Annual Report

2020

THE SIXT GROUP IN FIGURES

in EUR million	2020	2019	Change 2020 on 2019 in %
Revenue	1,532	2,501	-38.8
Operating revenue	1,520	2,494	-39.1
Thereof Germany	679	978	-30.6
Thereof Europe	577	1,033	-44.2
Thereof North America	264	483	-45.3
Earnings before net finance costs and taxes (EBIT)	-49	339	-114.4
Corporate EBITDA	83	421	-80.4
Earnings before taxes (EBT)	-82	308	-126.5
Consolidated profit	2	247	-99.2
Net income per share (basic)			
Ordinary share (in EUR)	-0.73	4.97	-114.6
Preference share (in EUR)	-0.68	5.02	-113.5
Total assets	4,428	6,249	-29.1
Rental vehicles	2,205	3,033	-27.3
Equity	1,395	1,592	-12.4
Equity ratio (in %)	31.5	25.5	-6.0 points
Non-current financial liabilities	1,929	2,653	-27.3
Current financial liabilities	450	785	-42.7
Dividend per share			
Ordinary share (in EUR)	-[2]	-	-
Preference share (in EUR)	0.05[2]	0.05	-
Total dividend, net	0.8[2]	0.8	-
Number of employees[3]	6,921	8,105	-14.6
Number of locations worldwide (31 Dec.)[4]	2,067	2,111	-2.1
Thereof in Germany	471	531	-11.3

1 *Revenue from rental business, excluding revenue from the sale of used vehicles*
2 *Proposal by the management*
3 *Annual average*
4 *Including franchise countries*

CONTENT

SIXT – MOBILITY THAT REALLY MOVES

Mobility is the driving force of modern life. It brings people together, facilitates exchange, drives economic development and increases people's quality of life.

At Sixt the human quest for mobility has been the company's priority for over hundred years. Founded in Munich in 1912 and listed on the stock exchange in 1986, Sixt grew from modest beginnings to one of the most innovative, fastest growing and most profitable mobility companies worldwide. Sixt consistently puts the customer at the centre of its actions and is synonymous with multi-faceted premium services, consistent customer orientation, a lively innovation culture and strong technological competence. Customers benefit from a premium vehicle fleet and an attractive price-performance ratio.

As a global player in all things to do with mobility, we integrate international car and commercial vehicle rental with local sharing solutions, taxi, ride hailing and chauffeur services as well as car subscriptions into a unique service offer. With just one app – the SIXT App – our customers receive access to our own products as well as the services of well over 1,500 partners that have more than 1.5 million drivers ready around the globe. Furthermore, our mobility platform ONE welcomes new cooperation partners willing to join one of the largest integrated mobility services worldwide.

Sixt has been cooperating for many years with renowned names in the hotel industry, well-known airlines and numerous prominent service providers in the tourism sector. This way we provide people with an individual and almost unlimited mobility, which takes due account of the dominant driving forces of our current age as urbanisation, digitisation and technological progress, thereby rendering mobility more flexible, sustainable and efficient.

The Sixt Group's long-term strategy is geared towards continually expanding its national and international presence, driving forward the digitisation of products and processes and developing product innovations on the basis of state-of-the-art and environmentally-friendly technologies. Growth, strong earnings and financial soundness form the basis for sustained increase of the enterprise value for the benefit of our shareholders.

Sixt – is mobility that really moves.

WWW.SIXT.COM IR.SIXT.EU

Throughout this document, for ease of reading, only the masculine form is used to refer to groups of persons such as employees, customers and shareholders, which are representative of persons of any gender.

A \\ TO OUR SHAREHOLDERS

A.1 \\ LETTER TO THE SHAREHOLDERS

Dear shareholders,

2020 was probably the most difficult and challenging year in our company's long history. The worldwide spread of the COVID-19 virus has hit the mobility, travel and tourism industry particularly hard. Since March of last year national and international travel activities have temporarily almost come to a complete halt given the restrictions imposed on public life. The prolongation and re-tightening of the restrictions in place in many countries during the first quarter of 2021 have meant that many areas of society are once again confronted with renewed disruptions.

This crisis, which was no one's fault, has abruptly ended the rapid upward trend that Sixt had recorded in the previous years and even in the first two months of 2020. Virtually overnight, the agenda switched from managing ongoing growth to coherent crisis management. We have accepted these challenges and initiated extensive countermeasures early on. With the implementation of these measures we see ourselves well equipped to master the crisis successfully and to return to our previous success track.

The set of measures we resolved in spring 2020 and then consistently implemented during the following months, consists of three pillars:

\\ **Fleet size reduction:** With the swift and consequent reduction of our fleet's size we managed to lower the Group's cost base and release substantial quantities of liquidity. As a consequence, the average fleet size for 2020 was 25% lower than the level the year before. In this we benefited from the existing buy-back agreements we concluded with our contract partners for the majority of our fleet as well as from the short holding period of the vehicles in Sixt's fleet that averages six months.

ERICH SIXT

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

\\ **Material and personnel costs:** We lost no time in reviewing all expenses throughout the Group and adjusting them to lower business volume wherever possible. This also included reallocating investments, a hiring freeze as well as the deployment of short-time work and similar instruments. This set of measures resulted in a reduction of the material and personnel costs for the full fiscal year in the amount of EUR 344 million. This significantly exceeded the original savings target of at least EUR 100 million.

\\ **Expansion of the product range:** Parallel to lowering costs we purposefully expanded our product portfolio, to do justice to the changing mobility requirements of many people especially during the COVID-19 crisis. As the pandemic quickly showed, more and more people prefer their own vehicle over public transportation systems as a safe and reliable means of transport. At the same time, it is becoming evident that the wish for flexible and independent mobility is gaining traction. As a consequence, in June 2020 we integrated the long-term rental and car subscription service SIXT+ as fourth product category to our mobility platform ONE to supplement SIXT rent (vehicle rental), SIXT share (carsharing) and SIXT ride (transfer services).

JÖRG BREMER

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

NICO GABRIEL

- Chief Operating Officer since 18 January 2021
- Born 1977
- Joined Sixt in 2004
- Responsible for internationalisation, the global branch network including quality assurance and customer service, product management, digitisation of mobility, technology development

DANIEL MARASCH

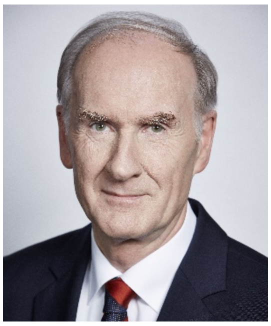
- Chief Van and Truck Officer since 1 January 2021
- Born 1977
- Joined Sixt in 2021
- Responsible for global van & truck rental business

Our counter-steering measures quickly proved to be effective. Thus, in the third quarter we had already returned to substantially positive consolidated earnings before taxes (EBT) once more, after the second quarter had brought in a noticeable loss in the wake of such massive impediments as travel warnings, border closures and restrictions to public life. This development at once confirms the high adaptability of our business model as it demonstrates our resoluteness in executing the necessary measures.

Persistent travel restrictions and most of all the renewed increase in the number of COVID-19 infections during the fourth quarter, put paid to our expectations at the start of the pandemic that demand would slowly normalise again during the course of the year 2020. For the full fiscal year, Sixt recognises consolidated revenue of EUR 1.53 billion, some 38.8% below the figure for the previous year. EBT from continued operations amounted to EUR -81.5 million and was thus for the first time in our corporate history negative. The previous Business Unit Leasing is no longer included in these figures, since we completed the sale of our 41.9% investment in Sixt Leasing SE on 15 July 2020 for a price of around EUR 156 million. Including the earnings from discontinued operations, our Group reports an overall result of EUR 2.0 million for fiscal 2020.

Moreover, the fact that we fared better in the crisis than our key competitors is due to the rock-solid capital and financial basis of the Sixt Group. Due to the strong balance sheet contraction after the deconsolidation of the leasing business, the equity ratio at the end of 2020 came to 31.5% and thereby clearly outperformed the previous year's figure of 25.5%, which is an excellent equity basis for our industry.

DETLEV PÄTSCH



- Chief Operating Officer until 31 March 2021
- Born 1951
- Joined Sixt in 1986
- Responsible for operations, purchase and sale of vehicles, maintenance and repair, quality management

ALEXANDER SIXT

- Chief Organisation/Strategy Officer
- Born 1979
- Joined Sixt in 2009
- Responsible for Group Strategy/M&A, central procurement, SIXT TECH, global human resources, global shared service

KONSTANTIN SIXT

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

Crisis situations like the COVID-19 pandemic usually trigger uncertainties on the financial markets, which in turn are accompanied by restrictions on the availability of capital and thus require special focus to be given on securing liquidity. That is why we already decided at the start of March 2020 to refrain from paying out a dividend for fiscal 2019, except for the minimum dividend for preference shares in the amount of EUR 0.05. The Managing and Supervisory Board are submitting this same proposal for the last fiscal year. This omission of a dividend is certainly unusual and especially unpleasant for you, our esteemed shareholders, but it is the right decision in these times of heightened uncertainty.

Dear shareholders,

It is vitally important that we keep driving forward with internationalising our business and digitising our mobility products and services, stations and business processes, despite all the encumbrances caused by the COVID-19 pandemic during the previous year. It enabled us to create key preconditions for the further strategic expansion of the company.

In the USA we took over ten important airport locations at the start of the third quarter from the insolvency assets of a competitor. This means that we are now represented at 25 of the 30 most important airports in the country. These ten new sites alone had generated an annual market volume of over USD 3 billion before the crisis.

In summer the carsharing service SIXT share made its debut with a purely electric fleet in the Netherlands as the first country outside of Germany. The subscription offers from SIXT+ were already available at the end of 2020 in Germany, the USA, Great Britain, the Netherlands, France, Austria, Spain and Switzerland.

We have also identified significant market potential for our Van & Truck business, which saw continuous and profitable growth over the last years and which we plan to extend both domestically as well as abroad. Digitising the rental processes, interlinking vehicles through our in-house developed telematic solutions, as well as the integration of the product into our mobility platform ONE all offer best prerequisites for gaining relevant market shares in this growing market segment. Our resolve here is borne out by the fact that the Van & Truck unit has been represented on the Managing Board with its own officer since January 2021.

We are also in an excellent financial position and once demand returns to normal we will expand our fleet. The bond with a volume of EUR 300 million and attractive conditions that we successfully issued at the end of the year serves this purpose as well. The high investor appetite proves the strong trust the capital market has in our Group's financial and operative strength.

As concerns the current fiscal year, it is still harder to make any projections during the pandemic than it is in the mobility business itself. It is still not clear or foreseeable when national and international private and corporate travel activities will regain momentum and to what extent touristic activities will be possible in this year. Equally, it remains to be seen what mid- to long-term effects the pandemic will have on people's travel behaviour or the wider economic developments.

The launch of vaccinations against COVID-19 that numerous countries began at the end of 2020 is a reason to hope that in the course of this year we can see restrictions and limitations to public life being eased again step by step. Assuming such preconditions and based on a significantly reduced cost structure, Sixt projects for 2021 an increase in consolidated revenue and EBT compared to the previous year.

Today Sixt is one of the leading global mobility service providers, with strong innovation strength, state-of-the-art technologies and an integrated and fully-digitised product range. During the COVID-19 pandemic the strength of our company made an impressive showing: the passion and competence of all our employees, no matter where in the Group they work. They accepted these exceptionally tough challenges and their supreme commitment and unique spirit made sure that the course was quickly re-set during the crisis. We owe them our very special thanks!

You, dear shareholders, we thank for your continued loyalty to our Company. We are convinced, that COVID-19 will become an episode in our long corporate history that speaks of the challenge we faced and managed well.

Pullach, March 2021

The Managing Board

ERICH SIXT	JÖRG BREMER	NICO GABRIEL	DANIEL MARASCH	DETLEV PÄTSCH	ALEXANDER SIXT	KONSTANTIN SIXT

A.2 \\ REPORT OF THE SUPERVISORY BOARD

General

In fiscal 2020, the Supervisory Board of Sixt SE duly performed the duties incumbent on it according to law and the Articles of Association to the best of its knowledge and belief. It consulted and supported the Managing Board on issues of material importance for Sixt SE and the Group.

In the year under review the Board convened for nine meetings in which it addressed in detail the economic situation and strategic direction of the Group. Three of the four regular meetings were held via video-conference to duly comply with Corona-related restrictions. Another regular meeting was held as a joint meeting and attended in person following the Annual General Meeting on 24 June 2020. Further to these, the Supervisory Board convened five times in the reporting period, either via telephone or via video-conference call. The members of the Supervisory Board attended the Supervisory Board meetings during the reporting period as follows:

Attendance of meetings by members of the Supervisory Board	2020
Friedrich Joussen	9
Ralf Teckentrup	8
Dr. Daniel Terberger	8

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

Apart from the meetings the members of the Supervisory Board were in regular contact with the Managing Board, especially the

FRIEDRICH JOUSSEN

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

chairmen of the two corporate organs. The provisions of the German Corporate Governance Code and of the legal stipulations on stock corporations governing the duty of the Managing Board to report to the Supervisory Board were consistently complied with.

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

In the reporting year, training and further education measures of the Supervisory Board took place, in particular concerning the Act Implementing the Second Shareholder Rights Directive (ARUG II) and the new version of the Corporate Governance Code (2020).

Key issues in 2020

At its meetings during the reporting year, the Supervisory Board received comprehensive information from the Managing Board on all key issues relating to business development, strategic focus, risk situation and risk management, the Group-internal control systems and net assets, the financial position and results of operations of Sixt SE and the Group. The entire Managing Board attended all regular meetings of the Supervisory Board to explain all factual procedures and answer questions from the Supervisory Board. Further to these meetings, the Supervisory Board also convened regularly without the participation of the Managing Board.

During the reporting year the Supervisory Board's deliberations focused primarily on the following issues:

- The Managing Board informed the Supervisory Board in all regular meetings of the effects the worldwide COVID-19 pandemic is having on the business performance of Sixt companies as well as the scope, aim and implementation status of the countermeasures initiated in March. Special emphasis herein was in the swift reduction of the rental fleet in reaction to the slump in demand as well as the measures to lower material and personnel costs. The Supervisory Board note with approval the swift and consistent reaction shown by management to significantly lower the Group's cost basis and adjust it to a substantially lower business level. The success of these measures is borne out by the fact, that the reduction of material and personnel costs scheduled for 2020 to the amount of EUR 100 million was clearly exceeded by an actual reduction of EUR 344 million.

- The Supervisory Board informed itself in detail about operative business development after the almost complete suspension of international travel in spring. Together with the Managing Board it deliberated various scenarios with a view to the time and extent of normalisation in the demand for mobility services in the markets of relevance for Sixt.

- The Supervisory Board approvingly noted the measures and plans of the Managing Board to keep driving forward with internationalisation and expand the product offer. This especially includes the acquisition of 10 important airport stations in the USA from the insolvency mass of a competitor, the integration of the car subscription offer SIXT+ into the mobility platform ONE as well as the start of the carsharing service SIXT share in the Netherlands.

- In February 2020 the Board unanimously ratified the sale of the 41.9% investment Sixt SE held in Sixt Leasing SE to Hyundai Capital Bank Europe GmbH. The transaction allowed Sixt Group to focus even more on the growth and innovation driven further development of its new mobility services, the digitisation of the company as well as the international expansion in the USA and Western Europe. In addition, the transaction proved to be financially very attractive.

- The medium-term business plan for Sixt Group, which the Managing Board submitted at the end of the reporting year, was also noted with approval by the Supervisory Board. The Board deliberated in detail the economic and strategic assumptions underlying this plan as they relate to customer requirements and behaviour, demand developments, market opportunities and cost developments, especially in view of the unreliable estimates regarding to consequences of the COVID-19 pandemic.

- During a telephone meeting, the Supervisory Board agreed to conduct the Annual General Meeting on 24 June 2020 as virtual event to be streamed on the Internet.

- In the reporting year, the Supervisory Board also looked intensively at matters relating to the Managing Board and resolved, among other things, to prolong the contract with the CEO, Mr Erich Sixt. Further to this, effective as of the start of the year 2021, the Supervisory Board decided to appoint Mr Daniel Marasch as member of the Managing Board with responsibility for the newly created unit Van & Truck. In addition, the Supervisory Board also appointed Mr Nico Gabriel as member of the Managing Board of Sixt SE, equally effective as of the start of 2021. Mr Nico Gabriel will assume large parts of the Operations brief from Mr Detlev Pätsch, who after thirty years of work as Board member for Sixt is going to retire.

- Further important issues addressed, included, among others, the authorisation of the Managing Board to execute the buy-back of preference shares in fulfilment of the 2016 tranche of its employee equity participation program MSP 2012 as well as the amendment of the by-laws of the Supervisory Board.

Corporate Governance Declaration of conformity

The corporate management and supervision of Sixt SE comply with the principles of the German Corporate Governance Code. The Managing Board and Supervisory Board report on the corporate governance of Sixt SE in the Corporate Governance Report in accordance with principle 22 of the Code as amended on 16 December 2019 and in force since 20 March 2020. In December 2020, the Managing Board and Supervisory Board issued a declaration of conformity pursuant to section 161 of the German Aktiengesetz (AktG – German Stock Corporation Act) and made it permanently available to shareholders on the Company's website *ir.sixt.eu* under the section "Corporate Governance". Apart from a few exceptions outlined in the declaration, Sixt SE follows the recommendations of the Code in the version dated 16 December 2019 and applicable as of 20 March 2020.

Audit of the 2020 annual financial statements and consolidated financial statements

The Managing Board prepared the annual financial statements of Sixt 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. According to the Law on Strengthening the Non-Financial Reporting of Companies in their Management and Group Management Reports (CSR Directive Implementation Act) the so-called summarised non-financial declaration of the Group is included in the management report.

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, audited the annual financial statements of Sixt SE and the consolidated financial statements as well as the management report on the Group's and the Company's situation (with the exception of the summarised non-financial declaration of the Group) and gave these documents their unqualified audit opinion. Furthermore, the auditor also determined that the Managing Board had taken the appropriate measures required under section 91 (2) of the German Stock Corporation Act (AktG), in particular those relating to the establishment of a monitoring system, and that the monitoring system is suitable for the early detection of developments that could jeopardise the going concern of the Company. The Supervisory Board had commissioned the auditor on the basis of the resolution taken by the Annual General Meeting on 24 June 2020.

The Supervisory Board received the documents together with the Managing Board's Dependent Company Report and the auditors' audit reports as well as the Managing Board's proposal on the appropriation of unappropriated profit in sufficient time for examination. Discussion and examination of these documents was conducted during the Supervisory Board's meeting on 29 March 2021, which ratified the annual financial statements.

The auditor of the annual financial statements and the consolidated financial statements, who took part in the meeting, reported comprehensively on the process and the material findings of their audit and in particular addressed the key audit matters. The key audit issues that had been agreed with the Supervisory Board, related, among other things, to the subsequent valuation of the rental vehicles, the recoverability of non-financial assets, the recoverability of shareholdings held in affiliated companies and the receivables from affiliated companies, revenue recognition, the recognition of the sale of the Leasing Business Unit in the consolidated annual financial statements, the reporting on the effects of COVID-19 in the management report, the recoverability of deferred tax assets and trade receivables, the completeness of provisions and the recognition of leasing transactions in the balance sheet in accordance with IFRS 16, the mapping of service relationships and agency agreements within the Group, as well as reporting on related party transactions (Dependent Company Report).

In addition, the Managing Board explained the annual and consolidated financial statements as well as the management report on the Group's and the Company's situation in due detail during this same meeting. Furthermore, the auditor informed the Supervisory Board of services rendered by the audit company and its network that went over and above the work on the audit. In the opinion of the auditor there were no circumstances that could justify doubt as to the independence of the auditors.

The Supervisory Board took due notice of the auditors' findings and approved them. Following the completion of its own review, which in particular addressed the key audit matters listed in the independent auditor's report including the audit procedures, the Board had no objections. The Supervisory Board approved the annual and consolidated financial statements as well as the management report on the Group's and the Company's situation as prepared by the Managing Board and audited by the auditor (including the summarised non-financial declaration of the Group contained within the management report). The 2020 annual financial statements of Sixt SE were thus formally adopted in accordance with the provisions of the AktG. After examination, the Supervisory Board concurred with the proposal of the Managing Board for the allocation of the unappropriated profit of 2020.

In their audit, the auditor included the report of the Managing Board covering the relationship between Sixt SE and its affiliated companies in accordance with section 312 of the AktG and submitted its audit report to the Supervisory Board. The audit by the auditor did not lead to any objections.

The following unqualified audit opinion was issued:

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

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

Personnel changes in the Managing Board and Supervisory Board

There were no changes to the Company's Managing and Supervisory Board in the year under review. The work contract with the CEO, Mr Erich Sixt, was prolonged with a new term until 31 January 2023.

The original term of office for members of the Supervisory Board ended with the conclusion of the Annual General Meeting on 24 June 2020. By resolution of the Annual General Meeting of Sixt SE on 24 June 2020 the two Supervisory Board members, Mr Ralf Teckentrup and Dr Daniel Terberger, were re-elected to serve on the Supervisory Board. In addition, Mr Friedrich Joussen was re-appointed as a member of the Supervisory Board for a further term of office based on the right of delegation under the Articles of Association. These appointments were made pursuant to article 10 (2) of the Articles of Association of Sixt SE, in each case for the period until the end of the Annual General Meeting which decides on the discharge of the Supervisory Board for the fourth financial year after the beginning of the term of office, not counting the financial year in which the term of office begins, but for no longer than six years. In its constituent meeting on 24 June 2020, the Supervisory Board once again elected from its ranks Mr Friedrich Joussen to sit as chairman of the Supervisory Board and Mr Ralf Teckentrup to act as deputy chairman.

Thanks to the management and all employees

Fiscal 2020 was a year posing very special challenges for the Sixt Group. The effects of the worldwide Corona pandemic resulted in massive impediments and led to a virtual standstill of operations at individual sites. Moreover, it was a matter of reacting swiftly and appropriately to an unforeseeable development so as to steer the company through this situation of crisis and also prepare it for the time after the pandemic has been overcome. The Supervisory Board is of the opinion that this task has been mastered in an outstanding fashion. The Supervisory Board wishes to thank the Managing Board, all managing directors and all employees worldwide for their dedicated commitment in an unprecedented exceptional situation. The Supervisory Board is convinced that the Group will continue its course of profitable growth once the demand situation has normalised again.

Pullach, March 2021

The Supervisory Board

FRIEDRICH JOUSSEN	RALF TECKENTRUP	DR DANIEL TERBERGER
Chairman	Deputy Chairman	Board Member

A.3 \\ SIXT SHARES

2020 stock markets scale record highs despite Corona
The world's stock markets had a roller-coaster ride in 2020, which nonetheless saw some of them reach new absolute highs. The worldwide COVID-19 pandemic had triggered massive losses in spring, but the markets recovered quickly over the course of the year thanks to substantial supporting measures taken by governments and central banks, coupled with the hope that an effective vaccine would be developed. Consequently, the year under review witnessed a decoupling of the stock markets' performance from the declining wider economic development.

The German stock index (DAX) closed 2020 with a value gain of 3.5% at the record high of 13,719 points, having recorded a plus of 25.5% the year before. It was a level the leading German index had almost reached at the start of the year, before it crashed by over 5,000 points to 8,442 points between mid-February to mid-March following the outbreak of the pandemic and the associated restrictions of public life. This was followed by a swift recovery so that by July it once again saw levels in excess of 13,000 points.

The SDAX, which includes Sixt SE's ordinary shares, registered rally as of October through to the end of the year that saw it gain 18% in total value over the full year to 14,765 points. This development followed on from the previous year's gain of over 30% for the small cap index.

US stock markets also performed positively in 2020, with the Dow Jones Index gaining 7.2% on already strong value improvements of the previous years. At 30,606 points it achieved a new all-time high.

Key factors driving this positive market performance, especially towards the end of the year, were a sustained low-interest policy and continued bond buying by the central banks, economic recovery and aid packages in the billions that the states launched to soften the impact of COVID-19 consequences for enterprises and private individuals as well as the approval of the first vaccines against the virus at the end of the year.

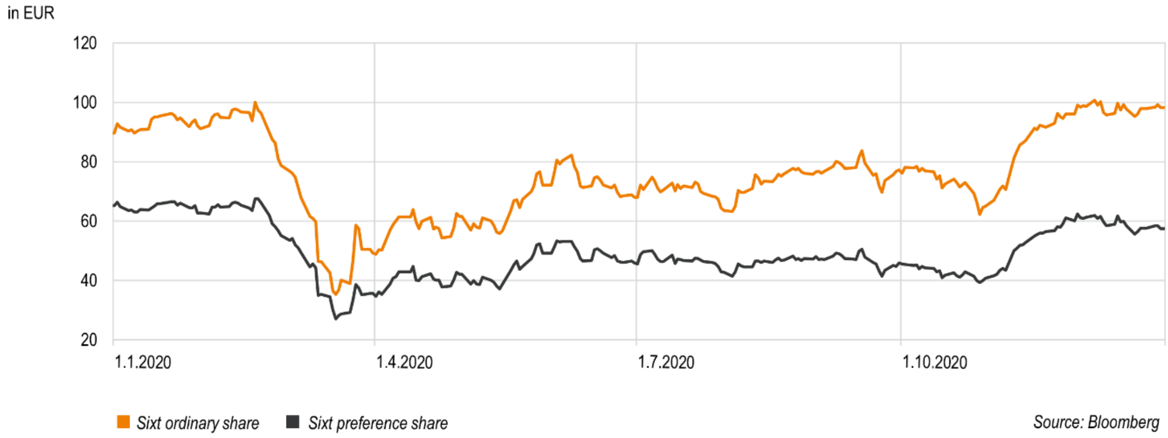
Sixt shares recover strongly during the course of the year
Shares of the mobility and travel industry, including those of Sixt, were the hardest hit by the restrictions imposed as part of the COVID-19 pandemic. Nonetheless, Sixt ordinary and preference shares broadly followed the course of the industry-independent small caps index SDAX.

In line with the general market, Sixt ordinary shares recorded a significant price drop in mid-March following the lockdown of public life in countless countries due to Corona and a virtual stop to travel activities. On 18 March the share price dropped to its all-year low of EUR 35.28. During the remainder of the year ordinary shares recovered gradually and on 7 December reached the highest figure for the reporting year at EUR 100.70 before closing out the year at EUR 98.20, which equalled a value gain of 9.5% on an annual basis.

Sixt preference shares climbed to their all-year high on 20 February at EUR 67.60, before recording a pronounced downward slide to EUR 27.15 on 18 March. The subsequent recovery meant that in the period June to October prices oscillated by a range of variation of EUR 40 to EUR 50. The upwards trend the shares registered as of the end of October had lost some of its dynamism by the end of the year, so that preference shares closed the year under review at EUR 57.40, which was 12.1% lower than the corresponding figure the year before.

Based on the closing prices at the end of the year the market capitalisation of Sixt SE was EUR 3.93 billion, equalling a gain in value of 3.4% against the value at the end of the previous year (EUR 3.80 billion; all data refer to Xetra closing prices). In terms of the all-year highs for 2020, the Company's market capitalisation amounted to EUR 4.18 billion.

Performance of Sixt ordinary and preference shares



Shareholder structure remains stable
Based on the registered share capital at the end of fiscal year 2020, as in the previous year 58.3% of the ordinary voting shares were held by Erich Sixt Vermögensverwaltung GmbH. All these shares are owned directly and indirectly by the Sixt family.

Voting right notifications are available from the Sixt SE's website at *ir.sixt.eu* under the "News" tab. No such notification was received by the Company in the year under review.

Dividend policy in the wake of the Corona crisis
On 16 March 2020, Sixt SE announced that, despite the record revenue and earnings achieved in 2019, it would propose to the Annual General Meeting that the dividend payment be suspended, with the exception of the minimum dividend for preference shares. In doing so, the Managing Board and the Supervisory Board took into account the significant and unforeseeable impact of the global COVID-19 pandemic on business development, which made a further strengthening of the Sixt Group's equity base appear necessary.

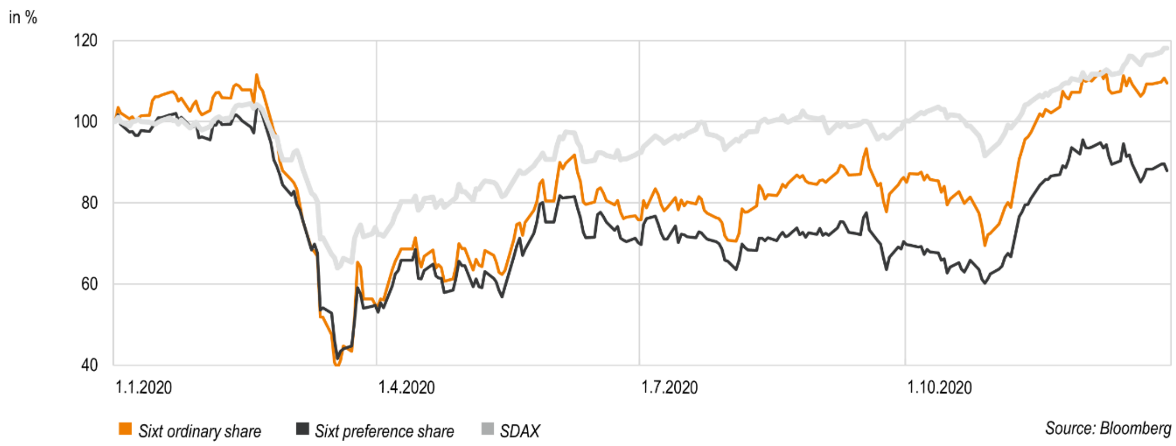
The Annual General Meeting on 24 June 2020, which was held virtually due to the Corona restrictions, followed the dividend proposal and resolved to distribute only the minimum dividend of EUR 0.05 per preference share specified in the Articles of Association for the 2019 financial year (after EUR 2.15 per ordinary share and EUR 2.17 per preference share for 2018). Thus, EUR 828,812 were distributed. Based on the closing prices for each share category at the end of 2019, the dividend yield came to 0% for ordinary shares (2019: 3.1%) and 0.1% for preference shares (2019: 4.5%).

Sixt SE continues to pursue the principle of letting shareholders partake in the Company's success by distributing an appropriate dividend. The amount paid out is thus determined by the development of Group earnings as well as future demands placed on equity. Due to the extraordinary burdens caused by the collapse in demand experienced by the mobility industry worldwide as a result of the Corona pandemic and the uncertainties surrounding the normalisation of the demand situation, Sixt will attach even greater importance to a high equity base.

For fiscal year 2020, the Managing Board and Supervisory Board are thus proposing to the Annual General Meeting on 16 June 2021 an unchanged dividend compared to the previous year, i.e., the suspension of the dividend for ordinary shares and payment of the minimum dividend for preference shares of EUR 0.05 per share.

