables from suppliers relating to the sale of used vehicles as part of their buyback commitments, or commercial and private buyers as part of the sale on the open market.

The maximum default amount is the reported carrying amount of the net receivable less collected collaterals (e.g. customer-security deposits in the amount of 8,916 EUR thousand). No credit derivatives or similar hedging instruments were used to cover credit risk in the period under review. Part of the receivables are secured through customer deposits.

The Group applies the simplified approach for impairment described in IFRS 9, whereby an impairment allowance in the amount of expected credit losses over the lifetime of the receivable is recognised for all instruments irrespective of their credit quality. To measure the expected credit losses, parameters such as customer group, credit quality and transaction type are used. For individual combinations of the aforementioned parameters different rates in accordance with the management expectations are applied to determine the impairment allowances. Due to the use of the simplified approach the changes in the allowance account 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.

In the fiscal year the allowance account for trade receivables developed as follows:

| Change in the allowance account for trade receivables<br>in EUR thou. | Balance as at<br>1 Jan. 2020 | Change | Balance as at<br>31 Dec. 2020 |
|---|---|---|---|
| Impairments | 5,915 | -1,601 | 4,314 |

| Change in the allowance account for trade receivables<br>in EUR thou. | Balance as at<br>1 Jan. 2019 | Change | Balance as at<br>31 Dec. 2019 |
|---|---|---|---|
| Impairments | 7,722 | -1,807 | 5,915 |

In both fiscal years, 2020 and 2019, already in the respective prior year adjusted receivables were derecognized after exceeding aging thresholds or receiving final notice of default, whereby the allowance for trade receivables decreased

**Analysis of other receivables from insurances in the other assets**
The gross receivables amounted to EUR 9,400 thousand (2019: EUR 14,182 thousand), the allowance to EUR 764 thousand (2019: EUR 1,211 thousand), so that the resulting net receivables amounted to EUR 8,636 thousand (2019: EUR 12,971 thousand). The maximum default amount is the reported carrying amount of the net receivable. The other receivables from insurances are attributable to the risk class 'increased'.

| Change in the allowance account for other assets<br>in EUR thou. | Balance as at<br>1 Jan. 2020 | Change | Balance as at<br>31 Dec. 2020 |
|---|---|---|---|
| Impairments | 1,211 | -447 | 764 |

| Change in the allowance account for other assets<br>in EUR thou. | Balance as at<br>1 Jan. 2019 | Change | Balance as at<br>31 Dec. 2019 |
|---|---|---|---|
| Impairments | 2,951 | -1,740 | 1,211 |

In the fiscal year under review the expenses from write-down of trade receivables and write-down of receivables from insurances amounted to EUR 7,133 thousand (2019: EUR 5,700 thousand). The already in prior year adjusted receivables were derecognized when they exceed a certain age in the current-financial year, whereby the expenses increased. Oppositely the adjustments for those gross receivables, as was illustrated above, became obsolete.

**Liquidity risk**
Liquidity risk is the risk that existing liquidity reserves are not sufficient to meet the Group's financial obligations as they fall due. The Group's approach to managing liquidity is to ensure by liquidity planning that the Group always has sufficient liquidity to meet its obligations when due, under both normal and stressed conditions.

In the future, the refinancing of the Sixt Leasing Group will be essentially dependent on self-financing through operative cash flows or the ability to borrow external funds on the debt capital markets. With regard to debt financing opportunities, it needs to be considered that the financing behaviour of the financial institutions may change significantly due to the ongoing structural changes which can be observed in the credit industry, for example as a result of higher capital requirements in the credit business or changes in the weighting of risks.

Depending on the development of Sixt Leasing Group's own credit standing, external financing might therefore not or only under unfavourable conditions be obtained. In this context, it should be noted that the Sixt Leasing Group currently has not assigned any external rating agency with a credit rating. However as common in the leasing industry asset-based financing opportunities (e. g. forfeiting or securitisation of leasing receivables) will be available to Sixt Leasing Group. The Sixt Leasing Group made use of this for the first time in 2016 and set-up an asset backed securities (ABS) programme in mid-2016. The revolving period was extended until yearend 2021. The repayment depends on the duration of the sold lease receivables and expectancy rights.

**Analysis of the repayment amounts of financial liabilities and liabilities to related parties**

The following table includes the repayment amounts (including assumed future interest payable) at their respective maturities.

| **Repayment amounts by maturity**<br>in EUR thou. | Borrower's note loans | Bonds | Liabilities to banks | Lease liabilities | Other financial liabilities | Total |
|---|---|---|---|---|---|---|
| 2021 | - | 3,750 | 253,980 | 5,168 | 3,606 | 266,505 |
| 2022 | - | 253,730 | 195,001 | 2,164 | - | 450,895 |
| 2023 | - | - | 136,990 | 1,928 | - | 138,918 |
| 2024 | - | - | 80,183 | 1,613 | - | 81,796 |
| 2025 and later | - | - | 3,574 | 2,838 | - | 6,412 |
| **31 Dec. 2020** | **-** | **257,480** | **669,728** | **13,712** | **3,606** | **944,526** |

| **Repayment amounts by maturity**<br>in TEUR | Borrower's note loans | Bonds | Liabilities to banks | Lease liabilities | Other financial liabilities | Total |
|---|---|---|---|---|---|---|
| 2020 | 30,265 | 6,563 | 171,201 | 9,364 | 173 | 217,566 |
| 2021 | - | 256,563 | 114,669 | 4,702 | 1,875 | 377,808 |
| 2022 | - | 253,750 | 70,275 | 1,688 | - | 325,712 |
| 2023 | - | - | 34,371 | 1,509 | - | 35,879 |
| 2024 and later | - | - | 1,876 | 5,523 | - | 7,399 |
| **31 Dec. 2019** | **30,265** | **516,875** | **392,391** | **22,785** | **2,048** | **964,365** |