Sixt share information	
Share classes	No-par value voting ordinary bearer shares (WKN: 723132, ISIN: DE0007231326) No-par value non-voting preference bearer shares (WKN: 723133, ISIN: DE0007231334) No-par value voting ordinary registered shares (WKN: A1K065, ISIN: DE000A1K0656)
Stock exchanges	Xetra, Frankfurt am Main, Munich, Stuttgart, Hanover, Dusseldorf, Hamburg, Berlin
Key indices	SDAX (weighting of ordinary shares: 2.07%) CDAX (weighting of ordinary shares: 0.09%, weighting of preference shares: 0.07%) Prime All Share (weighting of ordinary shares: 0.08%, weighting of preference shares: 0.06%)
Trading segment	Prime Standard
Designated sponsors	Commerzbank AG, M.M. Warburg & Co. KGaA

Performance of Sixt ordinary and preference shares against the SDAX



	2020	2019
Earnings per share – basic (in EUR)		
Ordinary share	-0.73	4.97
Preference share	-0.68	5.02
Dividend (in EUR)		
Ordinary share	-[1]	-
Preference share	0.05[1]	0.05
Number of shares (as at 31 Dec.)	46,943,358	46,943,358
Ordinary share	30,367,112	30,367,112
Preference share	16,576,246	16,576,246

	2020	2019
High (in EUR)[2]		
Ordinary share	100.70	103.10
Preference share	67.60	69.10
Low (in EUR)[2]		
Ordinary share	35.28	68.55
Preference share	27.15	47.85
Year-end price (in EUR)[2]		
Ordinary share	98.20	89.65
Preference share	57.40	65.30
Dividend yield (in %)[3]		
Ordinary share	-	-
Preference share	0.1	0.1
Market capitalisation (in EUR billion)[3,4]		
as at 31 Dec.	3.93	3.80

1 *Proposal of the management*
2 *All prices refer to Xetra closing prices*
3 *Based on Xetra year-end price*
4 *Based on ordinary and preference shares*

In close touch with the capital market

Sixt has been engaged in a continuous and intensive dialogue with all capital market participants for many years. Sixt SE is listed in Deutsche Börse's Prime Standard segment and is therefore subject to extensive transparency and public disclosure requirements.

In 2020 investors, analysts and financial media outlets all had a particularly high demand for information given the massive effects the worldwide Corona pandemic had on the Group's business performance. Special attention was paid to the countermeasures initiated promptly in mid-March to adjust the fleet, lower the material and personnel costs and to further develop the product range for the customers' changing mobility requirements. In this crisis environment the Managing Board was particularly keen to explain thoroughly the strategic advantages of Sixt's business model and the financial and balance sheet solidity of the Group as particular strengths compared to the competition in the crisis environment. Moreover, the year under review saw a particular interest once again in the digitisation strategy with the mobility platform ONE as well as the strategic international expansion of the company, above all in the USA.

As in previous years, Sixt used investor conferences with domestic and foreign investors, to outline the strategy and business performance of the Group. These events, which were held as video-conferences given the prevailing restrictions, were met with strong interest. The measures taken by the Managing Board to address the strong drop in demand were appraised throughout as positive, both in regard of their scope as well as their consistent implementation.

The Managing Board also used the publication of the annual financial statements of 2019 and the quarterly figures for 2020 to inform financial journalists of the Group's current development in a timely manner. The conference calls, which were held to this end, have become a fixed date for relevant business journals and news agencies.

Renowned financial and research companies continued to carefully track the development of the Group and the performance of Sixt shares and the bonds issued. The annual conference call with analysts was held in the virtual sphere as a video call for 2020. In 2020 Sixt received regular coverage from the banking institutes Baader Bank, Berenberg Bank, Commerzbank, DZ Bank, Hauck & Aufhäuser, Jefferies, Metzler, M.M. Warburg, Oddo & Cie as well as UBS.

As of reporting date, 31 December 2020, these reviews gave an average target price of EUR 97 for Sixt ordinary shares (previous year's reporting date: EUR 105).

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

B.1 \\ GROUP FUNDAMENTALS

1. BUSINESS MODEL OF THE GROUP

1.1 GROUP STRUCTURE AND MANAGEMENT

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

The discontinued Leasing Business Unit, which consisted of the fully consolidated share of 41.9% in Sixt Leasing SE, was sold in the year under review, effective as per 15 July 2020.

The operating business of the Sixt Group is under the full responsibility of domestic and foreign subsidiaries.

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

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

1.2 GROUP ACTIVITIES AND SERVICE PORTFOLIO

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

Sixt also aspires to be the innovation leader in the mobility industry. A key role in this is accorded to the integrated mobility platform ONE, which was launched in 2019. Its basis is the consistent digitisation of the product portfolio (via the SIXT app) as well as of all the sales channels and operating business processes. The SIXT app provides access to the product categories SIXT rent, SIXT share, SIXT ride and since 2020 also to the car subscription offer SIXT+. Through the integration of digital vehicle rentals, carsharing, car subscription as well as the brokerage of driver and taxi services, the new SIXT app gives customers access to over 200,000 vehicles and mobility services from over 1,500 partners in over 250 cities worldwide.

Sixt bases its digitisation strategy on changing customer requirements for their mobility and changing user behaviour in the wake of technological developments, primarily in the area of online and mobile services. Sixt thus offers its customers the simplest, most flexible and transparent rental procedures. At the end of 2020 around 72% (end of 2019: 70%) of reservations in the Mobility Business Unit were made via the company's online and mobile channels.

Furthermore, Sixt uses digital channels, such as the Group's websites and social media accounts, to remain in a continuing dialogue with its customers and the wider public and to engage in regular and continual marketing activities. By doing so, the company monitors the acceptance of the new platforms and applications to gather experience at an early stage.

2. OPERATING BUSINESS OF THE MOBILITY BUSINESS UNIT

2.1 MARKET POSITION AND POSITIONING

Until 2020 the operating business of the Sixt Group was represented by the two Business Units Mobility and Leasing. Following the sale of the share in Sixt Leasing SE and the discontinuation of the Leasing Business Unit, Sixt SE now is segmenting the operating business of the Group by regions. A distinction is made between the reporting segments Germany, Europe and North America.

The Sixt brand enjoys a near-global presence and is continually driving forward its international expansion. This global presence is based on the company's own national organisations (corporate countries) and collaboration with franchisees and cooperation partners (franchise countries), who are already established in their respective markets and who by their own assessments sometimes hold market leading positions.

Sixt is represented by its own subsidiary companies in the core European countries of Belgium, Germany, France, Great Britain, Italy, Luxembourg, Monaco, the Netherlands, Austria, Switzerland and Spain. Thus, the company covers a large part of the European market. Furthermore, Sixt also operates its own subsidiaries on the US rental market.

Segment Germany: In its German home market (segment Germany) Sixt is the market leader and holds, according to its own findings, a market share of around 40% with a clear lead over competitors. One focal point of Sixt's business in Germany has always been on business clients, with Sixt serving companies and corporations of all sizes. However, the share of private customers and tourists has increased in recent years. At the end of 2020, Sixt had a nationwide network of 471 stations across Germany (2019: 531 stations), of which 36 are located at airports. The segment Germany also holds the largest part of the Group-wide rental fleet.

Segment Europe: Since the mid-1990s, Sixt has been consistently expanding its presence in Europe. The company focuses on those countries, which taken together, account for by far the largest share of the European vehicle rental market. According to Euromonitor, in 2019 France was the largest single market in Europe ahead of Germany and Spain. The private/tourist customer group plays a key role for Sixt in its European foreign operations, as the company is active in such popular holiday destinations as Spain, France and Italy. The market share in the Western European corporate countries is clearly above 10%. The number of stations at the end of 2020 came to 435 (2019: 440 stations).

Segment North America: The USA is the world's largest vehicle rental market, in which Sixt has managed to develop into the fourth-largest provider within a matter of a few years. The United States is the second largest single market for the company, both by revenue as well as fleet size. Thanks to its corporate approach of combining service and products with a dedicated premium claim, Sixt has also already succeeded in establishing a differentiated market positioning overseas. While the initial focus was primarily European tourists, the share of American private and corporate customers has gone up significantly over the last years. At the end of 2020, Sixt was represented at virtually all key traffic intersections across the country and had over 100 stations in the USA (2019: 65 stations).

The Group's target groups are private customers, holiday travellers as well as business and corporate customers. The accident replacement business, on the other hand, is of minor significance for Sixt.

Mobility revenue breakdown by customer group	**2020**	2019
in %		
Private customers/tourists	56	63
Business/corporate customers	33	30
Accident replacement	3	2
Other	8	5
Total	**100**	**100**

Besides its customer-oriented service Sixt considers the quality of its fleet to be a key USP in competition. The company therefore offers its customers a large proportion of well-equipped vehicles by renowned manufacturers. In 2020, around 55% of the value of the fleet in Sixt corporate countries was made up of vehicles of the three premium brands BMW, Audi and Mercedes-Benz (2019: 50%).

Sixt puts special emphasis on its fleet providing extensive and state-of-the-art options to enhance driving comfort and safety. Along with such functions as voice control and driver assistance systems this also includes integrated information services. In 2020, the average number of vehicles in the Group's fleet in Sixt corporate countries came to 113,800 compared to 150,700 vehicles in 2019. This figure is significantly lower than in the previous years, which was due to the substantial drop in demand recorded since March 2020, in the wake of the worldwide Corona pandemic. Including the vehicles of franchisees and cooperation partners, Sixt's worldwide fleet for 2020 averaged 205,400 vehicles compared to 284,500 vehicles in 2019.

Average number of vehicles **Group and franchisees/cooperation partners**	**2020**	2019
Group	113,800	150,700
Franchisees/cooperation partners	91,600	133,800
Total	**205,400**	**284,500**

Outside the European and American corporate countries Sixt is represented by franchisees/cooperation partners. Thanks to this twin-track approach of having its own corporate companies and franchisees, the Sixt brand enjoys a presence in around 110 countries.

The basis for the operative business is a tight-knit worldwide network of rental stations numbering 2,067 at the end of 2020 (including franchise countries; 2019: 2,111 stations). Increasingly customers can also use virtual stations, where they can rent and pick up vehicles at highly frequented places such as shopping malls or parking garages simply with the help of their smartphone and the SIXT app.

Rental offices	**2020**	2019
Corporate countries	1,006	1,036
Franchise countries	1,061	1,075
Total	**2,067**	**2,111**

2.2 RANGE OF SERVICES

The four product categories SIXT rent (vehicle rental), SIXT share (carsharing), SIXT+ (car subscription) and SIXT ride (transfer services) represent almost the entire product range of the Group. They are interlinked and all uniformly available from the SIXT app.

\\ *SIXT rent:* SIXT rent represents the classic vehicle rental section and offers a fully digitised rental process via the SIXT app. In this way, Sixt enables its customers to select their car of choice remotely, shortly before rental begins, from selected rental stations in Europe and the USA, primarily at airport sites, head straight to the car park without having to go the rental counter and open the car directly from the app. The digital service will be expanded step-by-step to further stations at airports and within city areas.

SIXT rent also covers products for special customer groups. This includes, among others, a wide range of utility vehicles of well-known brands. The portfolio ranges from transporters through to trucks with a permissible total weight of up to 12 tons. These vehicles are available as short- or long-term rentals and thereby serve a host of different deployment possibilities. Rounding off the truck range are services such as accessories for removals or special equipment and superstructures.

For holiday travellers SIXT rent provides an international holiday vehicle rental service tailored to the mobility requirements at holiday destinations. To this end, customers make a down-payment during reservation and merely have to present their usual documentation, such as passports and driving licences, when they pick up their car at the holiday destination. With this holiday vehicle offer Sixt is granting many holidaymakers' wishes to have the conditions of their rental pre-arranged ahead of their trip and to accelerate and simplify the collection of the rental car on site.

\\ *SIXT share:* With SIXT share, the company provides a flexible carsharing offer, which also allows the user to return the vehicle outside firmly fixed business areas. Thus, it is also possible to return the car outside pre-defined business zones and at any Sixt station within Germany. Furthermore, Sixt has interlinked its vehicle fleets servicing the SIXT rent and SIXT share product categories in such a way that vehicles can be deployed flexibly and on-demand. In this way, SIXT share can be offered not only in larger cities and metropolitan areas – as is the case with other carsharing services – but also in smaller and medium-sized towns. Moreover, SIXT share customers have a larger range of vehicle brands and types to choose from due to the bundling of the fleets. The interlinking of SIXT rent and SIXT share also allows for the flexible adjustment of usage periods, according to the user's actual requirements, from a few minutes to several days, and always at the best possible price. Following the launch of SIXT share in the German metropolitan areas of Berlin, Hamburg and Munich in 2019, the service expanded outside Germany in mid-2020 with the launch in the Netherlands, where SIXT share offers a purely electric fleet.

\\ *SIXT+:* The launch of the car subscription service SIXT+ in June 2020 saw Sixt extend its product range available from its mobility platform ONE. SIXT+ is the solution for customers who do not want to be tied down for years through buying a car. Unlike carsharing or short-term rentals, customers of SIXT+ receive their own vehicle, which they use just like their own private car for the period requested. The SIXT+ offer includes various additional services such as comprehensive insurance cover, workshop costs, etc., is available without long contract periods and can be terminated on a monthly basis.

In accordance with its aspiration of detecting and defining mobility trends early on, Sixt reacted with this product to changed mobility requirements of many people who now prefer using a car than owning one. In this way Sixt provides mobility for more people, for whom a classic car purchase is no option for a variety of reasons.

Following its launch in mid-2020 in Germany, SIXT+ swiftly expanded into further markets, so that by the end of the year the product was available outside of Germany in France, the USA, Great Britain, Spain, the Netherlands, Switzerland and in Austria.

\\ *SIXT ride:* SIXT ride is an integrated mobility service based primarily on the brokerage of ride and transfer services (ride hailing or taxi). To this end, Sixt cooperates with over 1,500 partners worldwide. SIXT ride enables customers in over 250 cities across the globe to be collected by car, or book a transfer up front. The service is not limited to larger conurbations alone, but thanks to cooperation with local partners, also extends to smaller towns and rural settings.
To provide this comprehensive and integrated service, Sixt cooperates with internationally renowned mobility partners. These include the taxi centres in all large German cities, as well as established ride hailing networks such as Lyft in the USA, Cabify in Spain and Addison Lee in Great Britain.

For corporate customers, SIXT ride offers the advantage of a straightforward and unified billing system, so that ride services can be integrated into the planning and budgeting of business trips and can be invoiced in a transparent way. With its interfaces in business travel portals SIXT ride furthermore allows the user to book taxis directly as part of their travel arrangements. Thanks to its bookability in the Amadeus transfer hub, travel agencies in turn also have access to SIXT ride.

With the growth of ride hailing service on the mobility platform ONE, Sixt decided to discontinue the operation of its own luxury chauffeur service "Sixt Limousine Service" in 2020. This reduces the Group-internal complexity of processing orders and eliminates the utilisation risk.

Complementing SIXT rent, SIXT share, SIXT+ and SIXT ride, the Group offers further products to cater for the specific requirements of various customer groups. These include such flexible mobility concepts as for example SIXT unlimited.

\\ *SIXT unlimited* combines the benefits of a company car that is always available, with the flexibility of a rental vehicle. The service is available to users at more than 800 service stations in 10 European countries. SIXT unlimited merely requires a monthly flat-rate for the usage of the vehicle of choice, and the other costs normally incurred for a privately owned car or taxi do not arise. The product is geared primarily towards frequent travellers who appreciate swift handling of the rental process as well as the cost advantages.

- *Sixt Sports & Luxury Cars:* In a number of select countries and regions Sixt offers a particularly exclusive range of luxury limousines, sports cars and SUVs.

3. SIGNIFICANT EXTERNAL INFLUENCING FACTORS

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

Economically, the Sixt Group depends on the general economic conditions, which in particular determine the spending propensity of business travellers, the consumption behaviour of private customers and companies' willingness to invest. In addition to these, changes in interest rates are a material external factor that can influence the Group's refinancing conditions. Additional influencing factors such as political crises, terror attacks, the outbreak of pandemics or epidemics as well as social trends, such as the intensive debates surrounding climate protection, can also affect travel activities and the demand for mobility services and thus influence the Group's business development. In 2020, the outbreak of the worldwide Corona pandemic was by far the most dominant factor affecting Sixt's business, as it brought substantial limitations to national and international travel in its wake.

4. BUSINESS MANAGEMENT

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

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

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

The relevant financial performance indicator for the Mobility Business Unit is Corporate EBITDA. Corporate EBITDA stands for earnings before interest, taxes, depreciation and amortisation (EBITDA), but with additional consideration of depreciation on rental vehicles and the interest result of the Mobility Business Unit.

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

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

5. RESEARCH & DEVELOPMENT

Sixt is a worldwide leading premium service provider and innovation leader in the mobility industry. The company drives forward and uses state-of-the art technological developments and digital services to do due justice to the constantly changing demands of its customers and be able to offer individual, flexible and comfortable solutions. In this Sixt is pursuing a consistent digitisation strategy. The company attaches great importance to its own technological competence and development activities for the success of its business.

To this end, the company organises the R&D work in the SIXT TECH unit, which is sub-divided into so-called product divisions and enabling divisions.

Product Divisions: Eight Product Divisions in total pursue the objective of developing and optimising mobility solutions, as well as focusing on improving internal efficiency.

Enabling Divisions: The Enabling Divisions are responsible for digital safety, the internal IT infrastructure, the provision of the cloud platform ONE as well as supporting the departments with further technical support. Additionally, they work to continually maintain the state-of-the-art IT infrastructure in the branches and the Group headquarters in Pullach.

All SIXT TECH teams share the goal of developing new and enhanced mobility products; associated with that quest is the thorough and continuous modernisation of the in-house IT infrastructure in the direction of a 100% cloud-based technology.

In this, Sixt follows an agile development methodology which follows the SCRUM concept.

The Product Divisions undertook the following key activities in 2020:

Demand: This division oversees offers directed towards customers particularly via the Sixt website and the SIXT app. The greatest initiatives in 2020 were the conceptual work on a new website and the expansion of the mobility platform ONE. This included modifications to the design, the speedy integration of new offers and features, such as searching for an offer from a geographical map or by specific vehicle categories, as well as separating the front-ends (web and app) from the business logic behind them, in order to provide more flexibility and security.

Sales: The Sales division was focused on expanding and optimising digital offers for business and corporate customers (B2B). Its assignments included providing the functionalities from the private customer business (B2C) as well as to digitise the sales process end-to-end.

Customer: The Customer division ensures that customers receive the best possible service offer. Key projects included providing a smooth registration option via the SIXT app, efficient self-service options, the application in the call and service centres as well as loyalty initiatives for customer retention.

Mobility Operations: This division bundles together the mobility services and offers of the Sixt Group. Thus, in 2020 it developed internal tools for the check-out and check-in during vehicle rental and return operations, which saw a cloud-based software being deployed. Further important projects in this division were the international roll-out of SIXT share, the introduction of the SIXT+ car subscription, the integration of third-party providers, provision of Sixt solutions as white labels for corporate customers as well as the continued digitisation of the fleet, such as for example, opening cars directly via the app.

Pricing and Yield: This division looks at pricing and fleet utilisation. Alongside the continual optimisation of pricing algorithms, the division also works on new and data-driven approaches to fleet management.

Fleet: This division modernises all processes for optimising the fleet utilisation and data provisioning.

Finance: This division takes care of the integration of modern payment methods, flexible and real-time processing especially of receivables, transparent commissioning processing and revision of the damage and repair procedures.

Ride: This division provides the platform for taxis and chauffeur services and constantly develops these further, for example by integrating Google Maps.

The total costs of the departments in the Sixt Group that are significantly involved in development activities amounted to EUR 27.6 million in the financial year (2019: EUR 29.5 million).

For current and future software solutions, development costs were capitalised amounting to EUR 8.2 million (2019: EUR 9.4 million).

B.2 \\ BUSINESS REPORT

Unless otherwise stated, the following key figures include the business activities of the Mobility Business Unit as well as the other continuing operations not allocated to the Mobility Business Unit. Earnings after taxes for the discontinued Leasing Business Unit that was sold in July 2020 are disclosed separately in the Income Statement according to IFRS 5. Previous years' figures have been adjusted for comparison purposes where necessary.

1. ECONOMIC ENVIRONMENT

With the increased internationalisation of Group activities, the focus of Sixt's business transactions is shifting onto the European corporate countries as well as the USA, the most important foreign market. Therefore corporate investment activities, the consumer behaviour of private customers, as well as the spending propensity of commercial and corporate customers in these regions are of special importance for Sixt Group's business development in these economic regions.

In 2020, the effects of the COVID-19 pandemic have seen the world economy slide into the deepest recession since many decades. The government decreed measures to contain the pandemic taking effect in various countries, such as travel warnings, border closures, curfews and mobility restrictions, are having a particularly severe effect on the travel and tourism industry. Though during the third quarter the economy managed to recoup some of the losses suffered in the first half of the year, these recoveries were once again brought to a halt by another wave of infections during the final quarter. Thanks to substantive monetary and fiscal support measures an ever harsher contraction of economic performance was prevented. The measures included in part massive cuts to base rates, immense bond purchasing programs and the issuance of nearly unlimited credit commitments to corporations. The pandemic amply demonstrated the significance of the digital economy as well as the necessity for further steps towards digitisation.

Despite the trade conflict between the USA and China intensifying since 2019 and the COVID-19-related slump in the first half of 2020, global trade recovered significantly over the course of the year. China managed to offset the economic setback suffered during Q1 over the further course of the year and continued to grow, especially with its industrial production. At 3.5% the unemployment rate of USA at the start of the pandemic was one of lowest in recent decades. With the crisis heightening, though, the unemployment rate climbed to 6.7% by December. The US elections were accompanied by upheaval before the US government transitioned to a new administration, which would suggest trade relations are entering calmer waters. On this side of the Atlantic, Great Britain finalised Brexit at the turn of the year. The last minute trade and partnership deal negotiated with the EU should serve to avoid a harsh split.

According to the International Monetary Fund (IMF) the 2020 contraction in global economic performance amounted to 3.5% after a gain of 2.9% the year before. The USA had to stomach a drop in domestic gross production of 3.4% after a 2.3% growth in 2019. The Euro area recorded a sharp decline of 7.2% in the year under review, which had been preceded by a small plus of 1.2% the year before. The German economy contracted by 5.0% in 2020, while in countries that were hit particularly hard by the measures taken to battle the COVID-19 pandemic, such as France, Italy and Spain, the economic downturn registered as much as 9.0% to 11.1%.

Sources

BMWi (German Federal Ministry for Economic Affairs and Energy), "Konjunktur und Wachstum" (Business and Growth), January 2021

International Monetary Fund (IMF), World Economic Outlook Update January 2021

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

The Sixt Group is looking back on a strategically successful fiscal year 2020 that was influenced by the COVID-19 pandemic and economically challenging. In the midst of the steepest recession of post-war history Sixt managed to record consolidated revenue of EUR 1.53 billion in the year under review (2019: EUR 2.50 billion). Group earnings before taxes (EBT) from continuing operations came to EUR -81.5 million (2019: EUR 308.2 million).

In August 2020 Sixt SE withdrew its initial forecast for fiscal 2020 issued in March, which had assumed a substantial drop in revenue and earnings. Given greatly exacerbated uncertainties regarding the extent of the adverse effects associated with the COVID-19 pandemic the Company at first refrained from issuing a new forecast. On the basis of the figures published in November for the first nine months of the fiscal year and the information available at the time regarding business performance in the fourth quarter, a new forecast was issued in November. It had the Managing Board of Sixt SE project fiscal year 2020 to generate consolidated operating revenue of around EUR 1.50 billion (2019 adjusted: EUR 2.49 billion). Sixt Group's earnings before taxes (EBT) from continuing operations for fiscal 2020 was expected to close out in a range between EUR -70 million and EUR -95 million (2019 adjusted: EUR 308 million). These forecasts were both fulfilled.

Consolidated operating revenue declined on annual comparison by 39.1% in 2020 to EUR 1.52 billion (2019: EUR 2.49 billion). Foreign business operations were harder hit than domestic business, contracting by 44.5% to EUR 840.8 million (2019: EUR 1.52 billion). In Germany a decline of 30.6%, down to EUR 679.5 million (2019: EUR 978.4 million) was recorded.

In the period under review Sixt Group recognized earnings before taxes from continuing operations to the amount of EUR -81.5 million (2019: EUR 308.2 million). The cost saving measures, implemented as part of the crisis management, for fleet costs as well as personnel and material costs could only partly compensate for the drop in revenue. Operating return on revenue for the reporting year came to -5.4% after 12.4% for 2019. The result from discontinued operations amounted to EUR 100.8 million at the end of the fiscal year (2019: EUR 21.5 million) This figure includes the pro rata temporis earnings from the Leasing Business Unit, up until July 2020, and the income generated from the sale of the share in Sixt Leasing SE.

The equity ratio of 31.5% reported as at 31 December 2020 remains significantly above the minimum target level of 20%. The substantial improvement of the already very solid previous year's figure of 25.5% is particularly due to the sale of Sixt Leasing SE.

3. KEY DEVELOPMENTS AND MEASURES DURING THE REPORTING YEAR

\\ ***Rental fleet significantly reduced:*** In fiscal year 2020 the average fleet in Germany and abroad came to 113,800 vehicles and was thus around 24.5% lower than the figure the year before. Rental assets recognized in the balance sheet at the end of December 2020 came to EUR 2.2 billion and thus some EUR 829 million below the level at the end of 2019 (-27.3%).

\\ ***Savings target exceeded:*** In as little as nine months Sixt managed to exceed the original target for the full year to bring personnel and material costs down by EUR 100 million. For the full year 2020 cost savings generated in these areas came to EUR 344 million. On top of these the savings made with fleet costs came to EUR 186 million.

\\ ***Financial flexibility secured:*** Through a syndicated loan facility concluded in the second quarter with the participation of the state-owned "Kreditanstalt für Wiederaufbau" (KfW) with a volume of up to EUR 1.5 billion Sixt increased its financial flexibility to finance and secure future expansion of its fleet. This credit facility had not been drawn down by the end of fiscal 2020. Furthermore, in December 2020 Sixt SE issued a bond with a volume of EUR 300 million and an interest coupon of 1.75% p.a., carrying a term of four years. The bond issuance serves as element in the long-term financing of the Company as well as to finance Sixt Group's operative business.

\\ ***Strategic expansion in the USA:*** In the third quarter of the fiscal year Sixt took over ten strategically important locations at airports in the USA from the insolvency assets of a competitor. According to in-house calculations the market size of the new locations comes to around USD 3.4 billion per annum. By the end of the third quarter all of the new locations had opened up, with the exception of the one at LaGuardia Airport in New York. Alongside these acquisitions, in the reporting year Sixt also expanded its network of stations through organic growth and opened up 25 further stations in the USA. As per 31 December 2020 Sixt had over 100 stations there.

\\ *Further partnerships concluded:* From as early as 2019, Sixt customers in the USA have been able to use SIXT ride in the SIXT app to access the service of Lyft. We expanded the cooperation with Lyft by integrating our rental products into the Lyft app in August 2020. Sixt vehicles have also been available from the Lyft app ever since.

The ride hailing service of SIXT ride was integrated into Google Maps in December 2020. As a first step SIXT ride will be available in the app of the online map service in a total of 21 German cities. The partnership between Sixt and Google is an important strategic step and underlines the position of ONE as leading mobility platform.

\\ *SIXT+ on a success trajectory:* The car subscription service SIXT+, which is available not only in Germany but also in the USA and six additional European countries, has been very well received. SIXT+ is the logical answer to society's changing mobility requirements for flexible and independent mobility. The classic purchase of a car is not always an option for a variety of reasons (among others, due to the long-term financial obligations and residual value risks). According to the Trendreport of the market research institute Puls published in November 2020, today Sixt is already the best-know brand for car subscription by far. In addition, the November survey conducted by the German institute for service quality in collaboration with the broadcaster n-tv, found the car subscription SIXT+ to be the unequivocal test winner.

\\ *Key marketing activities:* During the year under review, Sixt invested primarily in marketing activities that were associated with the launch of SIXT+ in its domestic market of Germany as well as in France, the USA, Great Britain, Spain, the Netherlands, Switzerland and Austria. In Germany, 2020 saw a whole series of successful marketing activities being implemented. These included for example the "Sicherheitsknurrt" ("Safety bellowing"), conducted together with a fast food chain, that reached well over 14 million people. Also in 2020, the carsharing product SIXT share launched in the Netherlands with a pure electric fleet with extensive communication activity assistance in all of the SIXT share cities. In fiscal year 2020 various further marketing activities were successfully staged across Europe. These helped to further increase the brand awareness of SIXT share and SIXT+ in specific countries.

4. REVENUE DEVELOPMENT

4.1 DEVELOPMENT IN THE GROUP

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

As in previous years, the Group's revenue development is measured by consolidated revenue as well as by the so-called consolidated operating revenue. Consolidated operating revenue is the revenue from rental business including other revenue from rental business. Revenue from the sale of used vehicles from the Mobility Business Unit is not reported under revenue.

Total consolidated revenue decreased by 38.8% to EUR 1.53 billion in the year under review following the travel restrictions and stay-at-home orders in the wake of the COVID-19 pandemic (2019: EUR 2.50 billion). Consolidated operating revenue from rental business was with EUR 1.52 billion 39.1% lower than in the previous year (EUR 2.49 billion).

Breakdown of consolidated revenue	**2020**		2019	
	in EUR million	in %	in EUR million	in %
Mobility	1,520	99	2,494	100
Other	12	1	7	0
Total	**1,532**	**100**	**2,501**	**100**

Consolidated operating revenue	**2020**	2019[1]	2018[1]	2017[1]
in EUR million				
	1,520	2,494	2,131	1,865

[1] *The prior-year comparative figures have been adjusted according to IFRS 5 with the separate reporting of discontinued operations*

4.2 REVENUE BREAKDOWN BY REGIONS

In Germany, consolidated revenue for 2020 was EUR 687.9 million, which corresponds to a decline of 30.1% compared to prior year (EUR 983.9 million). Rental revenue came to EUR 591.0 million, 30.3% below the 2019 level (EUR 847.7 million). Other revenue from rental business decreased by 32.3% and came to EUR 88.5 million (2019: EUR 130.6 million).

Abroad, the development of Group revenue in 2020 was more affected by the negative impact of the COVID-19 pandemic. A decline of 44.4% to EUR 844.2 million was recorded (2019: EUR 1.52 billion).

Rental revenue outside Germany decreased by 45.1% to EUR 771.5 million (2019: EUR 1.40 billion). This development was driven by a massive drop in demand, especially in key holiday destinations, due to mobility and travel restrictions related to COVID-19. Other revenue from rental business was registered at EUR 69.3 million, thus also significantly below prior year's level (EUR 111.6 million; -37.9%).

Overall, the share of foreign business revenue declined in 2020 and accounted for 55.1% (2019: 60.7%), while the share of consolidated revenue in Germany reached 44.9% (2019: 39.3%). Regarding consolidated operating revenue, the share of revenue generated abroad decreased to 55.3% (2019: 60.8%).

5. EARNINGS DEVELOPMENT

Consolidated income statement (condensed) in EUR million	**2020**	2019[2]	Change in total	Change in %
Consolidated revenue	1,532.1	2,501.4	-969.3	-38.8
Thereof consolidated operating revenue	1,520.2	2,494.3	-974.1	-39.1
Fleet expenses	429.3	615.3	-186.0	-30.2
Personnel expenses	339.3	461.9	-122.7	-26.6
Depreciation and amortisation expense including impairments	458.1	518.5	-60.4	-11.7
Net other operating income/expenses	-354.2	-567.2	213.0	-37.6
Earnings before net finance costs and taxes (EBIT)	-48.7	338.6	-387.3	-114.4
Net finance costs	-32.8	-30.3	-2.5	8.3
Earnings before taxes (EBT)	-81.5	308.2	-389.8	-126.5
Income tax expense	17.3	82.9	-65.6	-79.2
Result from continuing operations	-98.8	225.3	-324.2	-143.8
Result from discontinued operations, net of taxes	100.8	21.5	79.3	369.5
Consolidated profit	2.0	246.8	-244.8	-99.2
Earnings per share (in EUR)[1]	-0.71	4.99	-5.70	-114.2

[1] *Basic, in 2020 based on 46.9 million shares (weighted), in 2019 based on 46.9 million shares (weighted)*
[2] *The prior-year comparative figures have been adjusted according to IFRS 5 with the separate reporting of discontinued operations*

Other operating income declined by 4.4% to EUR 181.8 million (2019: EUR 190.1 million). While gains from currency translation rose slightly (EUR 101.6 million;+7.9%), income from forwarding costs to third parties decreased significantly (EUR 36.5 million; -40.2%). Moreover, other operating income includes income from the reversal of provisions (EUR 4.1 million; +47.1%) as well as income from non-cash benefits (EUR 8.3 million; -14.0%). Gains from currency translation are offset by expenses from foreign currencies which are recognised under the other operating expenses.

The fleet expenses item comprises expenses for the rental fleet during the useful lives of the vehicles (for example fuel, transport costs, insurance, motor vehicle taxes, vehicle maintenance and repairs, vehicle preparation). Fleet expenses went down by 30.2 % to EUR 429.3 million (2019: EUR 615.3 million). Costs thereby decreased on a broad basis.

Personnel expenses declined as a result of the cost saving measures introduced, including the use of short-time work by 26.6% to EUR 339.3 million (2019: EUR 461.9 million).

Depreciation and amortisation expense including impairments was with EUR 458.1 million 11.7% below the level of the previous year of EUR 518.5 million. The decline is based on the significantly lowered depreciation on rental vehicles (EUR 294.4 million; -27.9%) due to the reduced fleet. On the other hand, there was an increase in depreciation of property and equipment (EUR 149.1 million; +45.4%), mainly resulting from the capitalisation of right of use assets according to IFRS 16 as well as higher amortisation expense on intangible assets due to an impairment of goodwill.

Other operating expenses declined by 29.2% to EUR 535.9 million in the reporting year (2019: EUR 757.3 million). The drop is particularly due to cost savings in provisions, marketing and sales as well as other personnel services. In contrast, risk provisioning around receivables increased.

For 2020 the Sixt Group shows earnings before net finance costs and taxes (EBIT) of EUR -48.7 million (2019: EUR 338.6 million; >-100 %). The EBIT margin, measured as ratio to consolidated operating revenue, stood at -3.2% (2019: 13.6%).

The financial result decreased to EUR -32.8 million (2019: EUR -30.3 million). The interest result came to EUR -34.5 million (2019: EUR -30.4 million), due to higher costs for securing liquidity in the longer term. Other net financial income amounted to EUR 1.7 million (2019: EUR 0.0 million).

Sixt recorded consolidated earnings before taxes (EBT) from continued operations of EUR -81.5 million (2019: EUR 308.2 million). The EBT margin – expressed in relation to consolidated operating revenue – reached to -5.4% (2019: 12.4%).

Income tax expense totalled EUR 17.3 million (2019: EUR 82.9 million) and developed with a change of -79.2% disproportional compared to the decline in pre-tax profit. Thus, the tax rate, calculated based on EBT, came to -21% (2019: 27%).

For fiscal year 2020 the Sixt Group reports a consolidated profit of EUR 2.0 million (2019: EUR 246.8 million; -99.2%). Minority interests amounted to EUR 35.2 million (2019: EUR 12.5 million). Thus, consolidated profit after taxes and minority interests was EUR -33.2 million (2019: EUR 234.3 million).

Earnings per share (basic) for the reporting year amounted to EUR -0.71. The year before, earnings per share had been EUR 4.99.

The result from the discontinued Leasing Business Unit came to EUR 100.8 million including the gain on sales, net of taxes, in the amount of EUR 40.1 million.

Earnings performance Sixt Group in EUR million	**2020**	2019[1]	2018[1]	2017[1]
EBT	-81.5	308.2	503.9	257.3
Consolidated profit	2.0	246.8	438.9	204.4

Return indicators Sixt Group in %	**2020**	2019[1]	2018[1]	2017[1]
Return on equity (ratio of EBT to equity)	-5.8	19.4	34.9	21.8
Operating return on revenue (ratio of EBT to operating revenue)	-5.4	12.4	12.4	10.3

1 *The prior-year comparative figures have been adjusted according to IFRS 5 with the separate reporting of discontinued operations*

5.1 DEVELOPMENT OF THE SEGMENTS

Following the sale of the share in Sixt Leasing SE and the discontinuation of the Leasing Business Unit, the Mobility Business Unit of the Sixt Group is segmented according to regional aspects in line with the company's internal reporting structures. The segment report distinguishes between the segments Germany, Europe (excluding Germany) and North America, all of which were severely affected by the COVID-19 pandemic in 2020. The profitability of the Mobility Business Unit is represented by the industry-standard key figure Corporate EBITDA, which includes all fleet-related expenses such as interest and depreciation.

The share of Group revenue generated in the segment Germany amounted to EUR 679.5 million (2019: EUR 978.4 million).

Parts of the decline in demand due to the pandemic were compensated by positive developments in city stations as well as in long-term rentals, especially due to the success of SIXT+. The Corporate EBITDA for the segment Germany came to EUR 48.7 million (2019: EUR 176.3 million).

The share of Group revenue generated in the segment Europe was EUR 576.6 million (2019: EUR 1.03 billion). Naturally, countries with a high exposure to tourism, such as Spain and Italy, were more affected by the decline in demand because of the COVID-19 pandemic. The segment Europe recorded a Corporate EBITDA of EUR 78.9 million (2019: EUR 209.8 million).

The segment North America contributed a share of EUR 264.2 million (2019: EUR 483.3 million) to the Group's revenue and registered a Corporate EBITDA of EUR -52.0 million compared to EUR 28.5 million in the previous year. In addition to the considerable constraints associated with COVID-19, North America was also significantly influenced by investment activity. Through the acquisition of ten strategically important airport locations, Sixt 2020 expanded its position as the fourth-largest car rental company in the USA, thus laying the foundation for future substantial growth.

The Other segment comprises all activities of the Sixt Group that cannot be allocated to the Mobility Business Unit, which do not account for a significant share of the Sixt Group's revenue and earnings and are therefore not reported separately.

6. APPROPRIATION OF PROFIT

Sixt SE prepares its annual financial statements according to the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). For 2020, Sixt SE reports unappropriated profits of EUR 378.5 million (2019: EUR 254.1 million).

Subject to the consent of the Supervisory Board, the Managing and Supervisory Board of Sixt SE propose that the Annual General Meeting on 16 June 2021 distributes these unappropriated profits as follows:

- Suspension of dividend payment for ordinary shares
- Payment of minimum dividend of EUR 0.05 per preference share
- Carry-forward to new account EUR 377.7 million

The dividend proposal would result in a total dividend payment of EUR 0.8 million as in the previous year. This takes account of the future demands placed on equity, the investment requirements, and the future economic development. Above all with a view to the extraordinary crisis situation caused by the COVID-19 pandemic and the associated uncertainties in the financial markets with possible consequences for the availability of capital.

7. NET ASSETS

As at the end of the reporting year 2020, Sixt Group's total assets were with EUR 4.43 billion by EUR 1.82 billion or 29.1% below the figure as at 31 December 2019 (EUR 6.25 billion). The reduction in total assets is particularly due to the assets and liabilities of the discontinued Leasing Business Unit which are no longer included in the Group's assets (the previous year's balance sheet values were not adjusted in accordance with IFRS 5) and to the smaller rental fleet adapted to demand. On the other hand, cash and cash equivalents increased considerably.

Non-current assets amounted to EUR 641 million (2019: EUR 1.84 billion; -65.2%). The significant decline results primarily from lease assets, which still amounted to EUR 1.12 billion as at 31 December 2019 and are no longer included in the Group's assets as a result of the sale of Sixt Leasing SE. Property and equipment including the capitalised right of use assets which decreased by EUR 62.4 million or 10.3% to EUR 544.0 million (2019: EUR 606.3 million) thus dominate non-current assets as at 31 December 2020. Goodwill declined by EUR 10.5 million or 36.2% to EUR 18.4 million (2019: EUR 28.9 million). Intangible assets contracted by EUR 12.5 million or 38.3% to EUR 20.1 million (2019: EUR 32.6 million). Deferred tax assets decreased from EUR 47.5 million by 8.2% to EUR 43.6 million. Other receivables and assets fell by EUR 0.7 million to EUR 4.7 million (2019: EUR 5.4 million; -12.8%).

Current assets declined in total by EUR 618.9 million to EUR 3.79 billion (2019: EUR 4.41 billion; -14.0%). Rental assets accounted for EUR 2.20 billion, EUR 828.8 million or 27.3% less compared to the figure as at 31 December 2019 (EUR 3.03 billion). The share of rental vehicles in current assets was 58.2% (2019: 68.8%) and in total assets 49.8% (2019: 48.5%).

Inventories contain mainly rental vehicles taken out of the fleet, petrol stocks as well as raw materials, consumables, and supplies. With EUR 81.3 million they registered a decline of EUR 20.4 million or -20.1% compared to prior year (EUR 101.7 million).

Trade receivables came to EUR 530.0 million, thus EUR 235.0 million or 30.7% below the figure of the previous year of EUR 765.0 million due to reporting date effects.

Current other receivables and assets recorded a drop of EUR 99.9 million to EUR 198.4 million (2019: EUR 298.3 million; -33.5%). The item contains mainly delivery claims for vehicles, insurance claims and other tax receivables.

Income tax receivables decreased by EUR 17.6 million to EUR 20.1 million (-46.7%).

The Group's cash and bank balances significantly climbed year-on-year to EUR 753.3 million after EUR 170.5 million last year.

The "Sixt" brand name in particular is a significant asset that is not recognised in the balance sheet. The value of this asset can be affected, among other things, by advertising campaigns. However, advertising expenses cannot be unambiguously allocated to this asset. Advertising expenses for fiscal year 2020 amounted to 3.2% of consolidated operating revenue (2019: 3.3%).

Consolidated balance sheet (condensed) **Assets** in EUR million	**2020**	2019
Non-current assets		
Property and equipment	544.0	606.3
Lease assets	-	1,119.7
Miscellaneous	96.8	116.7
Current assets		
Rental vehicles	2,204.6	3,033.4
Cash and bank balances	753.3	170.5
Miscellaneous	829.9	1,202.8
Total assets	**4,428.5**	**6,249.4**

8. FINANCIAL POSITION

8.1 FINANCIAL MANAGEMENT AND FINANCIAL INSTRUMENTS

The financial management of the Sixt Group is centralised within the finance division and is performed on the basis of internal guidelines and risk policies as well as a monthly Group finance plan. The key tasks include safeguarding liquidity, cost-oriented, long-term coverage of financing requirements of the consolidated companies under the going concern assumption as well as managing interest rate, currency and credit risks. Operative liquidity control and the cash management are performed centrally for all consolidated companies by the finance division of the Group.

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

As at the end of 2020, the Sixt Group was primarily financed by the following instruments:

\\ A bond (of Sixt SE) with a nominal value of EUR 300 million, maturing in 2024 and bearing a coupon of 1.75% p.a.

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

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

\\ Borrower's note loans totalling EUR 1.05 billion, maturing between 2021 and 2026 and bearing fixed and variable market rates of interest

\\ Real estate redeemable loans maturing till 2027

\\ Commercial paper in the amount of EUR 88 million with short-term maturities

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

8.2 EQUITY

As at 31 December 2020 the Group's equity amounted to EUR 1.39 billion after EUR 1.59 billion at the same reporting date the year before. Group's equity declined particularly due to changes in consolidation as well as currency translation effects. Overall, the Group's equity ratio climbed to 31.5% (2019: 25.5%) along with the reduction of total assets. The Sixt Group's equity ratio thus remained unchanged and significantly above the average for the rental industry, as well as above its own target of at least 20%.

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

8.3 LIABILITIES

Non-current liabilities and provisions declined year-on-year from EUR 2.72 billion by EUR 779.4 million or 28.7% to EUR 1.94 billion. The change is mainly based on the reduction in financial liabilities by EUR 724.1 million or 27.3% to EUR 1.93 billion (2019: EUR 2.65 billion). The non-current financial liabilities contain the bonds 2016/2022 and 2018/2024 issued by Sixt SE with nominal values of EUR 250.0 million each as well as the bond 2020/2024 issued by Sixt SE with a nominal value of EUR 300.0 million. In addition, the item also contains borrower's note loans, bank liabilities and lease liabilities with remaining maturities of more than one year in the total amount of EUR 1.13 billion (2019: EUR 1.66 billion).

Current liabilities and provisions decreased by EUR 844.1 million to EUR 1.10 billion year-on-year (2019: EUR 1.94 billion), in particular due to financial liabilities of EUR 449.6 million, (2019: EUR 784.5 million) which sank by EUR 334.9 million along with the timely repayment of the bond 2014/2020 issued by SE with a nominal value of EUR 250 million, the on reporting date by EUR 410.1 million decreased trade payables of EUR 422.8 million (2019: EUR 832.9 million) as well as lower other liabilities of EUR 107.2 million (2019: EUR 165.6 million).

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

Consolidated balance sheet (condensed) **Equity and liabilities** in EUR million	**2020**	2019
Equity	1,394.7	1,592.2
Non-current liabilities and provisions		
Provisions	3.7	4.2
Financial liabilities	1,928.6	2,652.7
Miscellaneous	5.1	59.8
Current liabilities and provisions		
Provisions	116.9	157.5
Financial liabilities	449.6	784.5
Miscellaneous	530.0	998.5
Total equity and liabilities	**4,428.5**	**6,249.4**

9. LIQUIDITY POSITION

For 2020 the Sixt Group reports gross cash flows of EUR 319.0 million, which is EUR 387.3 million below the prior year figure (EUR 706.3 million). Considering the depreciation on rental vehicles results in a gross cash flow before changes in net working capital of EUR 24.6 million (2019: EUR 298.2 million). Adjusted for changes in working capital this results in a cash inflow for operating activities of EUR 669.3 million (2019: cash outflow of EUR 40.7 million). Thereof EUR 28.0 million accounted for discontinued operations (2019: cash inflow of EUR 106.3 million). The change compared to the previous year is primarily due to the reduction of the rental fleet.

Investing activities resulted in a cash inflow of EUR 12.6 million (2019: cash outflow of EUR 44.7 million). The change – on balance – compared with the previous year is mainly due to lower investments in intangible assets and property and equipment. Thereof discontinued operations accounted for cash outflows of EUR 3.7 million (2019: cash outflow of EUR 7.1 million).

Financing activities resulted in a cash outflow of EUR 89.6 million (2019: cash inflow of EUR 107.5 million). This was mainly due to higher payments for the redemption of borrower's note loans, bonds, bank loans and lease liabilities as well as higher payments for short-term financial liabilities. Thereof discontinued operations accounted for cash inflows of EUR 99.2 million (2019: cash outflow of EUR 106.3 million).

After changes relating to exchange rates, total cash flows resulted in a year-on-year increase in cash and cash equivalents as at 31 December 2020 by EUR 582.8 million (2019: increase of EUR 24.6 million). Cash and cash equivalents correspond to the balance sheet item "cash and bank balances".

10. INVESTMENTS

The Sixt Group significantly reduced the rental fleet in the reporting period to release capacities and liquidity and to adjust the vehicle supply to the reduced demand in the COVID-19 pandemic. Around 175,400 vehicles were added to the rental fleet in 2020 (2019: 250,900 vehicles) with a total value of EUR 5.48 billion (2019: EUR 7.43 billion). This corresponds to a decrease of 30.1% in the number and a decrease of 26.3% in the value of vehicles. The average value per rental car was around EUR 31,200 and thus slightly above the prior year's level of EUR 29,600.

Vehicles added to the rental fleet	2020	2019	2018	2017
Number of vehicles	175,400	250,900	225,600	200,600
Value of vehicles in EUR billion	5.48	7.43	6.54	5.49

B.3 \\ HUMAN RESOURCES REPORT

1. OUR EMPLOYEES

Our employees are the Company's beating heart. Their passion and enthusiasm enable us to ensure the excellent quality all of our products and services. Therefore Sixt sets high internal standards from recruitment onwards in order to guarantee all its employees deliver consistently high levels of service and customer service. By making the wishes and requirements of our customers their own, thus enabling Sixt to consistently prove itself, our workforce makes a sustained contribution towards the company's business success. In this, Sixt challenges each one of its employees to act on their own initiative and in an entrepreneurial way, to continually improve Sixt's services thereby meeting the changing needs of the customers for the most flexible and demand-driven mobility.

Human resources work is derived from the company's strategic targets. In fiscal year 2020 it was heavily affected by the COVID-19 pandemic. Focal points in 2020 were the implementation of our EHS (Employee Health & Security) Task Force, introducing short-time work and/or similar measures in our corporate countries to secure as many jobs as possible as well as adapting the leadership culture to remote leading.

International uniform modern standards and mainly digital solutions are applied to areas ranging from employer branding and selection of personnel, to initial and further training for new employees and managers. For these very reasons, keynote speakers from Sixt's human resources divisions also found themselves much in demand for professional conferences in 2020.

EHS Task Force

Sixt recognised early on the impact that a spread of the SARS-CoV-2 virus across national borders would have. For that reason it established one global and numerous national EHS Task Forces in February 2020, which are overseen by the departments People Management and GRC (Governance, Risk Management & Controls). The primary objective of these Task Forces is the protection of our employees and customers as well to take preventive measures to maintain going concerns and operations and avoidance of infection chains in the company.

To protect both customers and employees, prevention and response measures already regularly exceeded public requirements from early on, for example in giving staff leave after return from risk areas. In the space of a few months the EHS Task Forces have become vital anchors in the world of Sixt. Thus, in Germany alone, five of its employees are developing and implementing measures that are fine-tuned with Group-internal experts. They comply with the specifications defined by the German Robert Koch-Institute (RKI) as well as the currently applicable governmental requirements for curtailing the pandemic.

The global EHS Task Force implemented the following measures, among others:

- A 24/7 first level support with second level support integration for detailed questions
- Regular informative articles and information disseminated via the internal communication channels
- Digital expert panels in which questions from employees were answered directly
- Implementing new operational guidelines and updating existing work instructions
- Adjustment of Group travel guidelines and limiting travel to essential business trips
- Strict hygiene concepts at the stations and for the administrative locations

Short-time work

Given the massive revenue drop in the wake of the international travel and business restrictions the company was forced to introduce short-time work for part of its workforce as of April 2020.

Though the number of employees in short-time work went down again in the third quarter of 2020, the renewed travel and contact restrictions in the fourth quarter of 2020 necessitated short-time work to increase again to the level at the start of the year. Thanks to these measures, mass redundancies were prevented and jobs were saved.

Attractive employer

In times of the COVID-19 pandemic the Company puts great emphasis on providing its workforce with a sense of safety, fostering trust, strengthening corporate cohesion and togetherness and thus enabling growth after overcoming the pandemic. An extensive communication and information offensive at the start of the pandemic aided these efforts. This offensive included a host of newly introduced information formats, such as a regular digital worldwide "All Nation" meeting that provided an update by the Managing Board on the current situation, or interactive digital chats with experts as well as a leadership toolkit which supported executives in the challenge of leading hybrid or remote teams. A special newsletter was created to keep employees in short-time work regularly informed and in touch with company developments. The Sixt Intranet contains a wealth of social and dialogue features to foster and promote exchange between employees. With the hashtag #strongertogether to be #strongerthanever Sixt employees worldwide share their Corona hero stories, support one another and join forces with each other.

To do justice to the increasing internationalisation of the workforce and enable productive cooperation and successful integration of international colleagues into Sixt's workforce, Feel Good Managers provide targeted support during onboarding, as well as on-going support for our TECH employees. Their work covers, amongst other things, the hosting of intercultural training seminars, German classes and team events as well as providing relocation management for experts newly seconded to Germany. With these measures, Sixt is strategically investing in employee satisfaction.

Through the integration of intercultural diversity mentioned previously, Sixt is also promoting a diverse corporate culture through its internal diversity network "DiverSIXTy". With specially organised activities, training and panel discussions as well as with trustworthy contact partners and consistent target group support, Sixt is consciously building and expanding a respectful, appreciative and tolerant work environment. In addition to its LGBTIQ* network SIXTPride, other focal points are issues surrounding job & family, interculturality and diversity mentoring.

Even in times of the pandemic, Sixt is positioning itself externally as an attractive employer through the use of employer branding measures and a target group-oriented, omni-channel approach. The presence at live fairs was replaced by digital career events to ensure long-term visibility of its employer brand even during the pandemic. Its focus on selected high schools and the expansion of its cooperation with universities, schools of further education and student networks in Germany by providing a broad range of career events, workshops and digital guest lectures was also borne out by the very high score the Company has achieved in various employer rankings. In the transport, logistic and tourism industry, Sixt takes 9th place as most attractive employer in the "trendence" graduate barometer in the Germany-wide corporate comparison. It takes 90th place in the "Most Attractive Employers Germany" in the category of young professionals in the "Universum Awards".

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

Traineeship

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

Sixt safeguards this, among other things, through corresponding trainee programmes for graduates in its branch offices as well as its headquarters in Pullach. In the reporting year, due to the Corona crisis, with 6 trainees, significantly fewer trainees than usual (2019: 74 trainees) were recruited for future management tasks. The trainee programme in the branch offices is held in all corporate countries. In 2020, the measures introduced for the international standardisation of the trainee programme were further improved and harmonised to be able to guarantee a sustainably high level of quality. The intensive training over a period of 12 to 24 months prepares the trainees very specifically for their subsequent management tasks, which they can assume directly once they have successfully completed their trainee programme. Trainees who have successfully completed their course are also employed directly in the different central departments of the company's headquarters.

Promotional programmes

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

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

For Sixt, consistent and long-term succession planning was also important in 2020, despite the restrictions caused by the pandemic. 59 people (2019: 172 people) took part in the promotional programmes.

Sixt Campus
The Sixt Campus training centres provide further training on a variety of business-relevant topics to employees in Germany and abroad at all functional and hierarchical levels. The internationally standardised further training measures are geared towards raising everyday work performance and strengthening both technical and personal competencies over and above the current work job requirements. At the start of the first quarter of 2020 the company was able to offer a wide range of face-to-face training seminars in the areas of customer advice provided at the counter, the service centre or in the field, behavioural skills for trainees and executives in their dealings with fellow colleagues or the professional expertise required by future branch managers as well as sales consultants. Due to the outbreak of COVID-19, face-to-face seminars have been cancelled until further notice for the protection of employees. All training formats have been adjusted to the various international requirements and are being held digitally via webinars or virtual classrooms.

In light of the conditions prevailing after the worldwide outbreak of COVID-19, the training department of Sixt focused in 2020 entirely on digitising the existing further training measures in all corporate countries. Thus, for the first time fully digital onboarding programmes for the areas of operations and service centres were conceptualised and implemented. In 2020, around 250 employees received their initial training, education and further training purely digitally.

The training portfolio is supplemented by the continued provision of short digital learning nuggets to assist experts and executives in the fields of “working and motivation when working from home” and “remote leadership”. The feedback for this new world of digital development was unanimously positive from all participants.

The learning content management system Sixt Campus provides over 1,400 (2019: 1,100) web-based training units in different languages, over 550 (2019: 370) knowledge tests as well as over 100 (2019: 90) assessment forms. In addition, Sixt Campus currently provides roughly 100 (2019: 50) training plans specifically addressed to the needs of different target groups in the onboarding process. The relevance of the digital transformation in the area of training is demonstrated by the fact that employees are given flexible learning and study times during their dynamic working day and that the transmission of the expertise is done in line with different learning styles. Within the fiscal year 2020, this resulted in 55,551 e-learning calls leading to 23,705 e-learning hours.

Feedback culture
Sixt cultivates an active feedback culture in its corporate countries. During the year under review the regular employee survey was supplemented by a special global survey on the COVID-19 situation, resulting in an employee satisfaction of 84%. For Sixt it is important to address the feedback received from the workforce. Two rounds of questionnaires saw vital feedback from the workforce being implemented both at branch office sites as well as administration locations.

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

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

Number of employees
In 2020, the Sixt Group had an average workforce of 6,921 employees (2019: 8,105 employees). The reduction of 15 % results in particular from the personnel policy measures caused by the pandemic, such as probationary period terminations at the beginning of the pandemic as well as a qualified hiring freeze and the termination of fixed-term employment contracts.

The Mobility Business Unit employed in 2020 an average of 6,658 employees, thus 15% less than in the previous year (2019: 7,815 employees).

The Other segment had an average of 263 employees (2019: 290 employees).

The average number of employees in the discontinued Leasing Business Unit until the completion of the sale of the share in Sixt Leasing SE on 15 July 2020 was 649 employees (2019: 643 employees).

Number of employees by business unit (average)	2020	2019
Mobility	6,658	7,815
Other	263	290
Total	**6,921**	**8,105**

2. KEY FEATURES OF THE REMUNERATION SYSTEM

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

The Managing Board's remuneration comprises fixed and variable components as well as other customary fringe benefits. These are reported as a total amount for all Managing Board members and, in accordance with section 285 no. 9 of the HGB (HGB – German Commercial Code) in the version applicable to the financial years beginning until 31 December 2020, separately for each individual member of the Managing Board, broken down into non-performance-related and performance-related components and components with a long-term incentive effect.

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

In addition, variable remuneration is agreed in all Managing Board service contracts. This portion of the remuneration is based on consolidated earnings before taxes (EBT) of the Sixt Group, whereby variable remuneration only becomes payable to Managing Board members once a defined minimum EBT has been reached. In addition, contracts of service with Managing Board members impose a cap on the variable portion of the remuneration. The variable remuneration component is paid in the financial year(s) following the financial year relevant for the determination of the variable remuneration component. Next to these two components the members of the Managing Board – like other senior executives of the Sixt Group – also receive non-cash benefits in kind such as company cars, mobile phones and accident insurance contributions. Furthermore, a D&O insurance policy has been taken out for members of the Managing Board. The remuneration paid to members of the Managing Board and the Group's senior executives also includes a share-based payment component, as they can participate in the employee equity participation programme (Matching Stock Programme – MSP 2012). Details of share-based payment are provided in the section entitled "Share-based payment" in the notes to the consolidated financial statements.

The total remuneration of the Managing Board according to the German Commercial Code separately for each individual Managing Board member is shown below. As a component with long-term incentive effect, the total remuneration of the Managing Board includes the exercise profit (gross) from the exercise of stock options granted within the framework of the employee participation programme in the financial year. In addition, the variable remuneration components paid out in the 2020 financial year for previous financial years are listed. In view of the COVID-19 pandemic, parts of the Managing Board have already waived their fixed cash remuneration for the last three quarters of fiscal 2020 completely or to a very considerable extent. In addition, the entire Managing Board has already waived a possible variable remuneration component for the 2020 financial year ahead of schedule in spring 2020. All of this was done irrevocably and notwithstanding the unforeseeable effects of the COVID-19 pandemic on business performance at the time.

Total remuneration of the Managing Board according to the German Commercial Code in EUR thou.	Non-performance-related components	Performance-related components paid out in 2020 that were committed for previous financial years	Components with long-term incentive effect	Total remuneration	Performance-related components committed for 2020 to be paid out in the following financial years
Erich Sixt	652	1,200	-	1,852	-
Jörg Bremer	621	690	-	1,311	-
Detlev Pätsch	655	700	400	1,755	-
Alexander Sixt	839	1,362	400	2,601	-
Konstantin Sixt	835	1,362	600	2,797	-
Total	**3,602**	**5,314**	**1,400**	**10,316**	-

The remuneration paid to members of the Supervisory Board is governed by the Articles of Association of Sixt SE. These provide solely for a fixed component and therefore do not specify any variable performance-based components. In each fiscal year, each member of the Supervisory Board receives fixed remuneration of EUR 50,000. The Chairman receives twice this amount. If a member and/or the Chairman of the Supervisory Board holds office for less than a full financial year, the above remuneration is paid pro rata for the actual time the individual is a member of the Supervisory Board or holds the office of Chairman. The remuneration is payable after the end of each financial year. In addition, the members of the Supervisory Board are reimbursed for their expenses and the value added tax payable on their remuneration and expenses. D&O insurance policies have also been taken out for members of the Supervisory Board.

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

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

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

Composition of subscribed capital, share categories

As at 31 December 2020, the subscribed capital of Sixt SE amounted to EUR 120,174,966.48 in total and was composed of 30,367,110 ordinary bearer shares, two ordinary registered shares and 16,576,246 non-voting preference bearer shares.

The Company's shares are all no-par value shares with a notional interest in the subscribed capital of EUR 2.56 per share. As at 31 December 2020, the ordinary shares therefore account for a total of EUR 77,739,806.72 of the subscribed capital, and the preference shares for a total of EUR 42,435,189.76. All shares have been fully paid up.

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

Restrictions on voting rights or the transfer of shares

Apart from excluding voting rights for preference shares, the Company's Articles of Association do not impose any restrictions on the voting rights. Equally, they do not impose any restrictions on the transfer of shares. The Managing Board is not aware of any restrictions on voting rights or the transfer of shares arising from agreements between shareholders. However, lock-up periods apply to shares received by employees, senior executives and members of Sixt Group's Managing Board as part of the matching stock programme. For further details, please refer to the corporate governance declaration.

Shareholdings in Sixt SE

As at 31 December 2020, Erich Sixt Vermögensverwaltung GmbH, in which all shares are directly and indirectly held by the Sixt family, holds 17,701,822 ordinary voting shares, conveying 58.3% of voting rights. The Company has not received any information about and the Managing Board is not aware of any further direct or indirect interests in the share capital exceeding 10% of the voting rights as at 31 December 2020.

Shares with special rights

In accordance with article 10 (1) of Sixt SE's Articles of Association, the Company's Supervisory Board consists of three members. According to legal provisions two of these members are elected by the Annual General Meeting. One further member of the Supervisory Board is appointed by the shareholder Mr Erich Sixt. This right to appoint one member of the Supervisory Board also extends to his heirs providing that they are shareholders. In all other respects, there are no shares conveying special control rights.

Employee participation and their control rights

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

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

Sixt SE has a two-tier management and monitoring system, made up of a management body (Managing Board) and a supervisory body (Supervisory Board). The legal stipulations and conditions of the Articles of Association governing the appointment and dismissal of Managing Board members are defined in articles 39 (2) sentence 1, 46 of the SE Regulation, section 16 SEAG, article 9 (1) lit. c) (ii) of the SE Regulation, sections 84, 85 of the AktG (German Stock Corporation Act) and article 7 of the Articles of Association. In accordance with these the Managing Board is made up of one or more members. The Supervisory Board determines the number of Managing Board members. In accordance with article 7 (2) of the Articles of Association, the Managing

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

Amendments to Sixt SE's Articles of Association are passed by the Annual General Meeting. Subject to mandatory statutory provisions, the preference shares do not carry any voting rights in this context. Mandatory statutory provisions require resolutions to amend the Articles of Association to be adopted by a majority of three-quarters of the share capital represented at the adoption of the resolution (article 59 (1) of the SE Regulation, section 179 (2) sentence 1 of the AktG).

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

Sixt SE has made use of the option of specifying different majority requirements by means of a provision in the Articles of Association that is common among listed companies. According to article 20 (2) of the Articles of Association, amendments to the Articles of Association can be adopted by a simple majority of votes cast, if at least half of the voting share capital is represented and insofar as this does not conflict with any mandatory statutory provisions. However, under article 20 (2) sentence 3 of the Articles of Association, capital increases from corporate funds may only be passed by a majority of 90% of the votes duly cast. In accordance with article 16 of the Articles of Association, amendments to the Articles of Association that only concern the formal wording may also be passed by the Supervisory Board instead of the Annual General Meeting.