The financial liabilities maturing in 2021 will largely be repaid by the usage of asset backed security transactions as well as the utilisation of bank credit lines.

**Analysis of the repayment amounts of interest rate and currency derivatives**

| **Repayment amounts by maturity**<br>in EUR thou. | Interest rate derivatives | Currency derivatives | Total |
|---|---|---|---|
| 2021 | -720 | -106 | -826 |
| 2022 | -301 | | -301 |
| 2023 | -34 | | -34 |
| 2024 | 15 | | 15 |
| 2025 and later | 1 | | 1 |
| **31 Dec. 2020** | **-1,038** | **-106** | **-1,144** |

| Repayment amounts by maturity | Interest rate derivatives | Currency derivatives | Total |
|---|---|---|---|
| in EUR thou. | | | |
| 2020 | -641 | -54 | -695 |
| 2021 | -219 | - | -219 |
| 2022 | 55 | - | 55 |
| 2023 | 55 | - | 55 |
| 2024 and later | 3 | - | 3 |
| **31 Dec. 2019** | **-747** | **-54** | **-801** |

### Exchange rate and country risk

Exchange rate risk is of only minor significance in the Sixt Leasing Group, as the vast majority of receivables and liabilities are due in the local currency of the country in which the respective Group company is based. There are almost no country risks at present.

### Capital management

The Sixt Leasing Group manages the Group's capital with the goal of creating a financial profile that supports the Group's growth targets, while providing the necessary financial flexibility and diversification. Thereby it is ensured that all Group companies can operate on the basis of the going concern assumption.

The basis of the Group's financial profile is the equity provided by the parent's investors. As at the balance sheet date, the Group's equity ratio was 16.4% (2019: 17.2%). Other key elements of the Group's financial profile are the financial instruments reported in non-current and current financial liabilities (bonds, bank loans as well as liabilities from the asset backed securities programme and finance lease liabilities). The proportion of total assets accounted for by these non-current and current liabilities amounted to 72.2% (2019: 71.4%).

## 5. OTHER DISCLOSURES

### 5.1 SEGMENT REPORTING

| By Business Unit | | Leasing | | Fleet Management | | Consolidation | | Group |
|---|---|---|---|---|---|---|---|---|
| in EUR million | **2020** | 2019 | **2020** | 2019 | **2020** | 2019 | **2020** | 2019 |
| External revenue | 642.1 | 722.6 | 105.6 | 101.8 | - | - | 747.7 | 824.4 |
| Internal revenue | -0.0 | 0.0 | 0.2 | 0.0 | -0.2 | -0.0 | - | - |
| Total revenue | 642.1 | 722.6 | 105.8 | 101.9 | -0.2 | -0.0 | 747.7 | 824.4 |
| Fleet expenses and cost of lease assets[1] | 380.7 | 446.2 | 93.1 | 90.8 | -0.0 | -0.0 | 473.8 | 536.9 |
| EBITDA[2] | 208.3 | 228.7 | 3.1 | 4.0 | - | - | 211.4 | 232.7 |
| Depreciation and amortisation expense | 191.2 | 191.3 | 0.0 | 0.0 | - | - | 191.2 | 191.3 |
| EBIT[3] | 17.1 | 37.4 | 3.1 | 4.0 | - | - | 20.2 | 41.3 |
| Interest income | 0.5 | 0.4 | 0.0 | 0.0 | -0.2 | -0.1 | 0.4 | 0.3 |
| Interest expense | -11.3 | -12.1 | -0.2 | -0.1 | 0.2 | 0.1 | -11.3 | -12.1 |
| Other net financial income | -0.2 | -0.2 | - | -0.1 | - | - | -0.2 | -0.3 |
| Net finance costs | -10.9 | -11.9 | -0.2 | -0.2 | - | 0.0 | -11.1 | -12.0 |
| Result from at-equity measured investments | 0.0 | 0.0 | - | -0.1 | - | - | 0.0 | -0.1 |
| EBT[4] | 6.2 | 25.5 | 2.9 | 3.8 | - | - | 9.1 | 29.3 |
| Investments | 443.2 | 413.9 | 0.0 | 0.1 | - | - | 443.2 | 414.1 |
| Assets | 1,280.4 | 1,310.8 | 22.7 | 29.9 | -9.3 | -15.9 | 1,293.9 | 1,324.9 |
| Liabilities | 1,032.7 | 1,052.6 | 21.7 | 28.7 | -9.1 | -15.7 | 1,045.2 | 1,065.7 |
| Employees[5] | 606 | 572 | 87 | 71 | - | - | 693 | 643 |

| By region | | Germany | | International | | Reconciliation | | Group |
|---|---|---|---|---|---|---|---|---|
| in EUR million | **2020** | 2019 | **2020** | 2019 | **2020** | 2019 | **2020** | 2019 |
| Total revenue | 679.6 | 750.3 | 68.1 | 74.2 | - | - | 747.7 | 824.4 |
| Investments | 403.8 | 378.2 | 39.4 | 35.8 | - | - | 443.2 | 414.1 |
| Assets | 1,356.1 | 1,363.4 | 703.5 | 557.5 | -765.8 | -596.0 | 1,293.9 | 1,324.9 |

1 *The leasing segment includes write-downs on lease assets intended for sale in the amount of EUR 0.0 million (2019: EUR 0.6 million).)*
2 *Corresponds to earnings before interest, taxes, depreciation and amortisation (EBITDA)*
3 *Corresponds to earnings before interest and taxes (EBIT)*
4 *Corresponds to earnings before taxes (EBT)*
5 *Annual average*

The Sixt Leasing Group is active in the business areas Leasing and Fleet Management. Resources are allocated and the Group's performance is assessed by the Managing Board on the basis of these segments (management approach). The key parameter for the assessment of the performance by the Managing Board are the earnings before taxes (EBT) of the segments.

The geographic information analyses the Group's revenue, the Group's investments and the Group's assets by Group Company's country of domicile.

Segment reporting is based on the accounting and valuation principles in the consolidated financial statements. Receivables, liabilities, income and expenses between the segments are eliminated in the reconciliation to the Group figures. Group assets and liabilities do not recognise any tax positions.

## 5.2 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

**Contingent Liabilities**

At the end of the fiscal year there were contingencies from guarantees or similar obligations in the amount of EUR 11.2 million (2019: EUR 10.6 million).

**Other financial obligations**

Purchase commitments resulting from concluded agreements at the respective balance sheet date concerning vehicle deliveries for the lease fleet in the coming year amount to around EUR 161.3 million (2019: EUR 235.2 million).

## 5.3 SHARE BASED PAYMENTS

In the year under review, the Sixt SE Group had implemented an employee equity participation programme (Matching Stock Programme – MSP 2012), which had also been open for the participation of employees of Sixt Leasing Group, which was basically not influenced by Hyundai Capital Bank Europe GmbH. From the perspective of Sixt Leasing Group the programme classifies as cash-settled share-based payment programme.

According to the previous conditions, on each 1st of December every year from 2012 (first time) to 2017 (last time) one tranche of stock options have been allocated (a total of six tranches). In November 2018, the Managing Board and Supervisory Board of Sixt SE decided to extend the MSP 2012 by allocating one further tranche to a total of seven tranches. There was no allocation of stock options for employees of the Sixt Leasing Group in 2018, 2019 and 2020. The personnel expenses for the programme are measured at each measurement date by means of a Monte Carlo simulation model.

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. Assuming that the price of the 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.

In 2020, the Sixt Leasing Group recognised personnel expenses of EUR 76 thousand (2019: EUR 43) thousand in connection with share-based payments and presented this amount under personnel provisions (31 Dec. 2020: EUR 75 thousand, 2019: EUR 95 thousand).

## 5.4 RELATED PARTY DISCLOSURE

For the period beginning as at 1 January 2020 and ending as at 15 July 2020, related party transactions includes transactions between Sixt Leasing Group and Sixt SE and its direct and indirect subsidiaries, Sixt SE Groups' associated companies and joint ventures. Since 16 July 2020 related party transactions includes transactions between Sixt Leasing Group and Hyundai Capital Bank Europe GmbH as well as its related party Banco Santander S.A., Spain including its direct and indirect subsidiaries, associated companies and joint ventures and Hyundai Motor Company, Seoul, Korea including its direct and indirect subsidiaries, associated companies and joint ventures.

In fiscal year 2020, for the period beginning as at 1 January 2020 and ending as at 15 July 2020, the parent company of Sixt Leasing SE was Sixt SE. Since 16 July 2020 the parent company of Sixt Leasing SE is Hyundai Capital Bank Europe GmbH. Sixt Mobility Consulting Österreich GmbH and Sixt Mobility Consulting SARL are indirect, non-consolidated subsidiaries of Sixt Leasing SE. SXT Leasing Verwaltungs GmbH is a direct, non-consolidated subsidiary of Sixt Leasing SE. Until 15 July 2020 further related parties are group-entities of Sixt SE Group and thus affiliated companies of Sixt Leasing SE. Since 15 July 2020 further related parties are group-entities of Banco Santander S.A., Spain as well as group-entities of Hyundai Motor Company, Seoul, Korea.