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

Authorised capital 2020: In accordance with article 4 (3) of the Articles of Association, the Managing Board is authorised to increase the Company's subscribed capital on one or more occasions in the period up to and including 23 June 2025, with the consent of the Supervisory Board, by up to a maximum of EUR 32,640,000.00 by issuing new no-par value bearer shares against cash and/or non-cash contributions (Authorised Capital 2020). The authorisation also includes the power to issue new non-voting preference shares up to the legally permitted limit. For the distribution of profits and/or company assets these non-voting preference shares are ranked equal to the non-voting preference shares previously issued.

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

Further details, including details of the Managing Board's authorisation to exclude shareholders' subscription rights in specific cases, follow from the aforementioned article of the Articles of Association.

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

Conditional capital 2020: By resolution of the Annual General Meeting of 24 June 2020, the Managing Board is authorised to issue, on one or more occasions in the period up to and including 23 June 2025 with the consent of the Supervisory Board, convertible and/or option bonds registered in the name of the holder and/or bearer by up to a maximum nominal value of EUR 350,000,000.00 with a fixed or open-ended term and to grant conversion or option rights to holders and/or creditors of conversion or option bonds to acquire a total of up to 6,000,000 new ordinary bearer shares in Sixt SE and/or to provide corresponding conversion rights for the Company. Taking due account of statutory requirements, the respective conversion or option rights can provide for the subscription of ordinary bearer shares and/or preference bearer shares without voting right. The conversion or option bonds can also be issued by a company in which Sixt SE is directly or indirectly invested with a majority of votes and capital. In this case the Managing Board is authorised to assume for the issuing company the guarantee on behalf of Sixt SE that the bonds are repaid and that the interest due thereon is paid and that the holder and/or bearer of such bonds are granted conversion or option rights on shares of Sixt SE. Conversion and/or option bonds can be issued against cash and/or non-cash contributions. The shareholders of Sixt SE are accorded in principle the statutory subscription rights. However, with the consent of the Supervisory Board, the Managing Board is authorised to exclude the subscription rights under certain conditions.

Further details, including the authorisation of the Managing Board to exclude the shareholders' subscription rights in specific cases, follow from the resolution taken by the Annual General Meeting on 24 June 2020.

In this context the Company's share capital has been conditionally increased (Conditional capital 2020) strength of the resolution taken by the Annual General Meeting on 24 June 2020 by up to EUR 15,360,000.00 through issue of up to 6,000,000 new ordinary bearer (no-par value shares) and/or preference bearer shares without voting rights (no-par value shares). The conditional capital increase serves to grant shares to the holders or creditors of convertible bonds and holders of option rights from option bonds, which were issued until and including 23 June 2025 on the basis of the resolution taken by the Annual General Meeting of 24 June 2020 by Sixt SE or a German or foreign subsidiary, in which Sixt SE holds directly or indirectly a majority of voting rights and capital. The conditional capital increase is only to be effected insofar as the conversion or option rights from the aforelisted bonds are actually exercised or the conversion obligations from such bonds are fulfilled and no other form of settlement is being used. The new shares will be issued at the option and/or conversion price to be determined in accordance with the aforementioned resolution of the Annual General Meeting of 24 June 2020. The new shares are entitled to participate in the Company's profit as of the beginning of the fiscal year in which they are issued; instead, they are entitled to participate in the Company's profit as of the beginning of the fiscal year preceding their issuance if, at the time of the issuance of the new shares, a resolution on the appropriation of the profit of this fiscal year has not yet been adopted by the Annual General Meeting. The Managing Board is authorised to determine further details for implementing the conditional capital increase.

Authorisation to acquire treasury shares: By resolution of the Annual General Meeting of 24 June 2020 the Managing Board is authorised, in accordance with section 71 (1) no. 8 of the AktG until and including 23 June 2025, to purchase ordinary bearer and/or preference bearer treasury shares of the Company representing up to 10% of the Company's share capital in existence at the date the authorisation was granted or, if lower, at the time of the exercise. At no point shall the shares acquired under the above authorisation, together with other treasury shares owned and assigned to the Company under section 71d of the AktG, represent more than 10% of the existing share capital in each case.

With the approval of the Supervisory Board the authorisation may be exercised in full or in part, on one or more occasions, by the Company or its dependent or majority-owned companies, as well as third parties acting for the account of the Company or for the account of its dependent or majority-owned companies. The authorisation may be exercised for any purpose permitted by law. Acquisitions for the purpose of trading in treasury shares are excluded. According to the resolution of the Annual General Meeting of 24 June 2020 the Company is also authorised to acquire treasury shares by using derivatives.

Further details, including the authorisation of the Managing Board to exclude the shareholders' subscription rights in specific cases, follow from the resolutions taken during the Annual General Meeting on 24 June 2020.

On 25 November 2020 the Managing Board with the consent of the Supervisory Board used the authorisation from 24 June 2020 to acquire treasury shares. The share buy-back initiated on 2 December 2020 was completed on 17 December 2020. The Company acquired a total of 53,189 preference treasury shares to meet its obligations to grant preference shares to employees and members of the Company's and its affiliated companies' administrative or management bodies under the Matching Stock Programme (MSP 2012).

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

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

- The respective creditors of the 2016/2022 bond (ISIN: DE000A2BPDU2) and the 2018/2024 bond (ISIN: DE000A2G9HU0) issued by the Company in the total amount of EUR 250,000,000.00 each as well as of the 2020/2024 bond (ISIN: DE000A3H2UX0) issued by the Company with a nominal value of EUR 300,000,000.00 have, among other things, a special right of termination, subject to a notice period of 30 days after a change in control has been announced (or 30 days after the next interest payment deadline, subject to this deadline falling within the aforelisted 30 day period). According to the terms and conditions of the bonds, a change in control occurs if one person or several persons acting together within the meaning of section 34 (2) of the WpHG gain control of the issuer after the issue date. Control in this context means direct or indirect legal or economic ownership (as defined in section 34 of the WpHG) of ordinary shares which together convey more than 30% of voting rights. The term person refers here to any natural or legal person or to any kind of organisation, but excluding (i) affiliated subsidiaries of the issuer within the meaning of sections 15 to 18 of the AktG, (ii) Mr Erich Sixt, (iii) his direct descendants, (iv) his spouse or the spouses of his direct descendants, (v) a Sixt family foundation and/or (vi) a company or joint venture or other organisation or combination, irrespective of the fact whether these may be a natural or legal person, and which is under the control of one of the persons listed under (ii) to (v) within the meaning of sections 15 to 18 of the AktG.

- The creditors of the syndicated loan have, after the expiry of a negotiation period of 30 banking days following the occurrence of the change of control, the right to terminate their loan commitments individually with a notice period of not less than ten banking days and to declare due and payable all their shares in drawings outstanding under the syndicated loan (mandatory special redemption right). Under the terms of the syndicated loan agreement, a change of control is deemed to have occurred if a person or persons acting in a coordinated manner within the meaning of section 34 (2) of the WpHG acquire control over Sixt SE. Control means direct or indirect legal or economic ownership (in each case within the meaning of section 34 of the WpHG) of ordinary shares which together convey more than 30% of the voting rights. Person means here any natural person or legal entity or organisation of any kind, but excluding (i) Mr Erich Sixt, (ii) his direct descendants, (iii) his spouse or spouses of his direct descendants, (iv) a Sixt family foundation established by one or more persons named under (i) to (iii) or (v) and/or (v) one of the persons named under (i) to (iv) within the meaning of sections 15 to 18 of the AktG controlled company or joint venture or other organisation or combination, irrespective of the fact whether these may be a natural or legal person.

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

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

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

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

B.5 \\ REPORT ON OUTLOOK

1. ECONOMIC ENVIRONMENT

At the start of 2021, the world economy's development continued to be riddled by a high level of uncertainty given the ongoing COVID-19 pandemic and its associated lockdowns and travel restrictions in many countries. Nevertheless, the International Monetary Fund (IMF) considers the start of the vaccination campaigns in a number of industrial and emerging markets to be a positive signal for economic developments. In addition, the IMF expects to see further economic support measures implemented by many states, as already happened at the beginning of the pandemic. Consequently, in January 2021 the International Monetary Fund expected the world economy to grow in 2021 by 5.5% compared with the previous year.

This IMF forecast is, however, subject to various reservations. The IMF itself made its projections contingent on the second and third infection waves in Europe and the USA being stopped, and the rates of contamination coming down substantially. According to the IMF other influencing factors that are presently difficult to foresee, are the speed and scope of the vaccination measures as well as the spread of COVID-19 mutations.

As far as economic development in the USA is concerned, the IMF was optimistically projecting a growth rate of 5.1%, given the unexpected strong dynamism witnessed in the second half of the previous year. The expectations for the Euro area were more cautious with GDP growth projected to be merely 4.2%. The reason for this development was attributed to the economic cooling seen at the end of the previous year.

In Germany growth is set to be 3.5% according to the IMF. The German Institut für Weltwirtschaft (IfW – Institute for World Economy) noted that German industry had slowed significantly at the start of the year 2021, with the renewed lockdown measures further burdening the general economic conditions during the first quarter. At the same time, the IfW registered robust foreign business operations, so that an economic collapse as in the spring of 2020 is not expected.

Sources
International Monetary Fund (IMF), World Economic Outlook, Update January 2021
Institut für Weltwirtschaft (IfW – Institute for World Economy), Statement of 8 February 2021

2. SECTOR DEVELOPMENTS

Keeping in mind the economic forecasts for 2021, Sixt expects economic conditions for mobility services to improve compared with the previous year. However, this expectation is subject to a high level of uncertainty. Thus, at the time of preparing this management report on the Group's and the Company's situation, it was not clearly foreseeable when the substantial restrictions that apply, especially for international travel, would be eased and/or lifted again. This would be a prerequisite for national and international private business travel picking up speed again, and for tourism to become possible on a large scale once more.

These uncertainties are closely tied to the worldwide developments of COVID-19 infection numbers and the successful execution of vaccination programmes. Sixt will continue to monitor the wider economic and industry specific developments carefully throughout the current year. It remains to be seen how the effects of the COVID-19 pandemic will affect people's future travel and mobility behaviour.

Some market experts even detected positive signals at the start of the year. According to a forecast by the World Travel & Tourism Council (WTTC), the global travel and tourism industry is set to recover in 2021. Thus, in January of this year, the WTTC expected to see a substantial amount of travel in the summer given the fact that pre-bookings with many large travel companies had seen a marked uptake.

The European Travel Commission (ETC) also shared this upbeat mood. According to the European umbrella organisation of national tourism associations, travel across Europe is set to increase again from the spring. The Europeans' willingness to travel has increased again, with over half of those surveyed indicating that they planned to travel during the first half of 2021. Around two-thirds of those surveyed felt that current health and safety measures made their trip safe. The general trend indicates that the focus will be on inter-European trips, with domestic travel coming second.

The German Air Transport Association (BDL – Bundesverband der Deutschen Luftverkehrswirtschaft), on the other hand, was much more cautious, expecting only a hesitant recovery in air traffic in 2021. Forecasts on the recovery in air traffic are associated with great uncertainties and are largely dependent on the easing of travel restrictions. The International Air Transport Association IATA expects that air traffic will not reach the level of 2019 before 2024.

Sources
World Travel & Tourism Council (WTTC), Press Release of 19 January 2021
European Travel Commission (ETC), Press Release of 19 January 2021
Bundesverband der Deutschen Luftverkehrswirtschaft (BDL – German Air Transport Association), Report on the situation of the industry, Annual figures 2020, 28 January 2021
International Air Transport Association (IATA), Press Release of 29 September 2020

3. EXPECTED DEVELOPMENT FOR FISCAL YEAR 2021

The Sixt Group is pursuing a long-term growth strategy in its domestic market in Germany, as well as in other European countries and on the North American continent. One key component of this is the further development of technological expertise to serve as a basis for the most flexible and comfortable mobility services for customers. In doing so, Sixt will also consider changes in the mobility of private individuals and corporations, as already happened in 2020 in reaction to the COVID-19 pandemic.

Digital mobility services

In 2021, as well as in the years that follow, Sixt will continue to offer its customers digital services that allow them to arrange their mobility easily and flexibly. The basis is the ongoing digitisation of all business activities via the mobility platform ONE and the SIXT app. Digitisation affects all sales channels as well as all operative business processes. The goal, as always, is to further develop Sixt as the internationally leading digital mobility provider. This objective was also served by the announcement at the end of 2020 of the creation of the new position of Chief Commercial Officer (CCO), responsible for the areas of E-Commerce, Pricing & Yield Management as well as Advanced Profit & AI.

In its digitisation strategy the Company is convinced that the significance of integrated mobility is likely to increase still further over the long-term. The driving forces for this development are increasing urbanisation and the associated individual requirements for flexibility and availability of a vehicle, as well as the offer of transfer services. The United Nations expects that by the year 2050 around 68% of the global population will live in large cities or metropolitan areas. Given the scarcity of space in the cities and the rising costs of maintenance for a privately owned car, Sixt reckons that it will become ever more important for city dwellers to have recourse to an individually suited mobility mix that is available at any time and can be accessed reliably from one single channel.

Consequently, Sixt will continue to enhance its digital services during the current fiscal year, in order to cater for the long-term increase in demand and to extend its own market position as the leading digital mobility provider. The functionality of the applications in terms of their user friendliness and design will be key aspects thereof. As in previous years, Sixt will continue to place great emphasis on integrating its services into the booking processes of its cooperation partners such as hotel chains, airlines, travel apps and other additional partners.

SIXT rent

SIXT rent enables customers worldwide to book a suitable vehicle for their immediate need via the SIXT app, collect the car at a Sixt station, or have it brought to them, and finally open the vehicle via the app. With its integrated services SIXT rent will provide customers with tangible added value in terms of flexibility, time saving and comfort. Sixt will constantly continue to further develop the SIXT app and plans to integrate new partners into the mobility platform. The company is also reviewing the possibility of establishing further “digital stations”, as in parking garages or shopping malls, to cover customers’ local needs more specifically and to make Sixt vehicles available on site. Sixt’s network of stations will be optimised in all corporate countries and will be adjusted to structural changes in demand.

SIXT share

SIXT share plans to continue its expansion in Germany and Europe in 2021. The positive feedback on its launch in the Netherlands in mid-2020 shows that modern carsharing is proving to be an internationally sought-after product. Sixt will continue to push forward with interlinking the vehicles in the fleet for flexible utilisation both in vehicle rentals and carsharing. In this way, Sixt will also be able to make carsharing vehicles available outside predefined business zones. One key component of SIXT share’s offer – as that of SIXT rent – will be to provide premium vehicles with top options on board, as well as electric vehicles.

SIXT+

The car subscription service SIXT+ has also been available via the SIXT app since 2020. It offers customers a modern and cost-advantageous alternative to owning their own vehicle. The focus is on using a car at fixed monthly rates that cover all costs for up-keep, insurance, maintenance as well as wear and tear. The subscription model service is set to expand continuously and across further countries. Today, Sixt already offers a wide range of vehicle categories for very different individual requirements with freely selectable usage terms. SIXT+ takes due account of many people's changing mobility requirements, especially during the COVID-19 pandemic. Sixt reckons that even after the pandemic has been overcome, many people will appreciate the advantages of an individually available vehicle compared to public transportation.

SIXT ride

SIXT ride is available worldwide and is being constantly extended by the integration of additional efficient mobility partners into the mobility platform ONE. SIXT ride is, amongst others, collaborating with German taxi hubs and ride hailing providers and concentrating on Germany, the USA, Great Britain, France, Spain and Portugal as well as the Benelux countries. In addition, Sixt offers its private and commercial customers the possibility of worldwide access to their own customised offer for pre-bookable transfer services in a host of cities across the globe.

Sixt is also keeping a keen eye on services for corporate travel managers, who will use SIXT ride to procure taxi and driver services in a professional manner. To this end, Sixt gives them the means to retrieve all invoices incurred during business trips directly from Sixt at one stop and in one format. This collaboration with the corporate travel management segment will be expanded in 2021.

Van & Truck

Sixt views the Van & Truck business as an attractive long-term growth market, in which the company has been continuously expanding its market position over the last years. The strategic aim of achieving a market-leading position in Europe and a relevant market share in the USA is being addressed by the fact that the company has created a new membership position on the Managing Board of Sixt SE for this product area. The plan is to extend the national and international service range with commercial vehicles and trucks, mainly in the weight category of up to 7.5 tons. The offer generally covers trucks with a permissible total weight of up to 12 tons. The digitisation of the fleet and the integration of the unit into the mobility platform ONE will also continually improve the customer experience.

Special mobility models

Flexible mobility models are gaining ever more significance for individual travel plans. For this reason, Sixt will continue to provide its clients with such demand-driven solutions as SIXT unlimited. SIXT unlimited combines the advantages of a company car that is always available with the flexibility of a rental vehicle. Only a flat monthly rate is required for the use of the vehicle of choice; there are no separate costs for your own vehicle or taxis.

Internationalisation

In 2021 Sixt will continue to pursue in all its activities the strategic aim of expanding its activities at home, in Europe and in North America. Alongside the organic expansion, the Company reviews market opportunities, as it did in 2020 with the takeover of 10 airport locations in the USA from the insolvency assets of a competitor. The massive repercussions the COVID-19 pandemic is having on the mobility industry could lead to a further acceleration of the concentration process among vehicle rental companies that has been evident for years. This could potentially offer successful and financially sound companies such as Sixt additional opportunities for acquisitions.

Another focus of activity continues to be the expansion and optimisation of the worldwide franchise network. Sixt continues in its objective of cooperating in important global economic regions with franchise partners that stand out due to their relevant market position and extensive industry expertise. This holds equally true for the cooperation with so-called General Sales Agents (GSAs). In this way, Sixt products will be offered to select national markets via B2B- and B2C channels, booking partnerships will be concluded with relevant travel portals and customer service will be provided in respective national languages in order to generate outbound business in Sixt corporate and franchise countries.

4. EXPECTED DEVELOPMENT OF THE EARNINGS SITUATION

The commencement of vaccinations against SARS-CoV-2 infections in numerous countries at the end of 2020 stirred hope that over the course of this year the restrictions and limitations to public life could gradually be lifted again. However, the implementation of these measures has progressed very unevenly in different regions and countries due to organisational constraints and limited availability of vaccines. All in all, progress has fallen behind the initial expectations here. New virus mutations with a higher risk of transmission are increasingly appearing and raise uncertainty regarding the continuation and duration of travel restrictions and limitations to public life. At the same time, there is a danger that easing restrictions to contain the risk of infections too early will trigger renewed national or international travel limitations and/or bans on entry into specific countries. These significant uncertainties are particularly affecting companies in the tourism and mobility industry.

The key financial control parameters and performance indicators for the earnings situation within the Sixt Group are consolidated operating revenue and consolidated EBT.

The following assessments are based on the expectation that the measures taken to contain infections, especially the vaccination programmes, will permit at least a gradual easing of national and international travel restrictions after the first quarter of 2021 and that private and corporate travel will return to normal again.

Subject to this assumption, Sixt projects for the full fiscal year 2021 that consolidated operating revenue will climb above last year's figure.

Based on the assumption of a rebound in consolidated operating revenue, Sixt expects the Group to generate an increase in consolidated EBT compared with the previous year.

At the time of finalising the consolidated financial statements, Sixt continues to be affected by the impact of the COVID-19 pandemic, in particular the travel restrictions that remain in place in many countries. A reliable assessment of the continued extent of these restrictions is still not possible at present with regards to the high level of uncertainty associated with them. For this reason, the Managing Board is refraining from making a concrete statement on further developments for 2021.

B.6 \\ REPORT ON RISKS AND OPPORTUNITIES

1. INTERNAL CONTROL AND RISK MANAGEMENT ORGANISATION

1.1 RISK MANAGEMENT SYSTEM

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

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

The Group's Business Units and functional divisions determine the decision makers, communication and reporting paths, structures and risk owners involved in the risk management process. The risk owners on the level of the decentralised risk management organisations are equipped with adequate early-detection systems tailored to their areas, as well as analysis and reporting tools and monitoring systems. They are also responsible for implementing and executing appropriate controls and countermeasures.

All decentrally identified risks and the measures defined by the risk owners are also assessed at least once a year at the level of the central risk management organisation according to defined key parameters, condensed appropriately, allocated to suitable risk categories and reported to the Managing Board and Supervisory Board, and the implementation of the measures within the framework of appropriate tests and audits is monitored.

Following the sale of Sixt Leasing SE including its subsidiaries in July 2020 and the resulting deconsolidation, the risks of Sixt Leasing SE are no longer included in the risk management of Sixt SE.

Sixt thereby complies with the Gesetz zur Kontrolle und Transparenz im Unternehmensbereich (KonTraG – German Act on Control and Transparency in Business) and other specific provisions.

1.2 RISK ASSESSMENT

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

The individual risks' probability of occurrence is measured in the categories "highly improbable" (risk occurrence probably in more than 10 years), "improbable" (risk occurrence probably in up to and including 10 years), "possible" (risk occurrence probably in up to and including three years), "probable" (risk occurrence probably in up to and including two years) and "highly probable" (risk occurrence probably in up to and including one year). The individual risks are assigned to the defined risk categories and the corresponding damage classes. On the Group level the GRC department centrally agglomerates the decentrally registered individual risks in a risk inventory and clusters them into groups according to set criteria such as probabilities of occurrence. The risk portfolio determined on this basis and the risk report based on it are part of the reporting to the Managing Board and Supervisory Board of Sixt SE.

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

The internal control and risk management system regarding the accounting process in the Group and the Company contains organisational provisions and technical requirements to manage the risk and propriety associated with accounting. Key elements here are the clear and appropriate separation of functions with regard to the Managing Board and leadership responsibilities including management control processes, a formalised delegation of key responsibilities, the central accounting and reporting organisation for all consolidated companies, the technical stipulations contained in guidelines, working instructions, manuals and Group guidelines, the guarantee of controls in accordance with the so-called "four eyes principle" (two man rule), the implementation of quality assurance processes and control tests, effectiveness tests by the internal audit and external audit procedures and consulting, system-based security measures, manual control measures and regular comparisons with planning and controlling processes taking the form of target to actual comparisons and analyses of deviations. The department GRC continuously monitors the adequacy and effective implementation of the main measures through regular walkthroughs and tests. To guarantee the safety of data, the accounting-related systems have access restrictions and functional access rules. Employees receive appropriate information and training on data protection rules and regulations as well as information security. In addition, general behavioural provisions for employees relating to compliance or to financial matters are part of the regulations of Sixt's internal Code of Conduct.

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

2. RISK SITUATION

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

The risk situation of the Sixt Group at the end of fiscal year 2020 is also characterised overall by the uncertainties arising from the unforeseeable development of the COVID-19 pandemic. Sixt generally expects the travel and mobility market to recover in the course of 2021. Nevertheless, the pandemic may affect Sixt's earnings and business operations in the short-term, both on the demand side and operationally. The specific risks in connection with COVID-19 are referred to separately in the following sections.

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

The Sixt Group offers private and corporate customers various international mobility services. The main focus of the business activities is on Germany. However, business activities outside of Germany, both in Europe and outside Europe, especially in the USA, gain more and more importance in the course of the increasing internationalisation of Sixt.

The business activities are, to a high degree, dependent on the general economic environment particularly in Germany, Europe and in the USA, as this has a major effect on the investment inclination and spending propensity of customers and, in turn, on the demand for mobility services.

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

Sixt also depends on developments in tourism and personal transport. In turn, developments in the latter are dependent on a variety of factors that the Sixt Group cannot influence. These include, for example, the consequences of political decisions, the expansion of the public transport infrastructure, improvements in traffic flow and the coordination of the combined use of different transport modes. At present, the short and medium-term effects of the COVID-19 pandemic on demand behaviour are hardly predictable. A permanent partial substitution of travel for face-to-face meetings by other, e.g., virtual, forms of communication cannot be ruled out. The extent of temporary or permanent effects on the tourism sector cannot be reliably estimated either.

Also legal requirements relating to environmental protection, which are growing in importance above all in the European Union but also in other regions of the world, can, when combined with widespread public debate, bring changes in mobility patterns. This could generally have both positive and negative effects on demand for the mobility services offered by Sixt.

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

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

In addition, national and international developments such as political upheavals and revolutions, armed conflicts, acts of terrorism, environmental disasters or even epidemics and pandemics can lead to a massive impairment of private and business travel and thus have a negative impact on the Group's business. Since the occurrence and effects of such events are difficult or even impossible to predict, consistently reliable forecasts regarding the development and the demand for travel can only, if at all, be made to a very limited extent, even over the short term.

Moreover, Sixt is highly dependent on the development of the national used car markets. Though Sixt is constantly striving to mitigate the residual risks in vehicle fleets by concluding area-wide buy-back agreements, the risk of an adverse development in residual value cannot be completely avoided. Thus, in individual markets or market segments, the possibilities to agree on buy-back agreements may be limited or economically disadvantageous.

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

In addition, Sixt is exposed to developments following the discussions regarding the compliance with emission limits, climate protection measures and potential local driving bans.

2.2 SPECIFIC RISKS IN THE MOBILITY BUSINESS UNIT

The national and international vehicle rental industry continues to be dominated by intense predatory competition, which in many cases is fought out over pricing. The trend in demand – mainly among corporate customers – towards large, mostly international providers, which has been noticeable for years, continues. Due to its high ratio of corporate customers, it is essential for Sixt to provide customers with a global rental infrastructure that is available particularly in areas with a high volume of traffic, such as airports and train stations and with a continuous and best quality as possible. Intense competition also carries the risk that individual market participants attempt to gain market share in the short term by consciously implementing an aggressive pricing policy, in some cases even accepting operating losses.

Individual competitors have initiated restructuring measures in connection with the effects of the COVID-19 pandemic, which are potentially capable of further increasing the intensity of competition.

General developments in the automotive industry are important for Sixt, owing to their effects on terms and conditions for purchasing vehicles and remarketing. Sixt is highly dependent on the supply of popular vehicle models, to be able to purchase them on competitive terms and – for reasons of pricing certainty and the reduction of residual value risks – on buy-back agreements with manufacturers and dealers. These external factors influence both the purchase prices of vehicles and the revenue that can be generated when the vehicles are sold back.

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

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

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

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

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

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

The developments on the used car markets, especially in Germany and the USA, are important for the prices Sixt generates from selling rental vehicles on the used car market. In 2020 the German market for used cars was stable, contrary to the developments in the new car market. In the USA, the used car market also developed positively overall in 2020, contrary to all original expectations.

Sixt seeks to hedge the remarketing of rental vehicles as far as possible through buy-back agreements with manufacturers and dealers to mitigate the risks associated with the sale of vehicles. This means that buy-back conditions for these vehicles are already fixed at the time of acquisition. The company therefore has a more reliable basis for calculating the development of its fleet costs. By reducing the resale risk, Sixt is to a large extent independent of the situation on the used car market. Around 94% of all vehicles added into the rental fleet during the fiscal year were secured by means of buy-back agreements in the case of purchased vehicles or under operate lease agreements.

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

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

2.3 FINANCIAL RISKS

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

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

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

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

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

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

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

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

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

Sixt is subject to counterparty risk in the corporate customer segment and, to a limited extent for some products, also in the private customer segment. This occurs if customers are unable to meet their payment obligations. Insofar as customers are provided with a rental contingent on account, their creditworthiness is checked and monitored on the basis of internal guidelines.

2.4 INVESTMENT RISKS AND TRADEMARK RIGHTS

Sixt SE is exposed to a direct investment risk with the shareholding in various subsidiaries in Germany and abroad.

In the course of the sale to Hyundai Capital Bank Europe GmbH, Sixt Leasing SE was granted the use of trademark rights for a limited period of time. There is therefore a potential risk that the customer or supplier perception of the “Sixt” brand could be influenced by disadvantageous communication without the direct influence of the Sixt Group.

2.5 STRATEGIC RISKS

Sixt intends to continuously increase both revenue and market share through expansion, particularly in the USA and in important Western European countries. This goal is to be achieved primarily through organic growth. However, especially for growth abroad, moderate acquisitions cannot be ruled out.

Such transactions or market exploitations are associated with greater uncertainties due to the necessary investments, marketing and sales expenses, but also due to deviating constellations on procurement and sales markets. Despite the potential analyses carried out, it cannot be completely ruled out that such transactions may result in misjudgements that could have a negative impact on the Group’s net assets, financial position and results of operations.

The internationalisation strategy also contains various risks, including market-specific, political, legal, fraud, financial and personnel risks. These include possible misjudgements of the market conditions in the respective countries, changes to national legal or tax frameworks, the costs of building up an efficient business organisation and the need to find qualified management personnel and suitable employees. In addition, there are the usual transaction-related risks in the case of acquisitions. The establishment and expansion of foreign activities can lead to a deterioration in the Group’s net assets, financial position and results of operations. The failure or delay of the foreign expansion could also have a negative impact on existing customer relationships, as business and corporate customers – one of Sixt’s main customer groups – are increasingly demanding mobility services with an international scope.

Sixt has an almost worldwide network of franchisees. Customers are also referred to Sixt corporate countries via the franchise network. As a franchisor, Sixt maintains intensive, mostly long-standing and trusting relationships with its franchisees. Nevertheless, it cannot be completely ruled out that the termination of such contractual relationships would temporarily or permanently change the geographical coverage of the Sixt offering in a particular region and limit the attractiveness of the offering for customers.

2.6 OPERATIONAL RISKS

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

The COVID-19 pandemic poses risks for the operation of the station network and for central functions. It cannot be completely ruled out that local or national sites will have to be closed at least temporarily due to the infection or political decisions.

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

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

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

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

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

The rental business also involves the risk of theft and misappropriation of vehicles and resulting financial losses. This risk may increase due to the expansion and development of new markets. In addition, the increase in theft, which is partially covered by policies, could lead to an increase in insurance premiums. If Sixt were unable to take appropriate technological or organisational preventive measures in the future, this could have an adverse effect on its net assets, financial position and results of operations.

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

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

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

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

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

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

2.7 RISKS RELATED TO THE COVID-19 PANDEMIC

The further development of the COVID-19 pandemic is subject to increased uncertainties both in its duration and its effects. If the virus continues to spread and measures to contain the virus need to be intensified or prolonged, the risks, particularly the economic risks, could increase. This could result in further decline in demand for the Sixt Group's mobility products and could further deteriorate Sixt Group's net assets, financial position and results of operation.

In addition, the COVID-19 pandemic could lead to supply bottlenecks or delays in vehicle deliveries, so that an upturn in demand for mobility products could only be met to a limited extent in the short-term. However, Sixt is able to react flexibly to such situations. Furthermore, the market price risk on the used car markets could increase as a result of over-supply due to the severe economic impact of COVID-19. Even if currently not observable, such significant market changes could adversely affect the terms and conditions on which the Sixt Group can sell used rental vehicles to the contractual partners of buy-back agreements or on the open market. Additionally, the risk that counterparties of buy-back agreements may not be able to meet their commitments or become insolvent forcing the Sixt Group to sell the affected vehicles on the used car markets could significantly increase.

Overall, one can assume increasing bankruptcy rates in 2021 due to the crisis. As this could also affect the recognised receivables, Sixt continues to monitor respective risks intensively.

The current macroeconomic situation in all regions of the world in light of the COVID-19 crisis may also have a fundamental impact on the willingness or ability of banks and capital market participants to provide funding at attractive conditions and/or in sufficient amounts. However, the Sixt Group has a strong capital base and sufficient financial resources as well as long-standing stable business relationships with its financing partners.

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

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

Both the overall risk and the risk profile of the Sixt Group as well as the Sixt SE have remained essentially unchanged from the previous year apart from certain risks intensified by the COVID-19 pandemic. At present, no risks are identified, which alone or in their entirety, could endanger the Company's going concern.