The following provides an overview of significant transactions and account balances arising from such relationships.

| Related parties until 15 Jul. 2020 | Services rendered | | Services used | | Receivables from related parties | | Liabilities to related parties | |
|---|---|---|---|---|---|---|---|---|
| in EUR million | **until 15 Jul. 2020** | 2019 | **until 15 Jul. 2020** | 2019 | **15 Jul. 2020** | 31 Dec. 2019 | **15 Jul. 2020** | 31 Dec. 2019 |
| Sixt GmbH & Co. Autovermietung KG | 2.5 | 10.7 | 3.6 | 7.1 | 4.0 | 1.9 | 3.6 | 1.9 |
| Sixt SE | 0.3 | 0.7 | 0.6 | 1.4 | [1] | 0.1 | 0.6 | 0.3 |
| TOV 6-Systems | - | - | 0.7 | 1.0 | - | - | 0.6 | 0.2 |
| SL Car Sales GmbH | [1] | 0.1 | 0.3 | 0.7 | [1] | [1] | 0.3 | 0.1 |
| Sixt GmbH, München | 0.3 | 0.7 | - | - | 0.1 | 0.6 | - | 0.4 |
| Sixt SAS, Avrigny | - | - | 0.2 | 0.4 | - | - | [1] | 0.1 |
| Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Delta Immobilien KG | - | - | 0.5 | 0.2 | - | - | - | 0.1 |
| SXT Dienstleistungen GmbH & Co. KG | 0.1 | 0.1 | [1] | 0.1 | [1] | 0.1 | 0.1 | 0.1 |
| SXT Reservierungs- und Vertriebs-GmbH & Co. KG | 0.1 | 0.2 | [1] | [1] | [1] | [1] | [1] | [1] |
| Sixt rent-a-car AG, Basel | - | [1] | [1] | 0.1 | - | [1] | [1] | [1] |
| Sixt G.m.b.H., Vösendorf | - | - | [1] | 0.1 | - | - | [1] | [1] |
| Sixt Air GmbH | [1] | [1] | - | [1] | - | - | - | - |
| SXT Telesales GmbH | [1] | [1] | [1] | [1] | [1] | [1] | [1] | [1] |
| Sixt Chauffeur Reservation Systems GmbH & Co. KG | [1] | [1] | - | [1] | [1] | [1] | - | [1] |
| Sixt S.A.R.L Monaco | - | - | - | [1] | - | - | - | - |
| Sixt B.V., Hoofddorp | - | - | [1] | [1] | - | - | [1] | [1] |
| Sixt Executive GmbH | [1] | [1] | - | - | - | - | - | - |
| Sixt Belgium BVBA | - | - | - | [1] | - | - | - | - |
| Sixt rent a car srl | - | - | - | [1] | - | - | - | - |

[1] *Amount less than EUR 0.1 million*

| Related parties since 16 Jul. 2020 | Services rendered | | Services used | | Receivables from related parties | | Liabilities to related parties | |
|---|---|---|---|---|---|---|---|---|
| in EUR million | **since 16 Jul. 2020** | 2019 | **since 16 Jul. 2020** | 2019 | **31 Dec. 2020** | 31 Dec. 2019 | **31 Dec. 2020** | 31 Dec. 2019 |
| Hyundai AutoEver Europe GmbH | - | - | 0.4 | - | - | - | 0.5 | - |
| Hyundai Motor Deutschland GmbH | - | - | [1] | - | - | - | - | - |
| Hyundai Motor Europe Technical Center GmbH | [1] | - | - | - | [1] | - | - | - |
| Banco Santander International SA, Schweiz | 0.1 | - | - | - | [1] | - | - | - |
| Santander Consumer Bank AG, Deutschland | - | - | 0.2 | - | [1] | - | 140.0 | - |

[1] *Amount less than EUR 0.1 million*

Until 15 July 2020 the Sixt Leasing Group had entered into various outsourcing agreements with related parties of Sixt SE. Sixt GmbH & Co. Autovermietung KG as well as other subsidiaries of the Sixt SE group provide Sixt Leasing group with rental vehicles in terms of replacement vehicles. Additionally, until 15 July 2020, Sixt Leasing group has outsourced individual operative and administrative support services to Sixt GmbH & Co. Autovermietung KG and other subsidiaries of the Sixt SE group. With the acquisition of all shares in Sixt Leasing SE owned by Sixt SE from Hyundai Capital Bank Europe GmbH, these outsourcing agreements were terminated. Concerned were mainly IT services. Furthermore the Sixt Leasing group rents business premises from subsidiaries of the Sixt SE group. These contracts are still effective after the acquisition.

As part of the acquisition of Sixt Leasing SE by Hyundai Capital Bank Europe GmbH (HCBE), the following contracts were concluded with Sixt SE and other direct and indirect subsidiaries of Sixt SE. With the settlement of the voluntary takeover offer by Hyundai Capital Bank Europe (HCBE) on 15 and 16 July 2020 respectively, these contracts entered into force. A Transitional Services and Separation Support Agreement IT was agreed which essentially guarantees continued provision of the previous IT services for a transitional period and governs the separation of IT infrastructure and IT applications at the same time. The agreement has been concluded in arm’s length and provides for remuneration based on usage as well as remuneration payable upon successful completion. The acquisition of essential parts of the business operations of SL Car Sales GmbH, Garching, as well as assets attributable to these business operations, and specific contracts was agreed in a sales and transfer agreement. The at arm’s length price is EUR 2.1 million and is based on an external valuation. So far Sixt Leasing group had an agreement with SL Car Sales GmbH to market on behalf and for the account of the Sixt Leasing Group the returned vehicles of the Sixt Leasing Group. The agreement was terminated in connection with the acquisition. Since then Sixt Leasing SE oversees the marketing of used leasing vehicles itself at the two sites acquired in this context.

Furthermore, a license agreement was concluded concerning the use of trademarks, company logos, business equipment including corporate design and internet domains for a period of five years, as off the closing of the transaction. The at arm’s length remuneration is based on specific net revenues, equal the previous agreement.

Sixt Leasing group still provides Sixt GmbH & Co. Autovermietung KG and other Sixt SE group companies with lease vehicles, petrol cards and other services for its employees and petrol cards for the station network of Sixt GmbH & Co. Autovermietung KG.

After closing of the transaction Sixt Leasing SE concluded a "Credit Facility Agreement" with Banco Santander Consumer Bank AG. As at reporting date loans in the total amount of EUR 140 million were drawn from this facility. The loans have redemption terms up to four years.

With Hyundai AutoEver Europe GmbH, Germany an agreement was concluded, that stipulates the future delivery of IT-infrastructure hardware.

All outstanding balances with related parties concerning Intra-Group transactions, which are separately disclosed, are priced on contractual agreements. No expenses have been recognised in the current or previous year for default risks of amounts owed by related parties. The presented business relations are conducted at arm's length terms.

## The Supervisory Board and Managing Board of Sixt Leasing SE

| Supervisory Board | Membership of supervisory boards and other comparable supervisory bodies of business enterprises |
|---|---|
| **Jochen Klöpper**<br>Chairman (since 5 August 2020)<br>Chief Risk Officer of Santander Consumer Bank AG<br>Vienna, Austria | Chairman of the Supervisory Board of Hyundai Capital Bank Europe GmbH (HCBE)<br>Member of the Administrative Board West of the Schufa Holding AG |
| **Erich Sixt**<br>Chairman (until 15 July 2020)<br>Chairman of the Managing Board of Sixt SE<br>Grünwald, Germany | Chairman of the Supervisory Board of e-Sixt GmbH & Co. KG[1] |
| **Hyunjoo Kim**<br>Deputy Chairman (since 5 August 2020)<br>Chairman of Fubon Hyundai Life und dem Korea Credit Bureau<br>Seoul, South Korea | Member of the Supervisory Board of Hyundai Capital Bank Europe GmbH |
| **Prof. Dr. Marcus Englert**<br>Deputy Chairman (until 31 July 2020)<br>Associate Partner and Managing Director of<br>Solon Management Consulting GmbH & Co. KG<br>General Partner of Texas Atlantic Partners GmbH<br>Munich, Germany | Chairman of the Supervisory Board of Rocket Internet SE<br>President of the Administrative Board of European Directories Midco S.à.r.l.<br>Member of the Administrative Board of Zattoo Europa AG (since 1. April 2019)<br>Member of the Supervisory Board of Sunweb Group B.V. (since 1. March 2019) |
| **Dr. Julian zu Putlitz**<br>Member<br>Chief Financial Officer of IFCO Systems Group<br>Pullach im Isartal, Germany | |

| Managing Board | Membership of supervisory boards and other comparable supervisory bodies of business enterprises |
|---|---|
| **Michael Ruhl**<br>Chairman<br>Munich, Germany | Member of the Administrative Board of Sixt Leasing (Schweiz) AG<br>Member of the Administrative Board of Sixt Mobility Consulting AG |
| **Björn Waldow**<br>Gauting-Stockdorf, Germany | |

### Total remuneration of the Supervisory Board and Managing Board of Sixt Leasing SE

The Supervisory Board has determined the remuneration for 2019 and 2020 on an individual basis as follows:[1]

| Remuneration | | Michael Ruhl | | Björn Waldow |
|---|---|---|---|---|
| in Euro | **2020 actual** | 2019 actual | **2020 actual** | 2019 actual |
| Basic remuneration | 400,000 | 400,000 | 400,000 | 400,000 |
| Taxable pecuniary benefits and other fringe benefits | 20,811 | 16,676 | 20,884 | 19,273 |
| **Total fixed remuneration** | **420,811** | **416,676** | **420,884** | **419,273** |
| Performance-related remuneration [1] | 848,460 | 312,973 | 498,460 | 312,973 |
| **Total remuneration** | **1,269,271** | **729,649** | **919,344** | **732,246** |

[1] *The performance-related remuneration for 2019 will be paid out stretched until 2022, that for 2020 with the ecxeption of transaction bonus will be paid out stretched until 2025.*

This includes a current transaction bonus committed for the successful transition to Hyundai Capital Bank Europe GmbH (HCBE) in 2019. The final entry requirements were met with the closing of the transaction in 2020; accordingly, the bonus payments (current) of EUR 750,000 (Michael Ruhl) and EUR 400,000 (Björn Waldow) were executed in 2020 and which are included in the performance-related remuneration in terms of amount. Furthermore, Björn Waldow received payments (non current) of EUR 80,000 in 2019 and 2020 respectively for phantom shares from the Matching Stock Programme of Sixt SE allocated in 2015 and 2016. In fiscal year 2020 expenses for Björn Waldow from the Matching Stock Programme in the amount of EUR 57,481 (2019: EUR 55,123) are recognized in profit and loss and at reporting date the related provision amounts to EUR 45,282 (2019: EUR 67,801).