4. OPPORTUNITIES REPORT

As an international mobility service provider, Sixt Group pursues a consistent premium strategy. This means, it offers high-quality products and services, such as those related to the vehicle fleet or flexible bookability for differentiated requirements of its customers, in around 110 countries worldwide. A number of strategic and operative opportunities are open to Sixt given its solid competitive position, broad service range, industry environment and in-house innovation strength, all of which have a positive effect on its business development.

Sixt defines opportunities as the possibility of achieving and/or exceeding the company's intended objectives through events, developments or actions. It remains an ongoing undertaking to identify these opportunities for the individual operative areas and to utilise them in line with corporate strategy.

4.1 MARKET OPPORTUNITIES

Economic development

In its business development, the Sixt Group is to a certain degree dependent on overall economic conditions. This holds true in particular for the economic situation in the Sixt corporate countries, including the domestic market in Germany and in the USA. Increased economic dynamism generally also leads to higher willingness to invest by corporations and a larger spending propensity by private individuals. In both cases, the demand for high-quality mobility solutions would rise.

In its plans for the current fiscal year 2021, the Sixt Group makes due allowance for the economic analysts' expectations for general economic developments, as outlined in the Report on Outlook, as well as the experts' assessments on the further course of the COVID-19 pandemic. In the event that the course of the pandemic and the economy develop worldwide or in key individual markets as forecast or even better, this could lead to a higher demand for the products and services provided by Sixt.

Bespoke services for the main target groups

In recent years, Sixt has recorded a steady increase in the share of consolidated revenue made up of private customers and tourists. In the reporting year their share came to 56% (2019: 63%). According to Sixt, the main reason for the recent decline was the phased travel restrictions at national and international level. Travel restrictions imposed by companies on their employees' travel also had a noticeable impact on the rate in the financial year. A rapid easing or complete lifting of travel restrictions would have a positive impact on the Group's revenue and earnings development.

In the reporting period, the target group of business and corporate customers had a share in revenue of 33% (2019: 30%). The COVID-19 pandemic severely affected travel activities and the mobility of business travellers during the year under review. In case travel conditions normalise again during the current year, above all for international travel activities, this could have a positive effect on business travel and accordingly improve revenue and earnings performance of the Group.

4.2 OPPORTUNITIES FROM COMPETITION

Value-creating acquisitions

The Sixt Group generally pursues the objective of driving forward its expansion in relevant markets through organic growth. This does not, however, preclude the takeover of local and regional competitors, should the conditions prove to be favourable. To this end, Sixt is permanently reviewing relevant market opportunities to accelerate Group growth. One such example was the takeover of ten airport locations in 2020 from the insolvency assets of a competitor in the USA.

From a strategic perspective, the expansion of customer groups as well as winning over attractive market segments, such as the acquisition of airport concessions are key criteria when assessing potential takeovers. From a technological perspective, the focus is on innovation potential, primarily with a view to the further digitisation of Sixt's business model. All potential takeover candidates must meet very strict criteria regarding the profit situation, risk profile, management quality, corporate culture and their compatibility with Sixt's own business model.

Opportunities from tense competitive situations
Sixt is active in international markets that have been dominated for years by intense predatory competition. It can happen that some competitors are pursuing an aggressive price strategy that can cover operative costs over the long-term only to a limited extent or not at all, which in turn can lead to losses in economically tense situations.

The COVID-19 pandemic and the associated travel restrictions have partly exacerbated the situation of many, even large competitors, on the mobility market. It is conceivable that this development will continue in the current fiscal year 2021. In the event that further competitors will close or reduce their business operations, the Sixt Group could step in and fill such potential supply gaps and thereby secure very targeted market access points and contingents. The process of consolidation that has already been going on for years in the vehicle rental industry could gather additional speed.

Growing demands on mobility
Sixt has already been pursuing its premium strategy for years, underlining its claim of offering its customers top-quality products and services. One key element for this is to offer a fleet of vehicles from renowned manufacturers with state-of-the art equipment options. In Sixt's experience, demand for premium brand vehicles is comparatively high. In case the economic situation of enterprises and private households improves further and the demands customers place on their mobility increase, premium vehicles could witness above-average demand. The Sixt Group in particular would benefit from such a development.

Demand-generating marketing
In the advertising industry the term "Sixt ads" has become a concept in its own right. This is due to marketing campaigns that have been causing a sensation for decades, lending the brand high recognition value and conveying the brand's values.

In future, wide-reaching advertisement and marketing campaigns will continue to be the key means to raise the brand awareness for the Sixt brand especially on an international scale and support the economic growth of Sixt Group. To this end, Sixt deploys a wide range of media with a special focus on social media channels that enable direct and very timely address of target groups and direct interaction with customers. In addition, the company also uses other communication and advertisement channels, according to the aim of the given advertising campaign.

Ongoing internationalisation
The Sixt Group is pursuing its objective of expanding its international presence and winning over additional market shares in the respective countries. To this end, the company is collaborating with franchise partners in many national markets. At the same time, the Group permanently reviews measures to increase market shares in existing countries, either by changing the network of franchise partners, setting up its own structures or by tailoring specific mobility offers for respective markets.

4.3 OPPORTUNITIES FROM INNOVATION

SIXT app as preferred mobility tool
The in-house mobility platform ONE, with the SIXT app constitutes the digital core of all Group activities. The app integrates the Sixt Group's mobility solutions and makes them internationally available to customers. The SIXT app offers customers simple processes, whether it is booking and invoicing of business trips, inclusive of current payment methods, or the connection to corporate travel portals.

By combining offers from different mobility services in one digital platform Sixt holds a competitive edge that has great attractive appeal for third parties and potential partners. There is an opportunity that further mobility partners will want to integrate their products and services on to the platform and thereby make the SIXT app an even more sought-after tool for customers when they plan and organise their trips and mobility as a whole. This in turn would increase the Group's growth still further as it would also promote the brand awareness of Sixt.

Integrated mobility services
With its mobility platform ONE and the SIXT app, the company is able to offer customers tailor-made one-stop mobility solutions that are area-wide, suited for every situation and independent of time and location. Customers can freely choose whether they want to pick up the vehicle at the next rental station (vehicle rental), step into the next available car parked along the road (carsharing), call a taxi or transfer service (ride hailing) or generally use a longer-term mobility service (car subscription).

With its integrated solutions Sixt is taking due account of individual and contemporary mobility. The mobility mix provides more freedom within cities and creates alternatives to owning a vehicle and the associated costs and conditions such as insurance cover and the lack of parking space. The increased significance of mobility usage and the concurrent loss of importance of owning a vehicle, as well as progressive worldwide urbanisation go hand-in-hand with this. Thus, the United Nations (UN) estimates that the number of cities with over ten million inhabitants (so-called mega cities) will rise from 33 currently to 43 by 2030. The UN expects around 68% of the globe's population will be living in cities by 2050.

By offering up-to-date and modern mobility, and the continuous further development of its solutions, Sixt is strengthening its position as the mobility industry's innovation leader and at the same time is generating countless opportunities such as increased cross-selling opportunities and the expansion of its target groups: customers, who for example have only used SIXT rent over the SIXT app so far. These customers can now use the same tool to access the services of SIXT share for short-term mobility needs or SIXT+ for their longer-term mobility needs. This constitutes a significant advantage over the still very fragmented offers of the competitors for vehicle rental, carsharing, transfer services or car subscriptions.

SIXT rent

The SIXT rent product category offers customers a digitised rental process that allows them to reserve the vehicle of their choice via the app and immediately access the car without a key or needing to visit a counter. SIXT rent furthermore provides the means to make vehicles available irrespective of fixed stations as they can be found in parking spaces in front of hotels or shopping malls. Digitising the rental fleet will thus potentially densify the contact points between Sixt and the customer, which in turn opens up additional growth opportunities.

SIXT share

SIXT share combines the previously separate product categories of vehicle rentals and carsharing into a novel and integrated product. Sixt is interlinking its vehicle fleet to make it as flexible for vehicle rentals as for carsharing. Customers will thus have access to a varied fleet not only in large conurbations but also in smaller and mid-sized cities. In addition, this interlinking will also serve to optimise the utilisation of the fleet, due to the combined offer with different usage patterns, which will generate cost and efficiency advantages.

SIXT+

The category SIXT+ offers customers a car subscription model and fixed monthly rates. Given the cost benefits and the trend towards using instead of owning a vehicle, the market for car subscriptions is expected to see substantial growth rates. According to forecasts, the car subscription model could clock up a market share of up to 40% by 2030 with German private customers. By integrating SIXT+ into the SIXT app, the company is creating an opportunity to benefit from this growth far more than average, and to reach customer groups that can also be introduced to further services and offers provided by the Group.

Source

Automobilwoche (Automotive Weekly), Studie: Abo-Marktanteil von 40 Prozent bis 2030 möglich, (Study: subscription model could hold 40% market share by 2030), 31 August 2020

SIXT ride

SIXT ride unifies multiple flexible mobility services such as airport transfers or limousine services and also integrates offers from such partners as taxi providers. SIXT ride can therefore offer an almost worldwide network for ride hailing. Demand for such on-demand driver services is set to expand dynamically over the mid- to long-term, especially in larger cities and metropolitan areas, in which strong demand is expected. Sixt's strategy is to open up the access to its platform ONE to additional mobility service providers in order to expand and upscale its mobility services globally. The platform ONE is designed to make the integration of additional partners as swift and uncomplicated as possible. This provides an opportunity to make new products available to customers and achieve a continually higher market penetration.

Van & Truck

Sixt considers the Van & Truck rental market to be another attractive growth area. The company registered profitable growth in this market segment over the previous years and has established itself as one of the leading providers for Vans & Trucks in Germany in the weight category below 7.5 tons. The expectation is that these vehicles will see a marked upturn in demand, driven by the strong growth in online retailing and delivery services. With the consistent digitisation of the fleet and by integrating the product segment into the mobility platform ONE, Sixt is planning to improve customer experiences with a view on services and flexibility. The strategic significance the Van & Truck business has for the company is also borne out by the fact that it has been represented by its own Managing Board member since January 2021.

Special services for corporate customers

Sixt offers corporate customers solutions specifically developed and tailor-made to their needs, such as SIXT unlimited. Sixt expects that the acceptance of bespoke products tailored to the needs of specific target groups will increase further. This offers the opportunity of convincing corporate customers of Sixt Group's services for the long-term and thereby also eliciting their interest for further services provided by the Group.

Services offered online and via mobile channels

The essential tools for planning and booking both business and private trips are technical interfaces such as the computer, tablet or smartphone. Customers receive easy and flexible access to flights, hotels, taxis, rental cars or carsharing over these devices and the corresponding websites and applications. This is why Sixt developed user-friendly online and mobile solutions early that are continually upgraded and enhanced with new and practical features. Moreover, the company integrates its various products and services into the booking procedures of hotels and airlines and thereby extends the reach of its services. Should the intensity of use and the volume of online bookings exceed expectations, this would have a positive effect on the business situation of the Sixt Group.

For international communication and canvassing of its many different services Sixt uses its own channels, such as the SIXT app, the SIXT blog or its extensive social media presence, as well as various online and offline marketing channels. Against the background of event-driven communication and marketing opportunities, the company is testing out new potentially suitable platforms and is working together with influencers regularly. These measures offer the opportunity of addressing target groups in a highly targeted manner and further raising Sixt's popularity.

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

1. SUSTAINABILITY AT SIXT

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

1.1 ENTREPRENEURIAL IDENTITY

The Sixt Group is a worldwide provider of top-quality mobility solutions. Through its highly individualised products and services, the company can offer its private and corporate customers bespoke mobility to match their individual requirements. In addition to the rental of premium vehicles, the services also include carsharing offers, car subscriptions, chauffeur services and other integrated mobility offers from third-party providers. The all-in mobility concepts, a high level of service and technological innovations in conjunction with a premium vehicle fleet constitute key features that set Sixt apart from its international competitors.

For a detailed description of the business model and the corporate structure, please refer to the section "Group Fundamentals" in this Annual Report 2020 of Sixt SE.

1.2 PRINCIPLES OF REPORTING

Sixt undertakes to provide its stakeholders with transparency and orients its sustainability reporting along the criteria outlined by the Deutscher Nachhaltigkeitskodex (DNK – German Sustainability Code). The summarised non-financial declaration of the Group for fiscal year 2020, which is included in the management report on the Group's and the Company's situation, was prepared in accordance with disclosures required under sections 315b and c of the Handelsgesetzbuch (HGB – German Commercial Code) in conjunction with sections 289b to e of the HGB. It contains the information required according to the CSR-Richtlinie-Umsetzungsgesetz (CSR Directive Implementation Act) on material environmental, labour and social issues, respect of human rights as well as combating corruption and bribery. The duty to report additional aspects is determined by their materiality for the Sixt Group. Within these separate aspects, due consideration is given to the underlying concepts and due diligence procedures. Moreover, reporting covers the available results. Given the many different sustainability measures within the Sixt Group, only selected examples are listed, especially for the results. In accordance with section 315b (1) sentence 3 of the HGB, individual aspects relating to, among other things, non-financial disclosures are referred to in other passages of the management report on the Group's and the Company's situation. Moreover, the summarised non-financial declaration of the Group specifies material risks pursuant to section 289c (3) no. 3 and 4 of the HGB, as far as these disclosures are required for an understanding of the development and performance of the business, the situation of the Group and the Company as well as the effects on non-financial matters.

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

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

This report also addresses the one-off effects of the COVID-19 pandemic and the associated countermeasures worldwide. The resulting restrictions on customers' freedom of movement had a massive impact on the company and also affected sustainability activities. This mainly affected station closures, the introduction of short-time work and the relocation of employees to home offices.

2. STRATEGY AND MANAGEMENT

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

- *Fastlane* offers customers renting out a car via smartphone directly in the parking garage. Especially for business customers this reduces the waiting time and increases the flexibility in choosing a car.

- *SIXT share* is a flexible, environmentally friendly carsharing product. Customers can reserve and rent different cars via the Sixt App on a minute basis. Contrary to other carsharing offers from competitors, customers can return the vehicle flexible at every Sixt station or in the respective business area.

- *SIXT+* is a car subscription without a minimum term, monthly cancelable at any time and with the flexible option of changing vehicles. Customers receive their desired vehicle from compact to premium class at short notice, without long waiting times. Sixt+ thus offers greater flexibility than a car leasing contract and protects the customer from the possible loss of value when purchasing a car.

- *Sixt Car Sales* offers used cars from various manufacturers on the homepage *sixtcarsales.de*. In addition to direct sales, financing and leasing offers are also available.

The Sixt management is focused on responsible and long-term value creation. A key element of the business model are vehicle holding periods of generally around six months. This means that the Sixt fleet is continuously being replaced by state-of-the-art vehicles with regard to efficient use of resources, low pollutant emissions and modern safety systems.

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

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

In addition, Sixt also invests into innovative e-mobility concepts. Since 2018 Sixt has been holding an investment in Chargery, a mobile charging service based in Berlin and since 2019 in the provider of artificial intelligence for predicting traffic flow Axilion from Israel. Furthermore the percentage of electrically powered cars continuously increased especially in carsharing. For example, the sharing fleet in the Netherlands consists entirely of electric vehicles.

2.1 MATERIALITY

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

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

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

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

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

2.2 STRATEGY AND MANAGEMENT APPROACH

It is Sixt’s declared objective to integrate the principle of sustainable development into its entrepreneurial decision-making procedures in the long run. The Group uses its organisational structures and governance processes to promote and control responsible entrepreneurial actions, from strategy through to implementation. Moreover, Sixt has implemented management systems in keeping with international standards for quality (DIN EN ISO 9001:2015) and environmental protection (DIN EN ISO 14001:2015). This way, Sixt systematically and consistently adheres to sustainability issues in all its business activities and across all hierarchical levels.

The Managing Board holds overall responsibility for sustainability management, as it sets the course so that corporate policy meets the requirements of socially responsible business dealings, and because it determines the corresponding strategies and programmes. A voluntary commitment declaration for “Health, Safety, Security, Sustainability and Environmental Protection” adopted and signed by the Managing Board back in 2015 serves employees in the Sixt Group as a guideline for sustainable action in their day-to-day business activities. The various business units and professional departments implement and manage the sustainability measures and report the sustainability data against the background of their respective core business activities and/or task fields. The monitoring of targets and measurements is performed and continuously optimised by the People Management department, the Operations department and the function Governance, Risk Management & Controls (GRC). The finance department will prepare the summarised non-financial declaration of the Group. Regular recurring activities will include above all the reviewing and monitoring of sustainability targets for the relevant departments and preparation of the relevant issues and analyses for the Managing Board.

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

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

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

3. MATERIAL FIELDS OF ACTION

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

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

3.1 CORPORATE GOVERNANCE AND COMPLIANCE

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

Conceptual chart: Corporate governance and compliance

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

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

Moreover, Sixt has formulated clear expectations concerning its employees' correct behaviour and ensures that business relations can only be maintained with customers and business partners whose business activities comply with statutory stipulations and whose financial means have a lawful origin. Those companies of the Sixt Group that are legally bound to, have instituted an anti-money-laundering officer with a clear brief and have drawn up organisational guidelines to prevent money laundering, terrorist financing and other criminal activities. Every employee has signed and accepted the relevant guidelines. In addition, all employees receive regular training relating to this thematic complex. Their due participation in these training sessions is recorded and filed.

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

As an internationally active company Sixt is unreservedly committed to respect human rights and corresponding legal rules at home and abroad. The Group has undertaken to respect and promote human rights and to report in a transparent fashion about the results of its actions. In addition, Sixt contractually obliges its franchise and agency partners to comply with strict social standards and to act with integrity in accordance with ethical principles.

3.2 CLIMATE PROTECTION

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

Conceptual chart: Climate protection

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

All vehicles of the Mobility Business Unit in Sixt's corporate countries are state-of-the-art in terms of resource efficiency, CO_2 emissions and safety systems. As a rule, passenger cars in the rental fleet are held for a period of approximately six months or a mileage of around 25,000 kilometres, before they are replaced by the latest models available on the market. Furthermore, the number of vehicles with electrical or hybrid powertrains and those vehicle versions showing higher energy efficiency in the Sixt fleet increases continuously. When extending its product range, Sixt makes sure that the generally higher CO_2 emissions of vehicles in the premium segment will not adversely affect the average emissions level of the entire fleet. For over ten years now Sixt has been successful in reducing the average CO_2 emissions of its European rental fleet. Since 2008 CO_2 emissions have come down from 160 g/km to currently 129 g/km. Here, the effect of the new mandatory WLTP procedure for determining emissions introduced in 2019 must be taken into account, which leads to an increase in the average. According to the German Association of the Automotive Industry (Verband der Automobilindustrie), the automotive industry expects an average nominal increase in fuel consumption values of 15 to 20% compared to the previously applicable measurement standards. Nevertheless, in 2020 Sixt managed to reduce the average nominal CO_2 consumption of its European fleet to a similar level as before the introduction of the WLTP standard. However, possible structural effects from the COVID-19-related fleet reduction must be taken into account here. It cannot be ruled out that the average CO_2 emissions of the fleet will not decrease as expected in the coming years due to changes in the fleet mix in the course of discussions about the use of diesel vehicles in favour of petrol vehicles. This does not affect the sustainability strategy. Sixt has set itself the fundamental goal to further reduce the CO_2 emissions of its fleet in the future.

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

Average CO_2 emissions of the European fleet in the Mobility Business Unit in g/km	**2020**	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
	129	140	125	123	122	126	129	133	138	144	149

As a further complement to climate protection, Sixt has established the SIXTainability initiative. The aim of this initiative is to make the topic of sustainability more present in the company. The SIXTainability network supports employees in implementing various aspects of sustainability in the company. Project groups will organise activities and discussion rounds dealing with the main topics of ecological responsibility, resource conservation and management, and climate protection.

3.3 UTILISATION OF RESOURCES

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

Sixt pursues the objective of continually improving its energy efficiency and cutting its energy consumption. Next to the implementation and monitoring of the concrete energy efficiency measures, it also conducts energy audits and heightens the awareness of employees for measures to utilise energy in a way that saves resources. Measures to increase energy efficiency can be easily implemented, above all, in Sixt's corporate headquarters, as the Group has direct responsibility there for the planning, erecting and operating of buildings, the technical infrastructure and IT. According to the energy audit after DIN EN 16247-1, which was conducted for last time in fiscal year 2017 for the calendar year 2016 and is to be renewed every four years, the consumption ratings for the corporate headquarters are within the normal parameter range, while the heating demand is below average. Since 2018, the corporate headquarters of Sixt SE is connected to geothermal energy. This reduces the gas consumption of the company's site in Pullach by 95 kWh natural gas / m^2a. Further modernisation measures have significantly improved energy efficiency, among other things. One part is the increased use of LED lightning. This will lead to a 50% savings in electricity for lightning according to the last energy audit. In addition, Sixt obtains electricity from renewable energy sources (green electricity) for all locations in Germany, provided Sixt is responsible for purchasing.

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

Conceptual chart: Energy

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

Total energy consumption of the audit includes all of the Group's German sites. The corporate headquarters in Pullach and the Berlin site were audited. The multi-site procedure was applied for the rental station cluster. Almost half of the company's energy consumption is generated in form of fuel (business trips, transfers and defleeting). The conduction of an up-to-date energy audit and therefore an update of the consumptions figures according to the current planning is intended for the year 2021.

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

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

Next to improving its energy efficiency, Sixt has set itself the target of continually optimising its water consumption. Accordingly, water saving measures have been carried out not only in the corporate headquarters but also at rental stations with car washing facilities. Thus, the water consumption per employee in corporate headquarters could be further reduced to 3.6 m^3 in 2020 (previous year: 6.5 m^3). The significant decrease compared to the previous year is due to the water saving measures as well as the short-time work introduced during the COVID-19 pandemic and the expanded mobile work offer for employees. Notwithstanding this, further measures to reduce consumption are being examined.

Water consumption per employee in corporate headquarters in m^3	2020	2019	2018	2017
	3.6	6.5	7.9	8.6

When procuring new car washing facilities Sixt pays attention to their energy efficiency, the best possible grey water usage and resource-saving operation. For detergents Sixt buys products that are environmentally compatible. In 2016 Sixt started to introduce alternative solutions to generally reduce the car washing with water consuming car washing facilities. By this next to water Sixt also saves an imputed number of between 1.7 and 2.0 million kilometres in mileage.

Share of cleaning of passenger cars in Germany without the use of car washing facilities in %	2020	2019	2018	2017
	ca. 22	ca. 20	ca. 16	ca. 16

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

3.4 EMPLOYER ATTRACTIVENESS

Even in times of COVID-19 pandemic Sixt takes intensive measures to be and continue to be an attractive employer to its workforce, to actively promote its development and health, integrate it into decisions and to provide equal opportunities for all. The company attaches great importance to giving its employees security, creating trust and strengthening team spirit.

A global and several national EHS Task Forces (Employee Health & Security), whose primary goal is to protect employees and customers, were already set up in February 2020. The prevention and response measures regularly went beyond public requirements at an early stage.

The measures to strengthen cohesion and build trust also include a comprehensive communication and information offensive launched at the beginning of the pandemic. In addition to various newly introduced information formats, this also includes a leadership toolkit and a specially created framework called SIXTflow, which support managers in the challenge of leading hybrid or remote teams. The Sixt intranet contains a variety of social and dialogue features to promote exchange among employees.

Feel Good Managers also provide targeted onboarding support in times of pandemic in order to meet the increasing internationalisation of the workforce. This includes, among other things, the implementation of intercultural training, German classes and digital team events, as well as relocation management for experts newly arriving in Germany.

Beyond the aforementioned integration of intercultural diversity, Sixt continues to invest specifically in the promotion of a diverse corporate culture through its internal diversity network DiverSIXTy. Through specifically organised activities, trainings and panel discussions, as well as through trustworthy contact persons and constant target group support, Sixt consciously focuses on strengthening a respectful, appreciative and tolerant working environment.

Furthermore, one of Sixt's objectives is to improve the work-life balance of its employees. To this end, flexible working time programmes as well as offers for mobile work are extended. Employees in the central and administrative functions, as well as executives, for example enjoy working time arrangements based on trust. As of 31 December 2020 around 43% (2019: 39%) of all employees in the Mobility Business Unit in Germany have working time arrangements based on trust, all other employees record their working hours. In addition, the mobile work concept was expanded. Furthermore, Sixt aims to keep employee satisfaction at a high level. To this end, the company conducts regular employee surveys, from which it then derives further measures. In addition, Sixt relies on an active feedback culture, 360-degree feedback and customised development and promotional programmes. Even in times of the pandemic, Sixt positions itself externally through the conduct of employer branding measures. The presence at analogue trade fairs was replaced by digital career events to ensure long-term visibility of the employer brand.

Further information on strategic personnel development and the relevant KPIs can be found in the section "Human resources report" of the Annual Report 2020 of Sixt SE.

Conceptual chart: Employer attractiveness

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

3.5 STAFF DEVELOPMENT AND PROMOTION

Sixt's entrepreneurial success is vitally dependent on the knowledge, skills and commitment of its employees. In this Sixt challenges its workforce to act on their own responsibility, to continually improve Sixt's services and to meet the changing mobility requirements of customers. The Group is therefore committed to a culture that has the people at its centre who work for Sixt. It is Sixt's claim to consistently encourage and promote the talents of its workforce, adequately remunerate their commitment and apply uniform principles in salaries and wages which exclude any form of discrimination.

Promoting talents goes hand in hand with further developing professional, personal and digital expertise. To this end Sixt is intensifying the number of internationally standardised training and onboarding measures in line with demand, which are designed to ensure and continuously improve performance in day-to-day work. In order to guarantee the development offer despite the changed framework conditions due to the COVID-19 pandemic, all learning formats are available digitally. The training units are offered to employees of all ranks and cover a wide range of topics.

Conceptual chart: Staff development and promotion

Objective	Measures	Performance indicator
Further development of the professional expertise of employees and managers	Demand-oriented, target group-specific, digital and analogue learning formats	Number of trainings and participants
Further development of remuneration models	Regular evaluation and improvement of employee participation programmes	./.

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

Relevant parameters and further information on the employee promotional programmes, the key features of the remuneration system as well as the employee participation programme can be found in the "Human resources report" as well as the "Corporate governance report" in the Annual Report 2020 of Sixt SE.

3.6 SOCIAL COMMITMENT

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

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

For many years now Sixt employees at their various work sites have been taking up the opportunity to engage in social actions. This can take the form of visits to hospitals over Christmas or Easter as well as renovation work as part of children's aid projects that are supported by the "Regine Sixt Kinderhilfe Stiftung". As part of the initiative Drying Little Tears Day which was launched in 2018, the Sixt Group offers its employees one day off to support these activities. In 2020, however, it was not possible to provide support to the usual extent for reasons of protecting the health of those in need of help and the employees of partner organisations as well as Sixt helpers. Nevertheless, Sixt employees also supported initiatives such as "Happy gift wrappings" at Christmas time.

Conceptual chart: Social commitment

Objective	Measures	Performance indicator
Expanding social commitment	Drying Little Tears Days	Number of employee days
Continuing the partnership with the "Regine Sixt Kinderhilfe Stiftung"	Supporting foundation projects to improve the health conditions and living conditions of children and young people worldwide and promoting institutions for care, education and vocational training as well as social welfare institutions	./.

The financial contributions and non-profit charity work provided last year has seen support going to institutions worldwide, among others, in Germany, Spain, the Netherlands, Israel, Kenya, Ecuador and Nicaragua. Since 2010 over 200 projects and initiatives in over 50 countries have been supported and assisted.

4. MATERIAL RISKS

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

The CSR Directive Implementation Act on the disclosure of information of non-financial nature and regarding diversity provides for companies to disclose also those risks stipulated in section 289c (3) no. 3 and 4 of the HGB, alongside their reporting on non-financial matters. The summarised non-financial declaration of the Group submitted by Sixt views risks from a net-perspective, i.e. risks are assessed after allowance for risk-mitigating measures. As a purely tertiary service provider, the Sixt Group could not identify any material risks associated with non-financial aspects which are connected to the Company's own business activities or with business relations, products and services of the Company and which could have any severe adverse effect on non-financial matters. Risks such as climate change, whose risk content can as yet not be reliably assessed (so-called emerging risks) are monitored as part of the Group-wide risk management process.

For a more detailed insight into the risk management system and the material risks associated with the business activities, business relations and services of Sixt, reference is made to the "Report on risks and opportunities" in the Annual Report 2020 of Sixt SE.

B.8 \\ DEPENDENT COMPANY REPORT

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

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

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

In accordance with the provisions of sections 289f and 315d of the Handelsgesetzbuch (HGB – German Commercial Code) the Company has to include a corporate governance declaration in its management report. Pursuant to section 317 (2), sentence 6 of the HGB the audit of the disclosures made in accordance with section 289f and 315d of the HGB is limited by the auditor to whether the disclosures have been made. The declaration can also be found on the website of Sixt SE at ***ir.sixt.eu*** under "Corporate Governance".

Corporate governance

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

The recommendations of the Government Commission on the German Corporate Governance Code are an established benchmark for corporate management at German listed companies. Apart from the exceptions listed in the declaration of conformity of December 2020, the Managing Board and the Supervisory Board of Sixt SE affirm their commitment to these recommendations of the German Corporate Governance Code.

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

The Managing Board and Supervisory Board of Sixt SE declare that:

The recommendations of the "German Corporate Governance Code" in the version of 16 December 2019 (hereinafter referred to as "Code") announced by the Federal Ministry of Justice in the official section of the Bundesanzeiger (Federal Gazette) on 20 March 2020 will be and have been complied with, with the following exceptions:

\\ Recommendation B.5: The Supervisory Board believes that setting a general age limit for members of the Managing Board would impose a restriction on the selection of eligible candidates and thus be contrary to the interests of Sixt SE.

\\ Recommendation C.2: Given the fact that the Supervisory Board consists of three members, of which in accordance with the Articles of Association only two members are elected, setting a general age limit for Supervisory Board members would impose a restriction on the selection of eligible candidates and thus be contrary to the interests of Sixt SE.

\\ Recommendation C.5: The Chairman of the Supervisory Board of Sixt SE, Mr Friedrich Joussen, is also Chairman of the Managing Board of TUI AG, which is also listed on the stock exchange. Mr Joussen has declared to Sixt SE that the workload associated with the two offices are compatible.

\\ Recommendations D.2 to D.5 and D.11: Since according to the Articles of Association the Supervisory Board of Sixt SE consists of three members, no committees are formed.

\\ Recommendation F.1: Sixt SE will disclose all price-sensitive information to analysts and all shareholders. Sixt SE believes that a disclosure to all shareholders of all non-price-sensitive information given to financial analysts and similar parties would not further their interest in information.

\\ Recommendation F.2: The Consolidated Financial Statements and Group Management Report are published within the statutory periods. Interim reports are published within the periods stipulated by stock exchange law. Sixt SE believes that the publication deadlines stipulated by the Code are not more beneficial to the information interests of investors, creditors, employees, and the public.

\\ Recommendations G.1. and G.2.: The Supervisory Board believes that the determination of individual target total compensation in addition to a maximum compensation does neither provide an additional incentive for the Managing Board nor a further advantage for Sixt SE.

- Recommendation G.7: The Supervisory Board believes that a long-term determination of performance criteria for variable compensation components is more beneficial to sustainability than an annual determination for the upcoming fiscal year.

- Recommendation G.10: The contracts of the Managing Board members do not stipulate that variable compensation amounts are to be invested predominantly in shares of the Company or granted accordingly. The Supervisory Board believes that such a structure would not be more beneficial to the long-term promotion of the Company's well-being and to ensuring sustainable and long-term success of the Company.

Pullach, December 2020

For the Supervisory Board of Sixt SE	For the Managing Board of Sixt SE
FRIEDRICH JOUSSEN Chairman	ERICH SIXT Chairman

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

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

The Supervisory Board determined a target figure of 0% for the proportion of women serving in the Supervisory and Managing Boards, to be implemented by 30 June 2022. As of 31 December 2020 these target figures of 0% each were met. Neither the Managing nor the Supervisory Board had any female members as of 31 December 2020.

The Managing Board has determined that the proportion of women serving on the first executive level below the Managing Board should be 15% and on the second executive level below the Managing Board 30%, both carrying an implementation period up to 30 June 2022. As of 31 December 2020 the proportion of women serving on the first executive level below the Managing Board was 17% and on the second executive level below the Managing Board 32%. Consequently, the targets for both levels were already surpassed. This takes due account of the German consolidated companies of Sixt SE.

Diversity concept for the Managing Board and long-term succession planning

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

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

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

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

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

As regards the age-specific stipulations, reference is made to the declaration pursuant to section 161 of the AktG, which specifies that in the opinion of the Supervisory Board, setting a general age limit for members of the Managing Board would restrict the selection of eligible candidates and thus be contrary to the interests of Sixt SE. As regards to the gender-specific aspects of the diversity concept, the Supervisory Board, in accordance with the Act on Equal Participation of Women and Men in Executive Positions in the Private and Public Sector, has defined the target figure outlined in the above paragraph.

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

Together with the Managing Board, the Supervisory Board takes care of the long-term succession plan for the Managing Board. The Supervisory and the Managing Board are in regular communication regarding suitable internal and external successor candidates, so as to ensure the continued further development of the company. In all these deliberations, the main focus is always on the company's interests, taking due account of all circumstances of the individual cases. The long-term succession plan takes into account, among other things, the requirements of the German Stock Corporation Act and the (Corporate Governance) Code as well as the aspects of the diversity concept for the Managing Board. Furthermore, taking into consideration the specific qualification requirements, the Managing Board is in regular contact with the Human Resource management regarding potential candidates from inside the company and external ones. Following this, suitable recommendations are submitted to the Supervisory Board. Potential candidates attend externally monitored assessment centres and will hold structured interviews.

Objectives for the composition, competence profile and diversity concept of the Supervisory Board

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

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

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

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

As regards the age-specific stipulations as well as the regular limits for membership duration, reference is made to the declaration pursuant to section 161 of the AktG, which specifies that no limitations are provided in this respect. As regards the gender-specific aspects of the diversity concept, the Supervisory Board, in accordance with the Act on Equal Participation of Women and Men in Executive Positions in the Private and Public Sector, has defined a target figure which is outlined in the above paragraph.

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

At least two Board members should be independent as defined in the German Corporate Governance Code to guarantee the independent monitoring and consultation of the Managing Board. In the assessment of the Supervisory Board, all current members of the Supervisory Board of Sixt SE (Mr Friedrich Joussen, Mr Ralf Teckentrup and Dr Daniel Terberger) are independent. This also applies to Mr Ralf Teckentrup, who has been a member of the Supervisory Board since 2007 and therefore for more than 12 years. As Mr Teckentrup has worked full-time for another company during his entire term of office, the Supervisory Board is of the opinion that the duration of his membership of the Supervisory Board alone has no influence on his independence.

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

Moreover, the Supervisory Board shall subject itself to a regular efficiency review. This review will monitor the effective execution of the tasks assigned to the Supervisory Board, including a practicability assessment of the procedural rules of the Supervisory Board's by-laws, as well as the efficiency of the Board's work. The last review took place in autumn 2019 by means of a survey of the Supervisory Board members. The results of the survey were subsequently evaluated and discussed by the Supervisory Board.

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

Relevant disclosures on corporate governance practices
The practices used for managing Sixt SE and the Sixt Group comply fully with statutory provisions.

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

The risk management system, the functioning and extent of which is documented in the risk manual, provides for several tools and measures to support the management in identifying, assessing and controlling risks as well as monitoring countermeasures. Among other things, the Managing Board and the Supervisory Board receive a comprehensive risk report each year. In addition, the Managing Board is regularly informed about relevant issues by the company's functional units. The internal control system consists of control rules, measures and controls to ensure compliance with statutory provisions and corporate guidelines. It includes regular reports by the company's business units, the implementation of effectiveness tests by the GRC department, audit reports and regular working meetings relating to various 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.

Compliance within the Sixt Group
The success of the Sixt Group is based not only on its excellent business policy, but also on the economic integrity and the trust customers, suppliers, shareholders and business partners place in the Group. To win and keep this trust it is a precondition that the Managing Board and the employees of the Company in any situation and continuously comply with the high standards of legislation, ethics and social skills. The Code of Conduct of Sixt SE and its affiliated companies, which is mandatory for all employees, defines these behavioural principles for the acting individuals' dealings in relation to third parties and within the Company. In this Code of Conduct the Managing Board of Sixt SE defines its clear expectations of ethical and lawful conduct by all employees and business partners and thereby establishes the so-called "Tone-from-the-Top".

This Code of Conduct is agreed upon with all employees when joining the company as a binding part of the employment relationship and can also be accessed at any time via the central Intranet.

In addition to the general requirements and expectations for integrity and law-abiding compliance, the Code of Conduct also contains specific and more detailed information and specifications on individual compliance areas. These refer in particular to anti-corruption regulations, granting of advantages, donations and sponsoring, questions on anti-trust legislation, money laundering prevention, data protection as well as capital market law.

These generally applicable specifications are supplemented by specific implementation requirements, which come in the form of detailed individual instructions, as well as by independent compliance control loops (for example: tax compliance, data protection).

A Group-wide compliance organisation has been established to ensure that all ethical and legal requirements adopted by the Managing Board are known and implemented within the Group. These comprise various individual functions and are based on the well-known Three-lines-of-defence-model: alongside the operational departments that are primarily responsible for implementation, the Compliance Officer, the Legal, Tax and Internal Controls departments are responsible for the effectiveness of the compliance processes in a coordinating or advisory capacity. As independent auditing instance, the Group's Internal Audit body verifies appropriateness and effectiveness of the compliance organisation as well as the implementation of and adherence to compliance requirements as part of its risk-oriented audits.

In addition to the standards and processes so defined, special training seminars on specific topics are held for such sensitive areas as the sales department. In the selection of its business partners Sixt takes care that these partners comply with the same standards as defined in Sixt's Code of Conduct.

To become aware of potential compliance violations, Sixt offers its employees different reporting channels. Thus, employees can submit notifications to the compliance organisation via their superior, the internal compliance officer or an external ombudsman. Sixt has taken precautions to ensure that notifications to the Ombudsman can be made anonymously and that the anonymity of whistleblowers can be strictly preserved in order to reduce the fear of repression for those submitting notifications and thereby lower the reporting threshold. In the event of relevant notifications, the Ombudsman and the compliance officer consult each other and decide on the measures to be initiated. In addition, the compliance officer is in regular contact with the Managing Board, reports to the respective departments on the current compliance situation or individual transactions and provides support regarding the development and implementation of preventive measures.

Sixt reviews the functionality and appropriateness of the compliance organisation at regular intervals and, if necessary, implements suitable adjustments or additions as quickly as possible, for example due to changing regulations, changing market conditions or new internal structures.

Working practices of the Managing Board and Supervisory Board

As European Stock Corporation (Societas Europaea) Sixt SE is governed by the German Stock Corporation Act, the specific European SE regulations and the German SE Implementation Act. One key principle of the Stock Corporation Act is the dualistic management system (Managing Board and Supervisory Board), which is also established for Sixt SE. Sixt SE takes due account of this principle of separate management and supervisory bodies and has different personnel in the Managing and Supervisory Boards of Sixt SE. Simultaneous membership in both bodies is not permitted. In accordance with article 7 (1) and (2) of the Company's Articles of Association, the Managing Board of Sixt SE consists of one or more members appointed by the Supervisory Board for a maximum period of up to five years. Reappointments are generally possible. In fiscal year 2020, Sixt SE's Managing Board had five members. They are responsible for basic strategic orientation, daily operations and the monitoring of risk management at Sixt SE and in the Sixt Group. The Chairman of the Managing Board of Sixt SE, Mr Erich Sixt, was also Chairman of the Supervisory Board of Sixt Leasing SE until the end of 15 July 2020. Sixt SE is the Group's strategic and financial holding company and provides central administrative functions for various Group companies. The daily operations are managed from within the functional units of the Mobility and, until their sale, Leasing Business.

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

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

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

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

The Managing Board and Supervisory Board cooperate closely for the benefit of Sixt Group. The Managing Board informs the Supervisory Board regularly, promptly and comprehensively on all matters that are relevant to the Company and the Group regarding strategic planning, business development, the risk situation and risk management as well as the results of internal audits. To this end, the Managing Board agrees the company's strategic orientation with the Supervisory Board and discusses the implementation of strategy at regular intervals. Documents required to make decisions, in particular the annual financial statements of Sixt SE, the consolidated financial statements, the management report on the Group's and the Company's situation, including the auditors' reports, are forwarded to the members of the Supervisory Board in good time before the respective meeting.

Employee participation programme (Matching Stock Programme)

The Managing and Supervisory Boards of Sixt SE resolved to implement a Matching Stock Programme (MSP) for a selected group of employees, senior executives and members of the Managing Board of the Sixt Group at the Company and its affiliated companies. The programme enables employee participation in the form of shares while avoiding any dilutive effects for existing shareholders of Sixt SE.

Participants in the MSP had to 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 had to make a personal investment by acquiring interest-bearing bonds of Sixt SE.

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

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

On each 1st of December every year from 2012 (first time) to 2018 (last time) one tranche of stock options was allocated (a total of maximum 7 tranches), so that each participant is entitled to subscribe up to a total of 3,500 stock options (7 tranches with 500 stock options each) for every EUR 1,000 of paid-up investment volume. In the fiscal years 2019 and 2020 no further tranches of stock options were allocated.

The allocated stock options can only be exercised after a lock-up period of four years, starting from the allocation of the respective tranche. The stock options can only be exercised if the exercise price since the allocation of the respective tranche is 20% higher than the initial price of said tranche (exercise threshold). The initial price of the stock options corresponds to the average unweighted closing price of Sixt preference shares in Xetra trading on the Frankfurt Stock Exchange during the last 60 trading days before the stock options for the tranche concerned are allocated. The exercise price is the average unweighted closing price of Sixt preference shares in Xetra trading on the Frankfurt Stock Exchange during the last 60 trading days before the stock options of the respective tranche are exercised. Stock options allocated as part of a tranche are deemed to have been exercised on the first trading day following the end of the four-year lock-up period, if the exercise threshold has been reached. If the exercise threshold for a tranche is not reached, the stock options of this tranche expire without replacement.

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

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

If the participant's contract of employment is terminated, any stock options already allocated but not yet exercised are generally lost.

Notification of managers' transactions

In accordance with article 19 of the Regulation (EU) number 596/2014 of the European Parliament and the Council on market abuse (European Market Abuse Directive) members of the Managing and Supervisory Boards of Sixt SE as well as persons closely associated with them are legally required to report their own transactions with shares or bonds of Sixt SE and their related financial derivatives or other related financial instruments to Sixt SE and the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority), as long as the aggregated total of the transactions conducted by the respective person reaches or exceeds the sum of EUR 20,000 within a calendar year. The transaction notifications received by Sixt SE during the preceding fiscal year were duly published and can be retrieved on the website of Sixt SE at ***ir.sixt.eu*** under the tab "News" and "Managers' Transactions".

Disclosures relating to the auditor

On 24 June 2020, the Annual General Meeting adopted the proposal of the Supervisory Board to appoint Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, as auditor for the fiscal year 2020 for Sixt SE and the Sixt Group and as auditor for any interim financial reports/financial information of Sixt SE relating to fiscal year 2020 as well as to fiscal year 2021, valid for the period up until the Annual General Meeting 2021. Auditing companies from the Deloitte network are auditing the majority of companies included in the consolidated financial statements which require such audits. Deloitte GmbH Wirtschaftsprüfungsgesellschaft has been auditor of Sixt SE, respectively previously Sixt Aktiengesellschaft, since the annual financial statements 2005. Since the annual financial statements 2019 the auditor Klaus Löffler has been the auditor responsible for conducting the audit.

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

Fundamentals and business performance

Sixt SE (European Stock Corporation – Societas Europaea) is the parent company that acts as the holding company for the Sixt Group. The legal form “SE” of the holding reflects the Group’s strong international orientation. Sixt SE assumes the central administrative and management tasks and is responsible for the strategic and financial management of the Group. The participation in Sixt Leasing SE, which together with its subsidiaries formed the Leasing Business Unit, was fully sold in the year under review. Sixt SE is headquartered in Pullach with registered branches in Leipzig and at Munich Airport.

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

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

Results of operations, net assets and financial position

For its services rendered, Sixt SE receives remunerations of EUR 30.5 million (2019: EUR 83.4 million). The year-on-year reduction results from the declined business activity of the subsidiaries due to the COVID-19 pandemic. Other operating income includes, among others, income from forwarding costs as well as in the year under review the income from the sale of the stake in Sixt Leasing SE of EUR 129.4 million. Besides this, Sixt SE receives EUR 31.6 million (2019: EUR 37.0 million) from financing services and income from investments, and earnings transfers of EUR 43.8 million (2019: EUR 141.0 million). This is set off by personnel and operational expenses of EUR 182.2 million (2019: EUR 222.2 million) as well as interest and similar expenses of EUR 28.8 million (2019: EUR 23.2 million). There were loss transfers in the year under review in the amount of EUR 1.6 million (2019: EUR 5.1 million). The taxes on income are at EUR 8.6 million (2019: EUR 16.3 million). Net income for the period under review is EUR 125.2 million (2019: EUR 107.7 million).

Sixt SE’s significant assets consist of shareholdings in affiliated companies and investments of EUR 860.4 million (2019: EUR 803.5 million). In addition, Sixt SE recognises receivables from affiliated companies and investments of EUR 1,861.6 million (2019: EUR 2,087.4 million).

As in the year before, the share capital of Sixt SE amounts to EUR 120.2 million. The equity reported amounts to EUR 815.4 million (2019: EUR 691.0 million).

Significant financial liabilities are the outstanding bonds of EUR 800.0 million (2019: EUR 750.0 million), liabilities from borrower’s note loans in the amount of EUR 995.0 million (2019: EUR 995.0 million), as well as commercial paper with EUR 88.0 million (2019: EUR 70.0 million). Further to these, Sixt SE has liabilities to affiliated companies of EUR 227.7 million (2019: EUR 212.2 million).

Risks, opportunities and outlook
As far as its opportunities and risks are concerned, Sixt SE's development is essentially dependent on the performance of the operating companies within the Sixt Group. To this extent, the overall assessment in the report on risks and opportunities of the Sixt Group serves as reference. The economic development of Sixt SE is likewise significantly determined by the performance, financing requirements and earnings strength of the Sixt Group's companies. Their earnings distributions are directly or indirectly determined by the resolutions of Sixt SE. In line with its expectations regarding the impediments of the business development of the operating subsidiaries by the COVID-19 pandemic, which is still characterised by a high uncertainty. Sixt SE expects low positive earnings before taxes (EBT) for the current fiscal year.

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

Pullach, 29 March 2021

Sixt SE

The Managing Board

ERICH SIXT	JÖRG BREMER	NICO GABRIEL	DANIEL MARASCH	DETLEV PÄTSCH	ALEXANDER SIXT	KONSTANTIN SIXT

C \\ CONSOLIDATED FINANCIAL STATEMENTS

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

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

Consolidated Income Statement in EUR thou.	Notes		2020		2019[1]
Revenue	\4.1\		1,532,089		2,501,431
Other operating income	\4.2\		181,775		190,110
Fleet expenses	\4.3\		429,295		615,263
Personnel expenses	\4.4\		339,252		461,942
a) Wages and salaries		286,823		390,848	
b) Social security contributions		52,429		71,094	
Depreciation and amortisation expense including impairments	\4.5\		458,083		518,496
a) Depreciation of rental vehicles		294,418		408,124	
b) Depreciation of property and equipment		149,069		102,530	
c) Amortisation of intangible assets		14,597		7,843	
Other operating expenses	\4.6\		535,938		757,278
Earnings before interest and taxes (EBIT)			**-48,705**		**338,561**
Net finance costs	\4.7\		-32,841		-30,322
a) Interest income		2,730		1,818	
b) Interest expense		37,250		32,189	
c) Other net financial income		1,680		49	
Earnings before taxes (EBT)			**-81,546**		**308,239**
Income tax expense	\4.8\		17,262		82,891
Result from continuing operations			**-98,808**		**225,349**
Result from discontinued operations, net of taxes	\4.9\		100,775		21,462
Consolidated profit			**1,967**		**246,811**
Of which attributable to minority interests	\4.10\		35,213		12,464
Of which attributable to shareholders of Sixt SE			**-33,246**		**234,347**
Earnings per ordinary share – basic from continuing operations (in EUR)[2]	\4.11\		-2.12		4.78
Earnings per ordinary share – basic from discontinued operations (in EUR)[2]	\4.11\		1.39		0.19
Earnings per preference share – basic from continuing operations (in EUR)[2]	\4.11\		-2.09		4.83
Earnings per preference share – basic from discontinued operations (in EUR)[2]	\4.11\		1.41		0.19

[1] *The prior-year comparative figures have been adjusted according to IFRS 5 with the separate reporting of discontinued operations*

[2] *The diluted earnings per share correspond to the basic earnings per share*

Consolidated statement of comprehensive income			
in EUR thou.	Notes	**2020**	2019
Consolidated profit		1,967	246,811
Other comprehensive income (not recognised in the income statement)		-26,040	14,212
Components that could be recognised in the income statement in future			
Currency translation gains/losses		-31,472	14,383
Amounts reclassified due to recognition in the income statement		-2,336	-
Changes in the fair value of derivative financial instruments in hedge relationship		-373	277
Related deferred taxes		71	162
Components that could not be recognised in the income statement in future			
Remeasurement of defined benefit plans	\4.26\	848	-857
Related deferred taxes		-124	248
Remeasurement of equity investments		7,439	-
Related deferred taxes		-93	-
Total comprehensive income		**-24,073**	**261,022**
Of which attributable to minority interests		35,050	13,142
Of which attributable to shareholders of Sixt SE		-59,123	247,880
From continuing operations		-123,911	238,706
From discontinued operations		64,788	9,175

C.2 \\ CONSOLIDATED BALANCE SHEET

of Sixt SE, Pullach, as at 31 December 2020

Assets in EUR thou.	Notes	31 Dec. 2020	31 Dec. 2019
Non-current assets			
Goodwill	\4.12\	18,442	28,911
Intangible assets	\4.13\	20,080	32,555
Property and equipment	\4.14\	543,957	606,345
Lease assets	\4.15\	-	1,119,670
Financial assets	\4.16\	9,934	2,352
Other receivables and assets	\4.20\	4,716	5,409
Deferred tax assets	\4.8\	43,612	47,521
Total non-current assets		**640,740**	**1,842,763**
Current assets			
Rental vehicles	\4.17\	2,204,570	3,033,364
Inventories	\4.18\	81,330	101,734
Trade receivables	\4.19\	530,043	765,038
Other receivables and assets	\4.20\	198,368	298,314
Income tax receivables		20,113	37,715
Cash and bank balances	\4.21\	753,322	170,519
Total current assets		**3,787,746**	**4,406,683**
Total assets		**4,428,486**	**6,249,446**

Equity and liabilities in EUR thou.	Notes	31 Dec. 2020	31 Dec. 2019
Equity			
Subscribed capital	\4.22\	120,175	120,175
Capital reserves	\4.23\	197,280	240,659
Other reserves	\4.24\	1,077,253	1,098,619
Minority interests	\4.25\	-	132,701
Total equity		**1,394,709**	**1,592,154**
Non-current liabilities and provisions			
Provisions for pensions and other post-employment benefits	\4.26\	3,141	3,306
Other provisions	\4.27\	515	913
Financial liabilities	\4.28\	1,928,579	2,652,691
Other liabilities	\4.29\	-	16,513
Deferred tax liabilities	\4.8\	5,078	43,336
Total non-current liabilities and provisions		**1,937,313**	**2,716,758**
Current liabilities and provisions			
Other provisions	\4.27\	94,300	121,110
Income tax liabilities		22,555	36,417
Financial liabilities	\4.28\	449,612	784,518
Trade payables	\4.30\	422,813	832,920
Other liabilities	\4.29\	107,184	165,569
Total current liabilities and provisions		**1,096,464**	**1,940,534**
Total equity and liabilities		**4,428,486**	**6,249,446**

C.3 \\ CONSOLIDATED CASH FLOW STATEMENT

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

Consolidated cash flow statement in EUR thou.	Notes	2020	2019[1]
Operating activities			
Consolidated profit		1,967	246,811
Result from discontinued operations, net of taxes	\4.9\	-60,643	-21,462
Income from disposal of discontinued operations, net of taxes	\4.9\	-40,132	-
Income taxes recognised in income statement	\4.8\	22,386	95,856
Income taxes paid		-21,947	-137,066
Financial result recognised in income statement[2]	\4.7\	34,520	30,371
Interest received		1,813	597
Interest paid		-39,834	-28,284
Dividends received		-	250
Depreciation and amortisation including impairments	\4.5\	458,083	518,496
Income from disposal of fixed assets		794	1,270
Other (non-)cash expenses and income		-37,969	-539
Gross cash flow		**319,038**	**706,299**
Depreciation and impairments on rental vehicles	\4.5\	-294,418	-408,124
Gross cash flow before changes in working capital		**24,620**	**298,176**
Change in rental vehicles	\4.17\	828,794	-428,157
Change in inventories	\4.18\	-29,595	-4,896
Change in trade receivables	\4.19\	154,014	-205,322
Change in trade payables	\4.30\	-352,063	184,242
Change in other net assets		15,501	8,934
Net cash flows from/used in operating activities of continuing operations		**641,269**	**-147,024**
Net cash flows from operating activities of discontinued operations		28,012	106,281
Net cash flows from/used in operating activities		**669,281**	**-40,743**
Investing activities			
Proceeds from disposal of intangible assets, property and equipment		1,729	3,028
Proceeds from disposal of discontinued operations net of disposed cash and cash equivalents[3]		36,757	-
Payments for investments in intangible assets, property and equipment	\4.12\ bis \4.14\	-22,158	-39,523
Payments for investments in financial assets	\4.16\	-	-1,137
Net cash flows from/used in investing activities of continuing operations		**16,328**	**-37,632**
Net cash flows used in investing activities of discontinued operations		-3,716	-7,083
Net cash flows from/used in investing activities		**12,612**	**-44,715**
Financing activities			
Payments made due to the purchase of treasury shares		-5,991	-2,712
Dividends paid		-829	-101,260
Payments received from taken out borrower's note loans, bonds and bank loans	\4.28\	766,000	649,537
Payments made for redemption of borrower's note loans, bonds, bank loans and lease liabilities	\4.28\	-801,365	-343,149
Payments made for redemption of/payments received from taken out short-term financial liabilities[4]	\4.28\	-146,640	11,350
Net cash flows used in/from financing activities of continuing operations		**-188,825**	**213,767**
Net cash flows from/used in financing activities of discontinued operations		99,183	-106,257
Net cash flows used in/from financing activities		**-89,642**	**107,510**
Net change in cash and cash equivalents		**592,252**	**22,052**
Effect of exchange rate changes on cash and cash equivalents		-9,448	1,368
Changes in the scope of consolidation		-	1,163
Cash and cash equivalents at 1 Jan.		**170,519**	**145,936**
Cash and cash equivalents at 31 Dec.	\4.21\	**753,322**	**170,519**

1 *The prior-year comparative figures have been adjusted according to IFRS 5 with the separate reporting of discontinued operations*
2 *Excluding income from investments*
3 *Including disposed cash and cash equivalents of the discontinued Leasing Business Unit in the amount of EUR 118.8 million (2019: EUR - million)*
4 *Short-term borrowings with terms of up to three months and quick turnover*

C.4 \\ CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of Sixt SE, Pullach, as at 31 December 2020

Consolidated statement of changes in equity	Subscribed capital	Capital reserves	Other reserves			Treasury shares	Equity attributable to shareholders of Sixt SE	Minority interests	Total equity
in EUR thou.			Retained earnings	Currency translation reserve	Other equity				
1 Jan. 2020	**120,175**	**240,659**	**208,597**	**10,140**	**879,882**	**-**	**1,459,454**	**132,701**	**1,592,154**
Consolidated profit	-	-	-	-	-33,246	-	-33,246	35,213	1,967
Dividend payments 2019	-	-	-	-	-829	-	-829	-10,770	-11,599
Other comprehensive income	-	-	-	-33,947	8,071	-	-25,877	-163	-26,040
Purchase of treasury shares	-	-	-	-	-	-5,991	-5,991	-	-5,991
Re-issuance of treasury shares	-	-	-	-	-	5,991	5,991	-	5,991
Increase due to the employee participation programme	-	1,073	-	-	-	-	1,073	11	1,085
Disposal from the exercise under the employee participation programme	-	-5,866	-	-	-	-	-5,866	-	-5,866
Changes in the scope of consolidation	-	-38,587	-2,247	-	40,834	-	-	-156,986	-156,986
Other changes	-	-	6,088	-	-6,089	-	-1	-5	-6
31 Dec. 2020	**120,175**	**197,280**	**212,439**	**-23,808**	**888,622**	**-**	**1,394,709**	**-**	**1,394,709**
1 Jan. 2019	**120,175**	**241,412**	**211,841**	**-3,983**	**747,198**	**-**	**1,316,642**	**125,381**	**1,442,023**
Consolidated profit	-	-	-	-	234,347	-	234,347	12,464	246,811
Dividend payments 2018	-	-	-	-	-101,260	-	-101,260	-5,744	-107,004
Other comprehensive income	-	-	-	14,123	-589	-	13,533	678	14,212
Purchase of treasury shares	-	-	-	-	-	-2,712	-2,712	-	-2,712
Re-issuance of treasury shares	-	-	-	-	-	2,712	2,712	-	2,712
Increase due to the employee participation programme	-	1,309	-	-	-	-	1,309	25	1,334
Disposal from the exercise under the employee participation programme	-	-5,117	-	-	-	-	-5,117	-100	-5,217
Transfer to capital reserves	-	3,041	-	-	-3,041	-	-	-	-
Other changes	-	15	-3,243	-	3,228	-	-	-3	-3
31 Dec. 2019	**120,175**	**240,659**	**208,597**	**10,140**	**879,882**	**-**	**1,459,454**	**132,701**	**1,592,154**

See also the Notes \4.22\ to \4.25

C.5 \\ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. GENERAL DISCLOSURES

1.1 INFORMATION ABOUT THE COMPANY

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

In accordance with its Articles of Association, the purpose of the Company is to rent, lease and sell vehicles, aircraft and moveable equipment, to manage, acquire, administer and provide support for companies and equity interests in companies, particularly those whose purpose wholly or partly extends to the aforementioned areas of activity, and to carry out any secondary activities that fall within these areas in the widest sense, as well as any other business activities that serve its purpose. The Company can establish branches at home and abroad, found, acquire or hold equity interests stakes in other companies in and outside Germany. The limits of aforementioned purpose shall not apply to the purpose of subsidiaries and investees. The Company is entitled to hand over its operations wholly or partly to subsidiaries or investees as well as to transfer its operations wholly or partly to subsidiaries or investees. The Company can limit its activities to one or specific purposes of the aforementioned objects, and also to the activity of a holding company and/or the administration of other own assets.

At the reporting date, the Company's subscribed capital amounted to EUR 120,174,996.48. Both ordinary shares and non-voting preference shares have been issued, both categories as no-par value shares with a notional amount of EUR 2.56 per share. All shares have been fully paid up. The largest shareholder is Erich Sixt Vermögensverwaltung GmbH, Pullach, which holds 58.3% of the ordinary shares and voting rights of the subscribed capital as at reporting date. Erich Sixt Vermögensverwaltung GmbH, Pullach, is the parent of Sixt SE, Pullach. In accordance with section 17 of the AktG, Sixt SE is a dependent company of Erich Sixt Vermögensverwaltung GmbH, Pullach, as well as ES Asset Management and Services GmbH & Co. KG, Pullach.

1.2 GENERAL DISCLOSURES ON THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of Sixt SE as at 31 December 2020 were prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU and the applicable commercial law regulations according to section 315e (1) of the HGB (German Commercial Code).

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

The Company applied the following new and/or amended standards for the first time in the current fiscal year:

Amendments to IFRS 16 – COVID-19-related rent concessions

The Group has applied the amendments to IFRS 16 (COVID-19-related rent concessions) prematurely. The amendments permit the Group as lessee, as a practical expedient, to elect not to assess whether COVID-19-related rent concessions of the lessor are a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if specific conditions are met. Any qualifying rent concessions are accounted as variable rent payments. The Group has applied the amendments retrospectively, the amendments had no impact on the equity as at 1 January 2020. Prior-year comparative figures have not been restated.

Amendments to IFRS 3 – Business combinations

The amendments to IFRS 3 provide guidance to help distinguish between a business and a group of assets when applying IFRS 3. The amendments clarify that a business must include, at a minimum, an input factor and a substantive process that together significantly contribute to the ability to create outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired and add an optional concentration test that permits a simplified assessment of whether an acquired set of activities is a business. This had no material impact on the consolidated financial statements.

Amendments to IAS 1 and IAS 8 – Definition of material
The amendments to IAS 1 make the definition of "material" easier to understand and have not altered the underlying concept of materiality in IFRS standards. It introduces for the first time the concept of obscuring material information in the definition. The definition of "material" in IAS 8 has been replaced by reference to the definition of "material" in IAS 1. This had no material impact on the consolidated financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards
The Amendments to References to the Conceptual Framework in IFRS Standards resulted in amendments to various standards. The application of these amendments does not have a significant influence on reporting and valuation in the consolidated financial statements.

Further new and/or amended standards/interpretations are not relevant for the consolidated financial statements of Sixt SE.

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

Standard/Interpretation		Adoption by European Commission	Applicable as at
IFRS 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 IAS 1	Disclosure of accounting policies	No	1 Jan. 2023
Amendments to IFRS 3	Reference to the conceptual framework	No	1 Jan. 2022
Amendments to IAS 8	Definition of accounting estimates	No	1 Jan. 2023
Amendments to IFRS 4	Temporary exemption from applying IFRS 9	15 Dec. 2020	1 Jan. 2023
Amendments to IAS 16	Property, plant and equipment – proceeds before intended use	No	1 Jan. 2022
Amendments to IAS 37	Onerous contracts – cost of fulfilling a contract	No	1 Jan. 2022
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest rate benchmark reform — phase 2	13 Jan. 2021	1 Jan. 2021
	Annual improvement project 2018-2020	No	1 Jan. 2022

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

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

The Group currency of Sixt SE is Euro (EUR). Unless specified otherwise the amounts listed in the consolidated financial statements are given in "EUR thousand".

Due to rounding it is possible that individual figures in these consolidated financial statements do not add up exactly to the totals shown. For the same reason, the percentage figures presented may not always exactly reflect the absolute figures to which they relate to.

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

2. CONSOLIDATION

2.1 CONSOLIDATED COMPANIES

The scope of consolidated companies derives from the application of IFRS 10 (consolidated financial statements) and IFRS 11 (joint arrangements).

The consolidated financial statements of Sixt SE as at 31 December 2020 include the following fully consolidated companies (the equity interest corresponds to the voting power).