The total remuneration of the Management Board in fiscal year 2020 amounts to EUR 2,188,615 (2019: EUR 1,461,895)

Supervisory Board remuneration (current) in fiscal year 2020 was EUR 88 thousend (2019: EUR 130 thousand)

The group has no pension obligations towards members of the Supervisory Board and Managing Board.

## 5.5 PROPOSAL FOR ALLOCATION OF UNAPPROPRIATED PROFIT

Sixt Leasing SE reported an unappropriated profit for the fiscal year 2020 in accordance with German commercial law of EUR 22,178 thousand (2019: EUR 40,320 thousand). For financial year 2020 the Managing Board and the Supervisory Board consider proposing a dividend up to 0.02 Euro per share to the shareholders on the shareholders' meeting. If the proposal will be accepted with the maximum amount, would this result to an unappropriated profit presented as follows:

| Proposal for allocation of the unappropriated profit | | |
|---|---|---|
| in EUR thou. | **2020** | 2019 |
| Payment of a dividend of 0.02 Euro (2019: 0.90 Euro) per ordinary share entitled to a dividend | 412 | 18,550 |
| Carryforward to new account | 21,766 | 21,770 |

As of 31 December 2020, there were 20,611,593 ordinary shares entitled to dividends. In the event that the dividend proposal of EUR 0.02 per share is accepted, this would result in a dividend payment of EUR 412 thousand. As a consequence, this would bring the payout ratio about 20 % of the consolidated profit for fiscal year 2020. Notwithstanding the payout rate communicated target range between 30 and 60 % remains intact. The exact dividend proposal is subject to the approval of the supervisory board and will be published with the agenda for the 2021 Annual General Meeting, taking into account any expectations of the supervisory authorities in this respect.

The proposal by the Managing Board and the Supervisory Board on the appropriation of the unappropriated profit for financial year 2019 was resolved unchanged by the Annual General Meeting.

### 5.6 SUBSTANTIAL EVENTS AFTER THE REPORTING DATE

On March 22, 2021, Sixt Leasing SE announced that Mr. Donglim Shin will join the Management Board of Sixt Leasing SE as the new Chief Executive Officer effective July 1, 2021. He has served as Chief Executive Officer of Hyundai Capital Canada for the past three years and has many years of expertise in automotive finance and leasing. The appointment of Mr. Donglim Shin and the conclusion of the associated Management Board service contract were still subject to the approval of the German Federal Financial Supervisory Authority (BaFin) at the time of the announcement of Mr. Shin's appointment. In the context of this announcement, Sixt Leasing SE also announced that the current Chairman of the Management Board, Mr. Michael Ruhl, will resign from the Management Board of Sixt Leasing SE at his own request with effect from the end of June 30, 2021, and that Mr. Shin as Chief Representative and Mr. Ruhl will jointly manage the transition phase until the appointment becomes effective.

On December 10, 2020, the Extraordinary General Meeting of the Company resolved to expand the Supervisory Board to six members. Mr. Thomas Hanswillemenke, Member of the Management Board of Santander Consumer Bank Aktiengesellschaft, Germany and Member of the Management Board of Santander Consumer Holding GmbH, Germany, and Mr. Chiwhan Yoon, Head of Global Business Planning Department / Vice President at Hyundai Capital Services, Inc, Korea, were elected to the Supervisory Board as additional members. This election became effective upon registration of the corresponding amendment to the Articles of Association in January 2021.

## 5.7 DECLARATION OF CONFORMITY IN ACCORDANCE WITH SECTION 161 OF THE AKTG

The declaration by the Managing Board and the Supervisory Board required by section 161 of the Aktiengesetz (AktG – German Public Companies Act) stating that the recommendations of the Government Commission on the German Corporate Governance Code are complied with and which recommendations have not been applied was issued in the financial year and made permanently accessible to shareholders on Sixt Leasing SE's website *ir.sixt-leasing.com* under 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 8 April 2021.

Pullach, 8 April 2021

**Sixt Leasing SE**

**The Managing Board**

| | |
|---|---|
| MICHAEL RUHL | BJÖRN WALDOW |

# D FURTHER INFORMATION

# D \\ FURTHER INFORMATION

## D.1 \\ RESPONSIBILITY STATEMENT

of Sixt Leasing SE, Pullach, for financial year 2020

**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, 8 April 2021

**Sixt Leasing SE**

**The Managing Board**

| | |
|---|---|
| MICHAEL RUHL | BJÖRN WALDOW |

The following independent auditors' report („Bestätigungsvermerk') was issued in accordance with section 322 of the HGB (German Commercial Code) on the IFRS Financial Statements 2020, which were prepared in the German language. The translation of the independent auditors' report ('Bestätigungsvermerk') is as follows:

# D.2 \\ INDEPENDENT AUDITOR'S REPORT

The following copy of the auditor's report also includes an "Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes" ("Separate report on ESEF conformity"). The subject matter (ESEF documents to be audited) to which the separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette.

„To Sixt Leasing 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 Leasing SE, Pullach, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Sixt Leasing SE, which is combined with the Company's management report, for the financial year from January 1 to December 31, 2020. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to § [Article] 289f HGB [Handelsgesetzbuch: German Commercial Code] and § 315d HGB]].

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2020, and of its financial performance for the financial year from January 1to December 31, 2020 and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

**Basis for the Audit Opinions**

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

**Key Audit Matters in the Audit of the Consolidated Financial Statements**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2020. 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 subsequent measurement of lease assets as the key audit matter we have determined in the course of our audit.

In our view, the matter of most significance in our audit was as follows:

1) Measurement of lease assets

Our presentation of this key audit matter has been structured as follows:

a) Matter and issue

b) Audit approach and findings

c) Reference to further information

Hereinafter we present the key audit matter:

1) Measurement of lease assets

a) In the consolidated financial statements of Sixt Leasing SE, assets amounting to EUR 1,092.5 million (84.4% of total assets) are reported under the line item "Lease assets" of the balance sheet as of December 31, 2020. Lease assets are carried at cost and depreciated over the term of the lease to the expected residual value at the end of the lease. The expected residual value is calculated on the basis of external market value forecasts and the Company's own historical marketing results. The expected residual values are monitored on an ongoing basis. If the residual value decreases, the lease asset is tested for impairment, a recoverable amount is calculated and, if necessary, the asset is written down. Write-downs in respect of lease assets amounting to EUR 4.5 million were recognized in the financial year on the basis of this valuation. The measurement of the lease assets is, firstly, of great significance for the assets, liabilities, and financial performance of the Company in terms of amount and, secondly, involves a high degree of scope for judgment on the part of the executive directors, since the use of models and assumptions creates a high degree of uncertainty due to the estimates required for the measurement exercise. Against this background, this matter was of particular significance during our audit.

b) Our audit included assessing the appropriateness of the controls within the Company's internal control system established to test lease assets for impairment and tested whether the controls functioned effectively. In doing so, we considered the organizational structures and processes, the IT systems and the measurement model. Furthermore, we reviewed the performance of and assessed the appropriateness of the impairment tests. We assessed the parameters used for the impairment test, including the values for the marketing results, to ensure that they were up to date and compared them with sector-specific market expectations, and assessed the documents and explanations provided by the executive directors in this regard. We critically evaluated and assessed the assumptions made by the executive directors to determine whether they lay within a reasonable range. Based on our audit procedures, we were able to satisfy ourselves that the impairment tests performed to assess the lease assets were carried out appropriately and that the parameters used and assumptions made are within what we consider to be a reasonable range.

c) The Company’s disclosures relating to the measurement of lease assets are contained in section 3.2 of the notes to the consolidated financial statements

**Other Information**

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to § 289f HGB and § 315d HGB.

The other information comprises further the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

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

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

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

**Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report**

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

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

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

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

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

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

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

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

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

## OTHER LEGAL AND REGULATORY REQUIREMENTS

### Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Repro-duction of the Consolidated Financial Statements and the Group Management Re-port Prepared for Publication Purposes

**Reasonable Assurance Conclusion**

We have performed an assurance engagement in accordance with § 317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file "Sixt_Leasing_SE_KA_KLB_ESEF-2020-12-31.zip" and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

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

**Basis for the Reasonable Assurance Conclusion**

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file in accordance with § 317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

**Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents**

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

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

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

**Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents**

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.

- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circum-stances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

**Further Information pursuant to Article 10 of the EU Audit Regulation**

We were elected as group auditor by the annual general meeting on December 10, 2020. We were engaged by the supervisory board on December 10, 2020. We have been the group auditor of Sixt Leasing SE, Pullach, without interruption since the financial year 2020.

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

**GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT**

The German Public Auditor responsible for the engagement is Michael Henneberger."

Munich, the 9 April 2021

**PricewaterhouseCoopers GmbH** Wirtschaftsprüfungsgesellschaft

| | |
|---|---|
| Michael Henneberger<br>Wirtschaftsprüfer | Sabrina Riedl<br>Wirtschaftsprüferin |

# D.3 \\ BALANCE SHEET

of Sixt Leasing SE, Pullach, as at 31 December 2020 (HGB/RechKredV)

| Assets | | | |
|---|---|---|---|
| in EUR thou. | | **31 Dec. 2020** | 31 Dec. 2019 |
| **1. Receivables from banks** | | | |
| a) Daily due | 124 | | 213 |
| b) Other receivables | - | | - |
| | | **124** | **213** |
| **2. Receivables from customers** | | **31,025** | **32,816** |
| Of which: From financial institutions EUR - thousand (previous year: EUR - thousand) | | | |
| **3. Shareholdings in affiliated companies** | | **336** | **336** |
| **4. Lease assets** | | **1,005,472** | **1,031,398** |
| **5. Intangible assets** | | | |
| a) Proprietary intellectual property rights and similar rights and assets | 18,474 | | 12,472 |
| b) Purchased concessions, intellectual property rights and similar rights and assets as well as licenses relating to such rights and assets | 221 | | - |
| c) Goodwill | 1,880 | | - |
| | | **20,575** | **12,472** |
| **6. Equipment** | | **3,207** | **891** |
| **7. Other assets** | | **281,253** | **271,702** |
| **8. Prepaid expenses** | | **5,298** | **7,198** |
| | | | |
| | | **1,347,289** | **1,357,025** |