Name	Domicile	Equity interest
1501 NW 49 ST 33309, LLC	Wilmington	100%
AKRIMO Beteiligungs GmbH	Pullach	100%
AKRIMO GmbH & Co. KG	Pullach	100%
Atlic Rent SARL	Chambray-lès-Tours	100%
Azucarloc SARL	Cannes	100%
Benezet Location SARL	Nimes	100%
BLM Verwaltungs GmbH	Pullach	100%
Blueprint Holding GmbH & Co. KG	Pullach	100%
Bopobiloc SARL	Mérignac	100%
Brenoloc SARL	Rennes	100%
Capitole Autos SARL	Toulouse	100%
Eaux Vives Location SARL	Grenoble	100%
Eiffel City Rent SARL	Neuilly sur Seine	100%
Europa Service Car Ltd.	Chesterfield	100%
Flash Holding GmbH & Co. KG	Pullach	100%
Francilsud Location SARL	Athis-Mons	100%
Lightning Holding GmbH & Co. KG	Pullach	100%
Matterhorn Holding GmbH & Co. KG	Pullach	100%
Mobimars SARL	Marignane	100%
Nizza Mobility SARL	Nice	100%
Ory Rent SARL	Orly	100%
Phocemoove SARL	Marseille	100%
Rail Paris Mobility SARL	Paris	100%
RhôneSaône Mobility SARL	Colombier Saugnieu	100%
Septentri Loc SARL	Marc en Baroeul	100%
Sigma Grundstücks- und Verwaltungs GmbH	Pullach	100%
Sigma Grundstücks- und Verwaltungs GmbH & Co. Immobilien KG	Pullach	94%
Sigma Pi Holding GmbH & Co. KG	Pullach	100%
SIL CAP, LLC	South Burlington	100%
Sixt Aéroport SARL (in liquidation)	Paris	100%
Sixt Air GmbH	Weßling	100%
Sixt Asset and Finance SAS	Avrigny	100%
Sixt B.V.	Hoofddorp	100%
Sixt Belgium BV	Machelen	100%
Sixt Beteiligungen GmbH & Co. Holding KG	Pullach	100%
Sixt Car Sales GmbH (formerly: SL Car Sales GmbH)	Garching	100%
Sixt Car Sales, LLC	Wilmington	100%
Sixt Développement SARL	Paris	100%

Table continued:

Name	Domicile	Equity interest
Sixt Executive GmbH	Garching	100%
Sixt Fleet Transfer LLC	Wilmington	100%
Sixt Franchise USA, LLC	Wilmington	100%
Sixt Funding Associate LLC	Wilmington	100%
Sixt Funding LLC	Wilmington	100%
Sixt G.m.b.H.	Vösendorf	100%
Sixt GmbH	Munich	100%
Sixt GmbH & Co. Autovermietung KG	Pullach	100%
Sixt Insurance Services PCC Ltd.	St. Peter Port	100%
Sixt International Services GmbH	Pullach	100%
Sixt Limousine Austria GmbH	Vösendorf	100%
Sixt Limousine SARL	Clichy	100%
Sixt Limousine Switzerland AG	Basle	100%
Sixt ONE Systems GmbH	Pullach	100%
Sixt Plc	Langley	100%
Sixt R&D Private Limited	Bangalore	100%
Sixt Rent A Car Ltd.	Langley	100%
SIXT RENT A CAR S.L.U.	Palma de Mallorca	100%
Sixt rent a car srl	Eppan	100%
Sixt Rent A Car, LLC	Wilmington	100%
Sixt rent-a-car AG	Basle	100%
Sixt Ride GmbH & Co. KG	Pullach	100%
Sixt Ride Holding GmbH & Co. KG	Pullach	100%
SIXT S.A.R.L.	Monaco	100%
SIXT S.à.r.l.	Luxembourg	100%
Sixt SAS	Avrigny	100%
Sixt Seine SARL	Paris	100%
Sixt Shack 2821S Federal Highway FLL, LLC	Wilmington	100%
Sixt Systems GmbH	Pullach	100%
Sixt Titling Trust	Wilmington	100%
Sixt Transatlantik GmbH	Pullach	100%
Sixt Ventures GmbH	Pullach	100%
Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Delta Immobilien KG	Pullach	100%
Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Epsilon Immobilien KG	Pullach	100%
Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Gamma Immobilien KG	Pullach	100%
Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Sita Immobilien KG	Pullach	100%
Sixti SARL	Tremblay en France	100%
Smaragd International Holding GmbH	Pullach	100%
Speed Holding GmbH & Co. KG	Pullach	100%
SXT Beteiligungsverwaltungs GmbH	Pullach	100%
SXT Dienstleistungen GmbH & Co. KG	Rostock	100%

Table continued:

Name	Domicile	Equity interest
SXT DR Services GmbH	Pullach	100%
SXT International Projects and Finance GmbH	Pullach	100%
SXT Projects and Finance GmbH	Pullach	100%
SXT Reservierungs- und Vertriebs-GmbH & Co. KG	Rostock	100%
SXT Retina Lab GmbH & Co. KG	Pullach	100%
SXT Services GmbH & Co. KG	Pullach	100%
SXT Telesales GmbH	Berlin	100%
Tango International Holding GmbH	Pullach	100%
TOV 6-Systems	Kiev	100%
United Kenning Rental Group Ltd.	Langley	100%
United Mile Fleet, LLC	Sunrise	100%
United Rental Group America Limited	Chesterfield	100%
United Rental Group Ltd.	Chesterfield	100%
United Rentalsystem SARL	Mulhouse	100%
Urbanizy Loc SARL	Paris	100%
Utilymoov SARL	Roissy-en-France	100%
Varmayol Rent SARL	La Valette du Var	100%
Velocity Holding GmbH & Co. KG	Pullach	100%
Wezz Rent SARL	Bouguenais	100%

The following list shows all Group companies which have not been consolidated. These subsidiaries, most of which have no operating activities, have not been consolidated because of their insignificance in the aggregate for the presentation of a true and fair view of the net assets, financial position and results of operations of the Group. The combined revenue of these companies amounts to less than 1% of consolidated revenue.

Name	Domicile	Equity	Equity interest	Annual result
CV "Main 2000" UA[1]	Schiphol	505,814 EUR	50%	- EUR
Sixt Beteiligungen GmbH (formerly: SXT Fleet Service GmbH)	Pullach	17,566 EUR	100%	-3,242 EUR
Sixt Canadian Holding GmbH (formerly: Sixt Beteiligungen GmbH)	Pullach	42,022 EUR	100%	-2,298 EUR
Sixt Immobilien Beteiligungen GmbH	Pullach	196,068 EUR	100%	4,125 EUR
SIXT RENT A CAR INC.	Vancouver	- CAD	100%	- CAD
Sixt Ride Holding Verwaltungs GmbH	Pullach	19,652 EUR	100%	-1,856 EUR
Sixt Ride Verwaltungs GmbH	Pullach	18,518 EUR	100%	-3,047 EUR
Sixt Verwaltungs B.V.	Hoofddorp	-10,408 EUR	100%	-6,594 EUR
Sixt Verwaltungs-GmbH	Vösendorf	7,632 EUR	100%	-7,381 EUR
SXT Projects and Services GmbH	Pullach	25,000 EUR	100%	-2,987 EUR
SXT Retina Lab Verwaltungs GmbH	Pullach	12,745 EUR	100%	-8,131 EUR
SXT V+R Verwaltungs GmbH	Rostock	20,170 EUR	100%	-1,982 EUR
SXT Verwaltungs GmbH	Pullach	21,974 EUR	100%	-1,696 EUR
TÜV SÜD Car Registration & Services GmbH	Munich	1,388,502 EUR	50%	310,450 EUR

[1] *Financial figures for fiscal year 2019*

In accordance with section 264b of the HGB, the following companies are exempt from the duty to prepare and publish annual financial statements under the provisions applicable to corporations: Akrimo GmbH & Co. KG, Pullach, Blueprint Holding GmbH & Co. KG, Pullach, Flash Holding GmbH & Co. KG, Pullach, Lightning Holding GmbH & Co. KG, Pullach, Matterhorn Holding GmbH & Co. KG, Pullach, Sigma Grundstücks- und Verwaltungs GmbH & Co. Immobilien KG, Pullach, Sigma Pi Holding GmbH & Co. KG, Pullach, Sixt Beteiligungen GmbH & Co. Holding KG, Pullach, Sixt GmbH & Co. Autovermietung KG, Pullach, Sixt Ride GmbH & Co. KG, Pullach, Sixt Ride Holding GmbH & Co. KG, Pullach, Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Delta Immobilien KG, Pullach, Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Epsilon Immobilien KG, Pullach, Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Gamma Immobilien KG, Pullach, Sixt Verwaltungsgesellschaft mit beschränkter Haftung & Co. Sita Immobilien KG, Pullach, Speed Holding GmbH & Co. KG, Pullach, SXT Dienstleistungen GmbH & Co. KG, Rostock, SXT Reservierungs- und Vertriebs-GmbH & Co. KG, Rostock, SXT Retina Lab GmbH & Co. KG, Pullach, SXT Services GmbH & Co. KG, Pullach, as well as Velocity Holding GmbH & Co. KG, Pullach. Sixt Transatlantik GmbH, Pullach, Smaragd International Holding GmbH, Pullach, SXT International Projects and Finance GmbH, Pullach, and SXT Projects and Finance GmbH, Pullach, make use of the exemption with regard to publication provided in section 264 (3) of the HGB.

2.2 CHANGES IN THE SCOPE OF CONSOLIDATION

On 21 February 2020 Sixt SE announced that it had concluded an agreement that day with the Hyundai Capital Bank Europe GmbH on the sale of its entire stake in Sixt Leasing SE. The stake consisted of shares relating to about 41.9% of the share capital of Sixt Leasing SE. The transaction was completed on 15 July 2020. The selling price, excluding dividend paid, amounted to EUR 155.6 million or EUR 18.00 for each share sold.

The stock-listed Sixt Leasing SE together with its subsidiaries was fully consolidated in the Sixt Group and represented the Leasing Business Unit. With the decision of the sale up to the deconsolidation, assets and liabilities of the Business Unit were accounted for as discontinued operations according to IFRS 5.

Following the sale of Sixt Leasing SE, Isar Valley S.A., Luxembourg (equity interest 0%), was also not consolidated anymore, as its business activity is subject to control by Sixt Leasing SE according to contractual agreements.

The following further changes in the consolidated Group as against the end of 2019 occurred:

The companies Sixt Car Sales, LLC, Wilmington, Sixt Fleet Transfer LLC, Wilmington, Sixt Funding Associate LLC, Wilmington, Sixt Funding LLC, Wilmington, SIL CAP, LLC, South Burlington, and Sixt Titling Trust, Wilmington, that were founded by the Sixt Group have been newly consolidated.

The first-time consolidation had no noteworthy effects on the Group's net assets, financial position and results of operations.

In addition the liquidations of Sixt AG, Basle, and Sixt Nord SARL, Paris, have been completed in fiscal year 2020.

2.3 CONSOLIDATION METHODS

The single-entity financial statements included in the consolidated financial statements are uniformly prepared in accordance with the IFRS accounting policies applicable to the Sixt Group as at the balance sheet date, in this case 31 December 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 only exists if the Group is exposed to variable returns from the relationship with a company and its power over the relevant activities gives it the opportunity to influence these returns. As a rule, the possibility of control is based on a direct or indirect majority of the voting rights by Sixt SE. Subsidiaries are consolidated from the date on which the possibility of control exists. They are no longer consolidated when this possibility no longer exists.

Acquisition accounting is performed in accordance with IFRS 3, which requires business combinations to be accounted for using the acquisition method. Assets and liabilities acquired must generally be recognised at fair value. Any excess of the cost of the business combination over the Group's share of the net fair values of the acquiree's assets, liabilities and contingent liabilities is recognised as goodwill and tested for impairment on a regular basis, and at least once a year.

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

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

Intra-group transactions are eliminated in the course of consolidation. Significant receivables, liabilities and provisions between consolidated companies are offset against each other, and intercompany profits and losses are eliminated. Intra-group income is offset against the corresponding expenses. Deferred taxes are recognised as required by IAS 12 for temporary differences arising on consolidation.

The results of subsidiaries consolidated for the first time during the year are included in the consolidated income statement from the date of their initial consolidation.

2.4 FOREIGN CURRENCY TRANSLATION

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

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

The exchange rates (= EUR 1) applied for currency translation of the most significant currencies are shown in the table below:

Exchange rates		Closing rate		Average rate
	31 Dec. 2020	31 Dec. 2019	**2020**	2019
Pound sterling	0.89903	0.85080	0.88935	0.87554
Swiss Francs	1.08020	1.08540	1.07075	1.11102
US-Dollar	1.22710	1.12340	1.14700	1.11933

3. REPORTING AND VALUATION METHODS

3.1 INCOME STATEMENT

Revenue

Revenue is recognised when a contract with enforceable rights and obligations exists and control of goods has been transferred to the customer or the service has been rendered. Revenue is measured at the fair value of the consideration received or receivable. It is the amount receivable for goods and services provided in the course of ordinary operating activities. Revenue from services is recognised on a straight-line basis over the service period.

For services that are not provided by the Group, thus where the Group acts as agent, revenue is only recognised in the amount related to the brokerage service of the Group. Amounts received in the name and on account of third parties are not recognised as revenue.

Discounts, bonuses and VAT/sales or other taxes relating to the goods or services provided are deducted from the revenue.

Vehicle sales are recognised when the vehicle is delivered and ownership is transferred, the amount of the revenue and the costs still to be incurred can be determined reliably and an incoming benefit is probable. The Group does not recognise proceeds from the sale of used vehicles, as rental fleet vehicles are predominantly sold under buy-back agreements. To better reflect this fact, proceeds from the sale of used vehicles are not recognised. Instead, the selling expenses carried under fleet expenses are reduced by the corresponding amounts. Any remaining balance is allocated to depreciation and amortisation expense.

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the Group will comply with the conditions attached to the grant. They are recognised in profit or loss on a predefined basis over the periods in which the Group recognises the related costs which the grants are intended to compensate. Grants relating to profit or loss are offset against the corresponding expenses, as far as attributable.

Net finance costs

Interest income and expense presented in net finance costs is recognised on an accrual basis taking into account the outstanding loan amount and the applicable interest rate. The effective interest method is applied for this. Income and expense arising from profit and loss transfer agreements are recognised at the end of the financial year, while dividend income is recognised on the date from which the shareholder is entitled to receive payment thereof.

Income tax expense

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

Current and deferred taxes are generally recognised in the income statement, except where they relate to items recognised in other comprehensive income or directly in equity. In this case the current and deferred taxes are also recognised in other comprehensive income or equity.

Current tax expense is calculated on the basis of the taxable income for the year.

In accordance with the balance sheet liability method as defined by IAS 12 (Income taxes), deferred taxes are principally formed for all temporary differences arising from deviations in the valuation of assets and liabilities as against the corresponding tax basis.

Earnings per share

Basic earnings per share are measured in accordance with IAS 33 (Earnings per share). Undiluted earnings per share are calculated by dividing the share in post-tax earnings of the parent company's shareholders by the weighted average number of shares outstanding during the fiscal year. Consolidated profit is to be allocated to the different classes of shares. If applicable, diluted earnings per share are reported separately.

3.2 ASSETS

Goodwill

Any goodwill generated from a business combination is recognised at cost less any necessary impairment and is carried separately in the consolidated balance sheet. For the purpose of testing impairment, goodwill is allocated to those cash-generating units (or groups) of the Group, of which it is expected that they can draw benefit from the synergies of the business combination.

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

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

The annual impairment test is based on management's planning. The planning assumptions used to determine the recoverable amount, which is the value in use, are adapted annually to reflect current market conditions and the Company's results of operations. The actual amounts can differ from these assumptions. 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 assumptions used for the model are based on external observations.

Intangible assets

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

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

Property and equipment
Property and equipment are carried at cost less straight-line depreciation and recognised impairments.

Depreciation is taken so that the acquisition costs of assets less their residual values are depreciated on a straight-line basis over their useful lives. The expected useful lives, residual values and depreciation methods are re-evaluated at the end of each reporting period and all necessary changes in estimates are applied prospectively. Depreciation is based on the following useful lives, which apply uniformly throughout the Group:

Useful lives	
Buildings and fixtures in buildings	15 to 50 years
Operating and office equipment	2 to 21 years

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

Leases
Leases concluded by the Sixt Group as lessee are recognised as lease liabilities under the item financial liabilities and as corresponding right of use assets. For lessees there is no distinction made between operate or finance leases.

The lease liability is initially measured at the amount of the future lease payments, discounted with the interest rate implicit in the lease or, if not readily determinable, the lessee's incremental borrowing rate. Generally the Sixt Group uses the incremental borrowing rate for the respective currency.

The measurement of the lease liability includes fixed payments less any lease incentives receivable, variable payments that depend on an index or a rate, amounts expected to be paid under a residual value guarantee, the exercise price of a purchase option that the Group is reasonably certain to exercise, lease payments for extension periods, if the Group is reasonably certain to exercise the extension option, as well as agreed compensations for the termination of a lease, except if the Group is reasonably certain not to terminate the lease early.

Right of use assets are initially measured at the amount of the lease liability adjusted for any payments made at the beginning of the lease, initial direct costs and any lease incentives received.

The lease liability is subsequently measured at amortised cost according to the effective interest method. The right of use asset is depreciated on a straight-line basis over the useful live of the asset or the term of the lease.

The lease liability is remeasured, if the future lease payments change due to the adjustment of the contract, an index or a rate, if the assumption regarding the amount expected to be paid under a residual value guarantee changes, or if the Group changes its assumption regarding the exercise of a purchase, extension or termination option. When the lease liability is remeasured a corresponding adjustment is made to the right of use asset.

Lease liabilities are presented within the financial liabilities, the right of use assets dependent on the underlying asset are reported under the item property and equipment.

The Sixt Group applies the exemption to not recognise right of use assets and lease liabilities for short-term leases and leases for assets of low value. This concerns in particular lease agreements for rental vehicles as well as rental stations and other business premises with a contractual term of up to one year. The Sixt Group recognises the payments of these leases directly in profit or loss on a straight-line basis over the lease term.

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

Leases concluded by the Sixt Group as lessor 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 operate leases.

Assets leased out by the Sixt Group as lessor under operate leases are capitalised at cost less straight-line depreciation to their calculated residual values. 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. Lease assets that the Sixt Group has leased out as finance leases are capitalised at the present value of the contractually agreed payments as assets under finance lease receivables. As at 31 December 2020 the Group does not report any assets leased out as lessor.

Rental vehicles

Rental vehicles are measured at cost, including incidental costs, less straight-line depreciation to their residual values. The residual values are based on the buy-back value per vehicle type contractually agreed with the suppliers. If no buy-back values have been agreed, the residual value is based on the expected fair value. Write-downs for impairment are recognised to the extent that indications for impairment are given.

Inventories

The vehicles intended for sale are recognised under the item inventories. These are measured at amortised cost, including incidental costs, and are regularly compared with the net realisable value. If that is lower, an impairment loss is recognised.

Raw materials, consumables and supplies are carried at the lower of cost, including incidental costs and discounts, or net realisable value.

Financial assets, other receivables and assets

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

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

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest method. Trade receivables, financial receivables and loans reported in other assets, as well as cash and cash equivalents are assigned to this measurement category. Interest income from items in this category is calculated using the effective interest method unless the receivables are short-term and the effect of interest accumulation is immaterial.

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

Equity instruments in companies listed on the stock exchange, which are not held for trading are also measured at fair value through other comprehensive income. Changes in fair value of such equity instruments are recognised in other comprehensive income and are not recycled to profit or loss upon disposal.

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 in companies whose shares are not traded on the stock exchange and derivatives reported in other financial assets are assigned to this category. 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. 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 result depends on the type of hedging relationship.

Financial assets, with the exception of financial assets at fair value through profit or loss and at fair value through other comprehensive income, 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 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 profit or loss.

When the Group considers that there are no realistic prospects of recovering the asset, the relevant amount is written-off. The Group also derecognises a financial asset if the contractual right to cash flows from the financial asset expires or the financial asset and practically all the opportunities and risks associated with the financial asset are transferred to a third party.

Non-current assets and disposal groups held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is considered as met only when the sale is highly probable and the non-current asset or disposal group is available for immediate sale in its present condition. In accordance with the valuation requirements of IFRS 5 (Non-current assets held for sale and discontinued operations) such non-current assets and disposal groups are measured at the lower of their carrying amount and fair value less cost to sell. Once classified as held for sale, non-current assets or non-current assets within a disposal group are no longer amortised or depreciated. An impairment is recognised if the fair value less cost to sell is less than the carrying amount. The impairment loss of the disposal group is allocated first to goodwill and then on a pro rata basis to the non-current assets.

Non-current assets classified as held for sale, as well as the assets and the corresponding liabilities of a disposal group are presented in the items assets held for sale, respectively liabilities directly associated with assets held for sale, separately from other assets and liabilities as current items. Those assets and liabilities are not offset.

A disposal group is classified as discontinued operation, if it is a component of an entity that has been disposed of, or is classified as held for sale, and represents a separate major line of business or region, is part of a single coordinated plan to dispose of a separate major line of business or region or is a subsidiary acquired only for the purpose of resale.

Income and expenses of discontinued operations, as well as gains or losses arising from the measurement to fair value and gains or losses resulting from disposal are presented separately in the item result from discontinued operations, net of taxes. The Group determines such items as discontinued operations at the earlier of disposal or when the criteria for classification as held for sale are met.

The cash flows resulting from discontinued operations are presented separately in the cash flow statement. The prior-year comparative figures of the income statement as well as of the cash flow statement are adjusted accordingly.

3.3 EQUITY AND LIABILITIES

Shared-based payments

Equity-settled share-based payment transactions to employees are measured at the grant date fair value of the equity instruments granted. The section entitled “Share-based payment” provides further information on the determination of the fair value of equity-settled share-based payments.

The fair value determined at the grant date of the equity-settled share-based payments is recognised as expense on a straight-line basis over the vesting period with corresponding increase of equity (capital reserves) and is based on the Group’s expectations regarding the equity instruments expected to vest. The Group reviews at each balance sheet date its estimate regarding the quantity of equity instruments expected to vest.

Provisions for pensions and other post-employment benefits
Provisions for pensions and other post-employment benefits are measured annually by independent actuaries using the projected unit credit method. The measurement is based on actuarial valuations relying on financial and demographic assumptions. The assumptions are reviewed for appropriateness at each balance sheet date.

The amount recognised as provisions for pensions and other post-employment benefits in the consolidated balance sheet is the current deficit of the defined benefit plans of the Group.

Service costs are recognised in personnel expenses within the consolidated income statement, while net interest result is recognised as part of finance costs. Remeasurements of the defined benefit obligation, net of deferred taxes are recognised in other equity. These amounts recognised in other comprehensive income are not recognised in the income statement in the future.

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

Financial liabilities
Financial liabilities are measured on initial recognition at their fair value and subsequently – with the exception of derivative financial instruments and contingent consideration resulting from a business combination, which are measured at fair value through profit or loss – according to the effective interest method at amortised cost less directly attributable transaction costs, where applicable. Lease liabilities to the lessor are initially recognised at the present value of the future lease payments and subsequently measured according to the effective interest method at amortised costs. Only the interest portion is recognised as expense within the net finance costs.

3.4 HEDGING RELATIONSHIPS

The Group designates individual financial instruments, including derivatives, as part of cash flow hedges where applicable. Hedging relationships are recognised in accordance with IFRS 9.

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

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

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

3.5 ESTIMATION UNCERTAINTIES AND DISCRETIONARY DECISIONS

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

Due to the COVID-19 pandemic, particular challenges arose with regard to estimates and assumptions. Since March 2020 the revenue and earnings development of the Sixt Group is highly impacted by the COVID-19 pandemic. At the closing date the uncertainties with regard to the further development of the COVID-19 pandemic and the related restrictions to travel and public life remain high. Next to the annual impairment tests, in the context of the COVID-19 pandemic additional impairment tests to review the recoverability of goodwill and assets in the scope of IAS 36 (Impairment of assets) were performed. The management's planning, the planning assumptions as well as the discount rates used were adapted to the changed market conditions. The resulting impairment loss was recognised directly in the income statement. Valuation allowances charged on receivables and other assets for expected credit losses were reviewed and parameters used to determine risk provisions, which are derived from management expectations, were adjusted to the current overall economic situation.

Further estimates and assumptions for areas of the consolidated financial statements in which amounts are most significantly affected are unchanged as follows:

Equity investments are valued on the basis of their net assets value. Property and equipment and intangible assets are measured on the basis of the estimated useful lives of the assets. The term of leases is evaluated based on the estimation if extension and termination options are exercised. Rental vehicles are measured on the basis of the estimated useful lives taking into account the expected residual value of the vehicles. Derivatives are measured on the basis of estimated market yield curves. The need for provisions is determined using the best estimate of the most probable settlement amount of the present obligation at the balance sheet date.

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

4.1 CONSOLIDATED INCOME STATEMENT

Unless mentioned otherwise, all figures presented for the 2020 and 2019 financial years in the explanations and disclosures on the consolidated income statement refer to the Company's continuing operations.

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

Revenue	Germany		Europe		North America		Total		Change
in EUR thou.	**2020**	2019	**2020**	2019	**2020**	**2019**	**2020**	2019	in %
Mobility Business Unit									
Rental revenue	590,974	847,708	526,204	959,975	245,251	444,347	1,362,429	2,252,030	-39.5
Other revenue from rental business	88,486	130,645	50,350	72,699	18,962	38,932	157,797	242,275	-34.9
Total	**679,460**	**978,352**	**576,554**	**1,032,674**	**264,213**	**483,279**	**1,520,227**	**2,494,305**	**-39.1**
Other revenue	8,475	5,499	3,388	1,626	-	-	11,862	7,125	66.5
Group total	**687,935**	**983,851**	**579,942**	**1,034,300**	**264,213**	**483,279**	**1,532,089**	**2,501,431**	**-38.8**

The main activities of the Group are vehicle rental including other related services and brokerage of transfer services. These activities are shown in the Mobility Business Unit, which is divided into the regional segments, Germany, Europe and North America. These areas form the basis of segment reporting.

The reported revenue in the Mobility Business Unit (rental revenue and other revenue from rental business) is described as "operating revenue". In the financial year operating revenue decreased by 39.1% to EUR 1,520,227 thousand (2019: EUR 2,494,305 thousand).

Operating revenue in the Mobility Business Unit comprises rental revenue from short-term rental of vehicles in the amount of EUR 1,362,429 thousand (2019: EUR 2,252,030 thousand) and other revenue from rental business, for example damage compensations resulting from rental business and other revenues such as subsidies, licence and franchise fees and commission revenue amounting to EUR 157,797 thousand (2019: EUR 242,275 thousand). Other revenue from rental business includes compensation payments from third parties totalling EUR 114,835 thousand (2019: EUR 177,533 thousand).

As in the previous year, rental fleet vehicles were sold predominantly under buy-back agreements concluded with manufacturers and dealers, and therefore only partially directly in the used car market. To better reflect this fact, proceeds from the sale of used vehicles are not recognised in the Mobility Business Unit. Instead, the selling expenses carried under fleet expenses are reduced by the corresponding amounts. Any remaining balance is allocated to the item depreciation and amortisation expense including impairments.

\4.2\ ***Other operating income*** in the amount of EUR 181,775 thousand (2019: EUR 190,110 thousand) includes income of EUR 101,642 thousand (2019: EUR 94,171 thousand) from currency translation. The item also includes income of EUR 36,459 thousand (2019: EUR 60,955 thousand) from forwarding costs to third parties, income of EUR 8,263 thousand (2019: EUR 9,604 thousand) from non-cash benefits, income of EUR 927 thousand (2019: EUR 103 thousand) from the reversal of impairments, income of EUR 4,137 thousand (2019: EUR 2,812 thousand) from the reversal of provisions, income of EUR 1,510 thousand (2019: EUR 1,801 thousand) from payments on previously derecognised receivables and income of EUR 8,167 thousand (2019: EUR 3,439 thousand) from capitalised costs.

\4.3\ *Fleet expenses* are broken down as follows:

Fleet expenses in EUR thou.	**2020**	2019	Change in %
Repairs, maintenance and reconditioning	193,075	294,835	-34.5
Fuel	28,421	55,516	-48.8
Insurance	86,111	109,681	-21.5
Transportation	43,442	54,268	-19.9
Taxes and charges	25,014	29,390	-14.9
Other	53,232	71,574	-25.6
Group total	**429,295**	**615,263**	**-30.2**

The fleet expenses item comprises expenses for current rental operations. Selling expenses relating to the rental fleet are reduced by the corresponding amounts of sales revenue.

\4.4\ *Personnel expenses* decreased from EUR 461,942 thousand the year before to EUR 339,252 thousand in the year under review – mainly due to the measures initiated in the wake of the COVID-19 pandemic. Personnel expenses include government grants in the amount of EUR 16,469 thousand (2019: EUR - thousand) for the use of short-time working during the COVID-19 pandemic. Social contributions mainly include employer contributions to statutory social insurance schemes. The expense for defined contribution pension plans in the amount of EUR 17,744 thousand (2019: EUR 19,107 thousand) primarily results from statutory pension insurances. Expenses for defined benefit pension plans are included in the amount of EUR 1,466 thousand (2019: EUR 793 thousand). Personnel expenses also include further expenses for defined post-employment benefits in the amount of EUR 287 thousand (2019: EUR - thousand).

Personnel expenses in EUR thou.	**2020**	2019	Change in %
Wages and salaries	286,823	390,848	-26.6
Social security contributions	52,429	71,094	-26.3
Group total	**339,252**	**461,942**	**-26.6**

Average number of employees during the year:

Employees in the Group	**2020**	2019
Female employees	3,135	3,641
Male employees	3,786	4,464
Group total	**6,921**	**8,105**

The Mobility Business Unit employed 6,658 (2019: 7,815) members of staff, 263 (2019: 290) members of staff are carried in the “Other” segment. In addition another 649 (2019: 643) members of staff were employed in discontinued operations up to the sale of Sixt Leasing SE.

\4.5\ ***Expenses for depreciation and amortisation including impairments*** in the financial year are explained in more detail below:

Depreciation and amortisation expense including impairments			Change
in EUR thou.	**2020**	2019	in %
Rental vehicles	294,418	408,124	-27.9
Property and equipment	149,069	102,530	45.4
Intangible assets	14,597	7,843	86.1
Group total	**458,083**	**518,496**	**-11.7**

Due to the reduction of the fleet, as a countermeasure to the COVID-19 pandemic, depreciation and amortisation expense for rental vehicles decreased to EUR 294,418 thousand (2019: EUR 408,124 thousand). Impairment losses of EUR 9,395 thousand (2019: EUR 7,859 thousand) were charged on rental vehicles of EUR 1,699 million (2019: EUR 2,029 million). Impairment losses are based on assumed future prices on the used car markets respectively are resulting from impairment assessments.

From the assessment of carrying amounts of assets impairment losses in the amount of EUR 8.2 million (2019: EUR - million) were recognised for goodwill and another EUR 20.8 million (2019: EUR - million) for property and equipment and right of use assets.

For explanations relating to impairment losses recognised in fiscal year 2020 reference is made to the respective text items \4.12\ and \4.14\ on the consolidated balance sheet.