| Equity and liabilities | | | |
|---|---|---|---|
| in EUR thou. | | **31 Dec. 2020** | 31 Dec. 2019 |
| **1. Liabilities to banks** | | | |
| a) Daily due | 2,444 | | 1,931 |
| with agreed term or notice period | 167,590 | | 44,269 |
| | | **170,034** | **46,201** |
| **2. Liabilities to customers** | | | |
| other liabilities | | | |
| a) Daily due | 1,883 | | 2,234 |
| b) with agreed term or notice period | 3,833 | | 2,994 |
| | | **5,716** | **5,228** |
| **3. Securitised liabilities** | | | |
| issued Bonds | | 249,980 | 500,000 |
| | | | |
| **4. Other liabilities** | | **645,454** | **513,880** |
| **5. Deferred income** | | **29,265** | **34,363** |
| **6. Deferred tax liabilities** | | **35,429** | **32,071** |
| **7. Provisions** | | | |
| a) Tax provision | 972 | | 572 |
| b) Other provisions | 18,960 | | 15,496 |
| | | **19,932** | **16,068** |
| **8. Equity** | | | |
| a) Subscribed capital | 20,612 | | 20,612 |
| b) Capital reserve | 139,068 | | 139,068 |
| c) Retained earnings | | | |
| Other retained earnings | 9,622 | | 9,215 |
| d) Unappropriated profit | 22,178 | | 40,320 |
| | | **191,480** | **209,214** |
| | | | |
| | | **1,347,289** | **1,357,025** |

# D.4 \\ INCOME STATEMENT

of Sixt Leasing SE, Pullach, for the year ended 31 December 2020 (HGB/RechKredV)

| in EUR thou. | | | 2020 | 2019 |
|---|---|---|---|---|
| | | | | |
| 1. Leasing revenue | | 586,387 | | 662,425 |
| 2. Leasing expenses | | 352,701 | | 414,557 |
| | | | **233,686** | **247,868** |
| | | | | |
| 3. Interest income from lending and money-market transactions | | 4,648 | | 2,975 |
| 4. Interest expense | | 13,503 | | 13,242 |
| | | | **-8,855** | **-10,267** |
| | | | | |
| 5. Income from profit pooling and from partial or full profit transfer agreements | | | 2,172 | 3,770 |
| 6. Commission income | | | 1,116 | 1,143 |
| 7. Other operating income | | | 11,388 | 10,231 |
| 8. General operating expenses | | | | |
| a) Personnel expenses | | | | |
| aa) Wages and salaries | 23,878 | | | 23,279 |
| ab) Social security contributions, pension expenses and other employee benefits thereof pension expenses: EUR - thou. (2019: EUR - thou.) | 3,382 | | | 3,596 |
| | | **27,260** | | **26,876** |
| b) Other administrative expenses | | 31,822 | | 28,208 |
| | | | **59,083** | **55,084** |
| 9. Depreciation and valuation allowances | | | | |
| a) On lease assets | | 168,234 | | 168,577 |
| b) On intangible assets and fixed assets | | 2,013 | | 1,371 |
| | | | **170,247** | **169,948** |
| 10. Other operating expenses | | | 400 | 250 |
| 11. Write-downs and valuation allowances on receivables and certain securities and allocations to provisions in lending business | | 4,757 | | 5,842 |
| 12. Income from write-ups on receivables and certain securities and from the release of provisions in the lending business | | 1,153 | | 3,811 |
| | | | **3,604** | **2,030** |
| **13. Result from ordinary activities** | | | **6,172** | **25,433** |
| 14. Taxes on income | | | 5,356 | 7,374 |
| **15. Net income** | | | **816** | **18,059** |
| 16. Retained profit brought forward | | | 21,770 | 25,528 |
| 17. Transfers to other retained earnings | | | -408 | -3,266 |
| | | | | |
| **18. Unappropriated profit** | | | **22,178** | **40,320** |

# D.5 \\ FINANCIAL CALENDAR

| Financial calendar of Sixt Leasing SE | |
|---|---|
| Publication of the Annual Report 2020 | 28. April 2021 |
| Publication of the quarterly statement as at 31 March 2021 | 19. May 2021 |
| Annual General Meeting for financial year 2021 in Munich | 29. June 2021 |
| Publication of the half-year financial report as at 30 June 2021 | 25. August 2021 |
| Publication of the quarterly statement as at 30 September 2021 | 17. November 2021 |

*Dates and event locations subject to change*

Design
Inhouse produced with firesys

**Sixt Leasing 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 44-4518
Fax +49 (0) 89/7 44 44-8 5169

ir@sixt-leasing.com
http://ir.sixt-leasing.com