\4.6\ The following table contains a breakdown of ***other operating expenses***:

Other operating expenses			Change
in EUR thou.	**2020**	2019	in %
Leasing expenses	60,662	75,351	-19.5
Commissions	79,433	208,254	-61.9
Expenses for buildings	38,671	51,432	-24.8
Other selling and marketing expenses	48,875	83,084	-41.2
Expenses from write-downs/impairments of receivables	63,766	40,907	55.9
Audit, legal, advisory costs, and investor relations expenses	23,853	21,364	11.7
Other personnel services	38,534	79,080	-51.3
Expenses for IT and communication services	17,125	20,447	-16.2
Currency translation/consolidation	112,390	113,408	-0.9
Miscellaneous expenses	52,629	63,951	-17.7
Group total	**535,938**	**757,278**	**-29.2**

The consolidated financial statements of Sixt SE recognised as operating expense in the amount of EUR 483 thousand (2019: EUR 348 thousand) fees for the auditors of the consolidated financial statements. The fees break down into audit costs (EUR 321 thousand, 2019: EUR 254 thousand), other assurance services (EUR 100 thousand, 2019: EUR 45 thousand) in particular for the EMIR audit and comfort letter, tax consultancy services (EUR 55 thousand, 2019: EUR 40 thousand) and other services e.g. expert opinions (EUR 6 thousand, 2019: EUR 10 thousand), that were provided for the parent or subsidiary companies. In the previous year fees for the auditors in the amount of EUR 142 thousand were also included in the result from discontinued operations, net of taxes.

\4.7\ ***Net finance costs*** at EUR -32,841 thousand are above the previous year's figure of EUR -30,322 thousand. Main reason was the higher net interest expense. The following table contains a breakdown of the net finance costs:

Net finance costs			Change
in EUR thou.	**2020**	2019	in %
Other interest and similar income	2,730	1,818	50.2
Interest and similar expenses	-37,250	-32,189	15.7
Thereof from leases	-7,230	-7,181	0.7
Net interest expense	**-34,520**	**-30,371**	**13.7**
Income from financial assets	1,514	250	>100
Expenses for financial assets	-3	-3	13.5
Result from fair value measurement of financial assets	169	-198	>-100
Other net financial income	**1,680**	**49**	**>100**
Group total	**-32,841**	**-30,322**	**8.3**

\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	22,386	95,856	-76.6
Deferred taxes	-5,123	-12,965	-60.5
Group total	**17,262**	**82,891**	**-79.2**

Current income tax in the amount of EUR 22,386 thousand in the financial year 2020 (2019: EUR 95,856 thousand) comprises tax income for previous years in the amount of EUR 8,672 thousand (2019: EUR 3,590 thousand).

In accordance with the balance sheet liability method as defined by IAS 12 (Income taxes), deferred taxes are principally formed for all temporary differences arising from the deviations in the valuation of assets and liabilities in the IFRS consolidated balance sheet as against the tax balance sheet and the consolidation measures recognised in the income statement. In addition, deferred tax assets are recognised for the future benefits expected to arise from accepted tax loss carryforwards.

Deferred taxes are measured at the tax rates that are expected to apply for the period when the temporary differences reverse or the tax loss carryforwards are used. Until changes to tax laws are ratified, deferred taxes are measured at current tax rates. A corporation tax rate of 15% (2019: 15%) was used to calculate deferred taxes at the German companies as at 31 December 2020. Furthermore, a solidarity surcharge of 5.5% (2019: 5.5%) on the corporation tax was also included and a trade tax rate between 9.1% and 17.2% (2019: between 9.1% and 17.2%) depending on the municipality's tax assessment rate was applied. Thus, an aggregated tax rate between 24.9% and 33.0% (2019: 24.9% and 33.0%) was used to calculate deferred taxes at the German companies. The country-specific tax rates were used in each case to calculate deferred taxes at the foreign companies.

Deferred taxes are generally recognised in the income statement, except where they relate to items recognised directly in equity as well as if applicable deferred taxes on transition effects to new IFRS standards.

The reconciliation of taxes explains the relationship between the expected and effective tax expense reported. The expected tax expense results from the application of an income tax rate of 24.9% (2019: 24.9%) to consolidated profit for the period (before taxes) in accordance with IFRS. The income tax rate is made up of corporation tax at 15% (2019: 15%), a solidarity surcharge of 5.5% (2019: 5.5%) as well as trade tax at 9.1% (2019: 9.1%).

Reconciliation of taxes		
in EUR thou.	**2020**	2019
Consolidated profit before taxes (from continuing operations) in accordance with IFRS	-81,546	308,239
Expected income tax expense	-20,329	76,844
Effect of different tax rates outside Germany	1,591	4,396
Effect of different trade tax rates	1,972	8,278
Effect from tax rate changes	-976	1,580
Changes in permanent differences	8,249	-1,100
Changes in impairments	19,280	5,410
Non-deductible operating expenses	14,881	5,466
Tax-exempt income	-2,331	-4,400
Income taxes from other periods	-5,996	-12,165
Other effects	921	-1,418
Reported tax expense	**17,262**	**82,891**

At the balance sheet date deferred taxes without impact on profit or loss amounted to EUR -81 thousand (2019: EUR 273 thousand). The change against the previous year showed EUR -146 thousand (2019: EUR 409 thousand) in consideration of currency translation effects. Furthermore deferred taxes without impact on profit or loss in the amount of EUR 208 thousand were disposed of with the sale of the discontinued Leasing operations.

Deferred taxes through the income statement are explained in more detail below:

Deferred taxes		
in EUR thou.	**2020**	2019
From temporary differences	-34,449	1,139
From tax loss carryforwards	29,326	-14,104
Group total	**-5,123**	**-12,965**

In financial year 2020 no deferred tax assets have been recognised following the acquisition of subsidiaries (2019: EUR 238 thousand).

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
Property and equipment	1,803	916	59,087	71,574
Fleet	9,683	7,215	6,930	64,342
Receivables	8,552	22,923	2,205	4,367
Other assets	3,737	4,275	4,444	7,077
Financial liabilities	65,712	74,674	-	-
Other liabilities	1,161	3,565	5,967	7,922
Provisions	11,184	10,618	-	-
Tax loss carryforwards	15,335	35,281	-	-
	117,167	159,467	78,633	155,282
Offsetting	-73,555	-111,946	-73,555	-111,946
Group total	**43,612**	**47,521**	**5,078**	**43,336**

Deferred tax assets and liabilities are offset where there is a legally enforceable right to set off current tax assets against current tax liabilities and where they relate to income taxes of the same tax subject levied by the same tax authority.

Of the tax losses carried forward of EUR 39,216 thousand (2019: EUR 30,366 thousand), for which no deferred tax assets were recognised, EUR 13,416 thousand will expire after 2027 (2019: EUR 593 thousand between 2024 and 2025 and another EUR 14,933 thousand after 2026). The loss carryforwards for which deferred tax assets were recognised are expected to be used during a four-year planning period.

For deductible temporary differences in the amount of EUR 40,002 thousand (2019: EUR - thousand) no deferred taxes were recognised.

For temporary differences in relation to shares in subsidiaries of the Group in the amount of EUR 32,035 thousand (2019: EUR 40,532 thousand) deferred tax liabilities were not recognised for reported periods.

\4.9\ *Result from discontinued operations, net of taxes*

On 21 February 2020 Sixt SE announced that it had concluded an agreement that day with the Hyundai Capital Bank Europe GmbH on the sale of its entire stake in Sixt Leasing SE. The sale was completed on 15 July 2020. The selling price, excluding dividend paid, amounted to EUR 155.6 million or EUR 18.00 for each share sold.

The result from the sale is as follows:

Profit on sale after income tax	
in EUR thou.	**2020**
Consideration received	155,603
Carrying amounts of assets and liabilities sold	-271,223
Carrying amount of minority interests	156,986
Reclassification of changes from currency translation	794
Selling costs	-321
Profit on sale	**41,840**
Income tax expense	-1,708
Profit on sale after income tax	**40,132**

The result of the discontinued Leasing operations up to its sale is presented separately in the item result from discontinued operations, net of taxes. The prior-year comparative figures of the income statement are adjusted accordingly.

Result from discontinued operations, net of taxes		
in EUR thou.	**2020**	2019
Revenue	363,543	805,068
Other operating income and expenses	-275,380	-763,930
Net finance costs	-5,480	-11,961
Earnings before taxes (EBT)	**82,684**	**29,177**
Income tax expense	-22,041	-7,715
Current result after income tax of discontinued operations	**60,643**	**21,462**
Profit on sale after income tax	**40,132**	**-**
Result from discontinued operations, net of taxes	**100,775**	**21,462**

The following table presents the carrying amounts of major assets and liabilities of the Leasing Business Unit at the time of the sale and at the previous year's reporting date. As at 31 December 2020 all assets and liabilities are disposed of following the completion of the sale.

Assets held for sale and liabilities from discontinued operations		
in EUR thou.	**15 Jul. 2020**	31 Dec. 2019
Non-current assets	**1,209,046**	**1,145,513**
Thereof lease assets	1,179,790	1,119,670
Current assets	**290,632**	**178,045**
Thereof cash and bank balances	118,846	2,641
Assets held for sale	**1,499,678**	**1,323,557**
Non-current liabilities and provisions	**612,800**	**778,150**
Thereof non-current financial liabilities	542,975	728,299
Current liabilities and provisions	**615,656**	**316,231**
Thereof current financial liabilities	507,403	214,827
Liabilities directly associated with assets held for sale	**1,228,455**	**1,094,381**
Net assets and liabilities	**271,223**	**229,176**

\4.10\ The ***minority interests*** contained in the consolidated profit amount to a total of EUR 35,213 thousand (2019: EUR 12,464 thousand) and relate mainly to the share in profit, that is attributable to other shareholders of Sixt Leasing SE up to the sale of Sixt Leasing SE.

The following dividends were distributed in the course of the preceding year:

Dividends		
in EUR thou.	**2020**	2019
Amounts recognised as distribution to shareholders in the financial year	829	101,260
No payment of a dividend for financial year 2019 (2018: EUR 2.15) for each ordinary share	-	65,289
Dividend for financial year 2019 of EUR 0.05 (2018: EUR 2.17) for each preference share	829	35,970

The proposal for financial year 2020 is to suspend the dividend payment for ordinary shares and to pay the statutory minimum dividend of EUR 0.05 per preference share. This corresponds to an estimated total distribution of EUR 829 thousand for the year under review. The proposed dividend is dependent upon a corresponding resolution being passed by the Annual General Meeting and was not recognised as a liability in the consolidated financial statements.

\4.11\ ***Earnings per share*** are as follows:

Earnings per share – basic		**2020**	2019
Consolidated profit for the period after minority interests	in EUR thou.	-33,246	234,347
Profit attributable to ordinary shares	in EUR thou.	-22,043	151,071
Profit attributable to preference shares	in EUR thou.	-11,203	83,276
Weighted average number of ordinary shares		30,367,112	30,367,112
Weighted average number of preference shares		16,576,246	16,572,856
Earnings per ordinary share	in EUR	-0.73	4.97
From continuing operations	in EUR	-2.12	4.78
From discontinued operations	in EUR	1.39	0.19
Earnings per preference share	in EUR	-0.68	5.02
From continuing operations	in EUR	-2.09	4.83
From discontinued operations	in EUR	1.41	0.19

The profit attributable to preference shares includes the additional dividend of EUR 0.02 or the minimum dividend of EUR 0.05 per preference share payable in accordance with the Articles of Association for preference shares carrying dividend rights in the financial year (as at 31 December). The weighted average number of shares is calculated based on the proportionate number of shares per month for each category of shares, taking due account of the respective number of treasury shares. The potential dilutive effect of stock options issued as part of the Matching Stock Programme MSP 2012 is insignificant, so that no adjustment is made. The diluted earnings per share therefore correspond for both categories of shares in the amount to the basic earnings per share.

4.2 CONSOLIDATED BALANCE SHEET

Assets

\4.12\ to \4.15\ The changes in the Group's *non-current assets* (excluding financial assets) are shown below. The consolidated statement of changes in non-current assets includes the changes in non-current assets of the continuing operations, as well as the discontinued operations up to the date of the decision on the sale and the resulting reclassification as held for sale. The discontinued Leasing Business Unit was sold on 15 July 2020 and subsequently deconsolidated.

Consolidated statement of changes in non-current assets	Acquisition and production costs							
in EUR thou.	1 Jan. 2020	Adjustment of opening balance	Foreign exchange differences	Additions	Disposals	Transfers	Reclassification as held for sale	31 Dec. 2020
Goodwill	**28,957**	**-**	**-645**	**-**	**-**	**-**	**-2,316**	**25,996**
Purchased software	54,833	-	-19	193	8,503	969	-3,499	43,972
Internally developed software	8,121	-	-	-	-	-	-5,592	2,529
Payments on account of software	14,002	-	-	8,735	1,939	-969	-9,675	10,155
Other intangible assets	10,489	-	-710	-	723	-	-	9,056
Intangible assets	**87,445**	**-**	**-729**	**8,928**	**11,165**	**-**	**-18,766**	**65,712**
Land and buildings	596,810	-	-20,464	100,752	475	-	-8,080	668,542
Operating and office equipment	172,091	-	-2,914	12,920	9,645	3,363	-3,456	172,360
Payments on account of property and equipment	4,999	-	-257	2,890	8	-3,363	-54	4,207
Property and equipment	**773,900**	**-**	**-23,634**	**116,561**	**10,128**	**-**	**-11,590**	**845,110**
Lease assets	**1,344,602**	**-**	**798**	**39,607**	**40,747**	**-**	**-1,344,259**	**-**
Total	**2,234,904**	**-**	**-24,211**	**165,096**	**62,040**	**-**	**-1,376,931**	**936,818**

Consolidated statement of changes in non-current assets	Acquisition and production costs							
in EUR thou.	1 Jan. 2019	Adjustment of opening balance	Foreign exchange differences	Additions	Changes in the scope of consolidation	Disposals	Transfers	31 Dec. 2019
Goodwill	**28,250**	**-**	**151**	**-**	**556**	**-**	**-**	**28,957**
Purchased software	56,554	-	6	2,615	1	4,502	159	54,833
Internally developed software	5,530	-	-	662	-	-	1,929	8,121
Payments on account of software	7,371	-	-	8,719	-	-	-2,089	14,002
Other intangible assets	10,013	-	161	325	-	10	-	10,489
Intangible assets	**79,467**	**-**	**167**	**12,322**	**1**	**4,512**	**-**	**87,445**
Land and buildings	126,401	338,257	4,267	128,070	-	147	-38	596,810
Operating and office equipment	150,471	3,307	959	32,471	854	19,876	3,906	172,091
Payments on account of property and equipment	3,256	-	22	4,759	829	-	-3,868	4,999
Property and equipment	**280,128**	**341,564**	**5,248**	**165,300**	**1,683**	**20,023**	**-**	**773,900**
Lease assets	**1,427,864**	**-**	**2,118**	**407,039**	**-**	**492,418**	**-**	**1,344,602**
Total	**1,815,709**	**341,564**	**7,684**	**584,661**	**2,240**	**516,954**	**-**	**2,234,904**

	Depreciation/Amortisation including Impairments						Carrying amounts	
	1 Jan. 2020	Foreign exchange differences	Depreciation/ Amortisation in the financial year	Disposals	Reclassification as held for sale	31 Dec. 2020	**31 Dec. 2020**	31 Dec. 2019
	46	**-655**	**8,163**	**-**	**-**	**7,554**	**18,442**	**28,911**
	44,523	-15	5,004	8,484	-3,460	37,569	6,403	10,310
	3,043	-	590	-	-2,546	1,086	1,443	5,079
	-	-	-	-	-	-	10,155	14,002
	7,324	-540	917	723	-	6,978	2,078	3,165
	54,889	**-556**	**6,512**	**9,207**	**-6,006**	**45,633**	**20,080**	**32,555**
	96,896	-4,321	125,480	87	-1,281	216,687	451,854	499,914
	70,659	-1,034	23,719	6,998	-1,882	84,464	87,896	101,433
	-	-	-	-	-	-	4,207	4,999
	167,555	**-5,355**	**149,200**	**7,085**	**-3,163**	**301,153**	**543,957**	**606,345**
	224,932	**231**	**15,647**	**17,197**	**-223,613**	**-**	**-**	**1,119,670**
	447,423	**-6,335**	**179,523**	**33,489**	**-232,782**	**354,339**	**582,478**	**1,787,481**

	Depreciation/Amortisation including Impairments						Carrying amounts	
	1 Jan. 2019	Foreign exchange differences	Depreciation/ Amortisation in the financial year	Changes in the scope of consolidation	Disposals	31 Dec. 2019	31 Dec. 2019	31.12.2018
	46	**-**	**-**	**-**	**-**	**46**	**28,911**	**28,204**
	42,565	5	6,172	-	4,219	44,523	10,310	13,989
	1,356	-	1,686	-	-	3,043	5,079	4,173
	-	-	-	-	-	-	14,002	7,371
	6,131	100	1,102	-	10	7,324	3,165	3,881
	50,052	**105**	**8,961**	**-**	**4,229**	**54,889**	**32,555**	**29,415**
	14,074	319	82,646	-	143	96,896	499,914	112,327
	64,545	306	21,432	230	15,855	70,659	101,433	85,925
	-	-	-	-	-	-	4,999	3,256
	78,620	**625**	**104,078**	**230**	**15,998**	**167,555**	**606,345**	**201,509**
	223,444	**620**	**188,030**	**-**	**187,162**	**224,932**	**1,119,670**	**1,204,419**
	352,162	**1,350**	**301,069**	**230**	**207,388**	**447,423**	**1,787,481**	**1,463,547**

\4.12\ The *goodwill* of EUR 18,442 thousand (2019: EUR 28,911 thousand) results from the consolidation of the companies belonging to United Kenning Rental Group Ltd., Langley/Great Britain, acquired in 2000. The goodwill resulting from the consolidation of the company Mile Fleet, LLC, Sunrise/USA, included in the previous year, has been fully impaired in the year under review. The goodwill resulting from the consolidation of the companies autohaus24 GmbH, Pullach, and Sixt Mobility Consulting AG, Urdorf/Switzerland, acquired in 2016, as well as the company Flottenmeister GmbH, Pullach, acquired in 2019, which related to the Leasing Business Unit were disposed of with the sale of Sixt Leasing SE.

In accordance with IFRS 3 in conjunction with IAS 36 goodwill is tested for impairment annually. However, if there are indications that the goodwill is impaired, it is necessary to perform an impairment test during the year.

The impairment test compares the total carrying amounts of the group of cash-generating units against their recoverable amount. The recoverable amount is the higher amount from the fair value less costs to sell and the value in use. The recoverable amount corresponds to the value in use, which as in previous years is determined by the discounted cash flows based on a multi-year plan and a growth factor of 1% taken as the basis in deriving a sustainable figure. The revenue and earnings planning is based on the assumptions of future business development, with due consideration of the increased uncertainty resulting from the COVID-19 pandemic. The discount rates (before taxes and growth factor) used are currently between 7.2% and 7.5% (2019: between 3.6% and 3.9%) and reflect the current market situation due to the COVID-19 pandemic.

When government measures to contain the COVID-19 pandemic came fully into force in many countries, such as travel warnings, border-crossing restrictions, stay-at-home orders and mobility restrictions, plus the lockdown of multiple economic industries, business travel, above all cross-border travel, at times came to a complete halt. As a result, demand for mobility services collapsed abruptly from March 2020 onwards.

The mobility restrictions and the relating business impact of the COVID-19 pandemic are a potential event to trigger an impairment, which resulted in impairment tests being performed for goodwill as at 30 June 2020. The impairment tests resulted in the recognition of an impairment loss in the amount of EUR 7.0 million for a goodwill in the segment North America of the Mobility Business Unit. The goodwill was fully impaired.

As at 31 December 2020, as in the previous year, impairment tests for goodwill were performed based on the updated planning. These resulted in the recognition of an additional impairment loss of EUR 1.2 million for goodwill in the segments Europe and North America of the Mobility Business Unit.

As at 31 December 2020 the goodwill item in the amount of EUR 18.4 million only consists of the goodwill resulting from the consolidation of the companies belonging to United Kenning Rental Group Ltd., Langley/Great Britain, acquired in 2000. The impairment test confirmed the value of the goodwill.

In view of the still existing uncertainties regarding the business development, in addition to the impairment test, sensitivity analyses were conducted. A shift in the discount rates of +50 / -50 basis points would change the recoverable amount of the cash-generating unit by EUR -30.7 million / EUR +37.4 million. A change in the growth factor of +50 / -50 basis points would change the recoverable amount of the cash-generating unit by EUR +31.6 million / EUR -25.9 million. The decrease of the growth factor to 0.5% would result in an impairment loss on goodwill of EUR 18.0 million. The increase of the discount rate by 50 basis points would result in the goodwill to be fully impaired and require a further impairment loss of EUR 4.2 million.

\4.13\ *Intangible assets* include purchased software amounting to EUR 6,403 thousand (2019: EUR 10,310 thousand) and internally developed software amounting to EUR 1,443 thousand (2019: EUR 5,079 thousand). The item also includes payments on account in respect of software amounting to EUR 10,155 thousand (2019: EUR 14,002 thousand) and other intangible assets amounting to EUR 2,078 thousand (2019: EUR 3,165 thousand).

\4.14\ The item *property and equipment* includes own property and equipment in the amount of EUR 198,382 thousand (2019: EUR 214,035 thousand) as well as right of use assets in the amount of EUR 345,575 thousand (2019: EUR 392,310 thousand).

Property and equipment owned by the Group includes land and buildings for rental stations/service points and administrative buildings in Germany and abroad in the amount of EUR 108,212 thousand (2019: EUR 110,769 thousand). Furthermore, operating and office equipment (mainly IT systems, fixtures and fittings and office equipment) are included in the amount of EUR 85,962 thousand (2019: EUR 98,267 thousand). The item also includes payments on account made for property and equipment in the amount of EUR 4,207 thousand (2019: EUR 4,999 thousand). Land charges are registered against properties for real estate financing in the amount of EUR 68,777 thousand (2019: EUR 71,693 thousand).

Right of use assets for assets leased by the Sixt Group as lessee are included in the item property and equipment in the amount of EUR 345,575 thousand (2019: EUR 392,310 thousand). In the previous year right of use assets in the amount of EUR 12,622 thousand for assets refinanced under lease agreements have also been included in the item lease assets for the discontinued operations. The changes in the right of use assets are presented below:

Right of use assets

in EUR thou.	Buildings and rental stations	Operating and office equipment	Total property and equipment	Lease assets
1 Jan. 2020	**389,144**	**3,166**	**392,310**	**12,622**
Additions	100,648	2,033	102,681	-
Depreciation including impairments in the financial year	-123,652	-3,198	-126,851	-
Reclassification as held for sale	-6,799	-	-6,799	-12,622
Other incl. foreign exchange differences	-15,699	-66	-15,766	-
31 Dec. 2020	**343,642**	**1,934**	**345,575**	**-**
31 Dec. 2018	-	-	-	14,726
Adjustment on adoption of IFRS 16	338,257	3,307	341,564	-
1 Jan. 2019	**338,257**	**3,307**	**341,564**	**14,726**
Additions	127,967	3,514	131,481	2,226
Depreciation including impairments in the financial year	-80,777	-3,698	-84,475	-1,806
Other incl. foreign exchange differences	3,697	43	3,740	-2,523
31 Dec. 2019	**389,144**	**3,166**	**392,310**	**12,622**

The Sixt Group rents or leases primarily rental stations and parking spaces, office and advertising spaces, as well as rental fleet vehicles, as part of its business activities.

Rental agreements for buildings and rental stations have lease terms between one and more than twenty years. The rental conditions are negotiated individually and include a wide range of various contract terms. Some of the lease contracts contain extension options, which are taken into consideration for the calculations of the right of use assets and lease liabilities, if the Sixt Group plans to exercise them. At various locations, e.g. airports, the rental agreements concluded by the Sixt Group apart from fixed payments also contain payments that are usually linked to sales figures. Such variable lease payments are expensed by the Group in profit or loss in the period in which those payments occur and are not included in the calculation of the lease liability. In fiscal year 2020 following the decline in revenue due to the COVID-19 pandemic the share of variable lease expenses to total expenses for leases of buildings and rental stations declined to 17% (2019: 43%).

In 2020, as a consequence of the COVID-19 pandemic and the relating stay-at-home orders and mobility restrictions a lot of rental stations could only be used to a limited extent. For some of the affected stations Sixt was able to reach agreements with the lessor to reduce rent payments or to defer them to a later date. For the respective changes in rent payments, as far as the conditions are met, the Sixt Group applied the exemption to not assess whether the change is a lease modification, but to account for as variable lease payments.

Leases for operating and office equipment of the Group relate mainly to rental agreements for advertising spaces and rental vehicles financed under leasing agreements.

Certain lease contracts concluded by the Sixt Group as lessee have a lease term of less than one year. For these lease agreements, the Group applies the exemptions not to recognise the right of use assets or the corresponding lease liabilities. In addition to leases for buildings and rental stations, these are predominantly leases for rental vehicles, which usually have a lease term of less than one year.

Expenses incurred in connection with leases that have not been capitalised, are presented within other operating expenses. The expenses are broken down as follows:

Expenses recognised in profit or loss relating to leases		
in EUR thou.	**2020**	2019
Expenses relating to short-term leases	79,949	103,268
Expenses relating to leases of low-value assets	447	960
Expenses from variable lease payments	23,470	85,441
Rent concessions (reduction of expenses)	14,076	-

In the financial year 2020, payments of EUR 102.7 million (2019: EUR 91.8 million) have been recorded for capitalised leases. The total cash out relating to leases in the year under review amounted to EUR 206.6 million (2019: EUR 281.5 million).

Information on the lease liabilities corresponding to the right of use assets is presented in text item \4.28\ and in the section titled “Additional disclosures on financial instruments”.

Following the COVID-19 pandemic and the relating business impacts, alongside with goodwill, property and equipment including right of use assets were reviewed for indications of impairment. For cash-generating units that showed indications impairment tests were performed. The impairment test compares the total carrying amounts of the cash-generating units against their recoverable amounts. The recoverable amount is the higher amount from the fair value less costs to sell and the value in use.

In the year under review, impairments in the amount of EUR 20.8 million (2019: EUR - million) were recorded on property and equipment, in particular right of use assets. Those are attributable to the segment Europe of the Mobility Business Unit. The discount rates (before taxes and growth factor) used are between 6.6% and 7.5%. The cash-generating units comprise the operating rental companies. In view of the still existing uncertainties regarding the business development in the context of the COVID-19 pandemic, in addition to the impairment test, sensitivity analyses were conducted. A shift in the discount rates of +50 / -50 basis points would result in a potential impairment of EUR 63.4 million / EUR 6.8 million. A change in the growth factor of +50 / -50 basis points would also result in a potential impairment on assets of EUR 6.8 million / EUR 63.4 million.

\4.15\ ***Lease assets*** in the amount of EUR 1,120 million reported in the prior year relate in full to the discontinued Leasing Business Unit, which has been sold in 2020. As lessor, the Group primarily leased out vehicles of various brands, mainly under full-service lease agreements.

\4.16\ The carrying amount of the unconsolidated affiliates and investments presented under ***financial assets*** amounts to EUR 9,934 thousand (2019: EUR 2,352 thousand). The change to 2019 results mainly from fair value changes through other comprehensive income for the shares in an investment listed on the stock exchange.

\4.17\ The ***rental vehicles*** item decreased from EUR 3,033 million to EUR 2,205 million, mainly due to the fleet reduction as a result of the countermeasures adopted to the revenue decline in the context of the COVID-19 pandemic. The acquisition costs for new additions to the rental vehicles in the fiscal year amounted to EUR 3,930 million (2019: EUR 5,453 million). For the rental vehicles reported at the end of the year under review, they amounted to EUR 2,361 million (2019: EUR 3,252 million).

Rental vehicles are largely covered by buy-back agreements with dealers and manufacturers, from which calculated residual values at the respective contract end of EUR 1,978 million (2019: EUR 2,529 million) are expected as at the reporting date.

At the reporting date, as in the prior year, there were no rental vehicles pledged as collateral for liabilities to banks.

As in the previous years, rental vehicles were financed also via lease agreements, which were concluded with manufacturers/manufacturer financing companies.

\4.18\ ***Inventories*** consist mainly of rental vehicles available for sale, purchased vehicles intended for resale, as well as fuel, raw materials, consumables and supplies. The decrease of inventories to a total of EUR 81,330 thousand (2019: EUR 101,734 thousand) results mainly from the inventories disposed of with the sale of the Leasing Business Unit.

\4.19\ ***Trade receivables*** of EUR 530,043 thousand (2019: EUR 765,038 thousand) result almost exclusively from services invoiced in the course of rental business and from used vehicle deliveries of the rental fleet. Valuation allowances were recognised for expected credit losses.

\4.20\ *Other receivables and assets* can be broken down as follows:

Other receivables and assets		
in TEUR	**31 Dec. 2020**	31 Dec. 2019
Financial other receivables and assets		
Finance lease receivables	-	2,017
Receivables from affiliated companies and from other investees	117	1,134
Miscellaneous assets	77,889	98,401
Non-financial other receivables and assets		
Other recoverable taxes	34,851	22,050
Insurance claims	23,475	46,898
Deferred expense	12,785	23,516
Delivery claims for vehicles of the rental fleet	53,966	109,708
Group total	**203,084**	**303,724**
Thereof current	198,368	298,314
Thereof non-current	4,716	5,409

The finance lease receivables reported in the previous year corresponded to lease agreements with customers of the discontinued Leasing Business Unit that were classified as finance lease.

Receivables from affiliated companies and other investees relate primarily to short-term loans to finance investments and to receivables from intercompany settlements.

Miscellaneous assets also include deposits for leases and advances amounting to EUR 4,716 thousand (2019: EUR 4,329 thousand), in each case maturing in one to five years.

\4.21\ *Cash and bank balances* of EUR 753,322 thousand (2019: EUR 170,519 thousand) include cash and short-term deposits at banks with terms of up to one year. The item corresponds to the cash and cash equivalents item in the consolidated cash flow statement.

Equity and liabilities

The Sixt Group's equity decreased year-on-year to a total of EUR 1,394.7 million (2019: EUR 1,592.2 million). The subscribed capital of Sixt SE contained in this total amounted unchanged to EUR 120.2 million.

\4.22\ **Subscribed capital of Sixt SE**

Composition of the share capital	No-par value shares	Nominal value in EUR	No-par value shares	Nominal value in EUR
		31 Dec. 2020		31 Dec. 2019
Ordinary shares	30,367,112	77,739,807	30,367,112	77,739,807
Non-voting preference shares	16,576,246	42,435,190	16,576,246	42,435,190
Total	**46,943,358**	**120,174,996**	**46,943,358**	**120,174,996**

The ordinary shares are bearer shares with the exception of two registered shares, while the preference shares are exclusively bearer shares. Both categories of shares are no-par value shares. The notional interest in the share capital is EUR 2.56 per share. The preference shares entitle the holders to receive a dividend EUR 0.02 per share higher than that on the ordinary shares and a minimum dividend of EUR 0.05 per share from net retained profit for the year. The share capital is fully paid up.

Treasury shares
By resolution of the Annual General Meeting of 2 June 2016 the Managing Board, with consent of the Supervisory Board, was authorised, as specified in the proposed resolution, to acquire in the period up to and including 1 June 2021 ordinary bearer shares and/or preference shares of the Company in the amount of up to 10% of the Company's share capital at the time of the authorisation or, if lower, at the time of the exercise – including with the use of derivatives in the amount of up to 5% of the share capital. The authorisation could be exercised wholly or partially, on one or more occasions for any purpose permitted by law. Acquisitions for the purpose of trading in treasury shares were excluded. On the basis of the aforementioned authorisation the Managing Board decided in March 2020, with consent of the Supervisory Board, on a share buy-back programme, which served to meet the Company's obligations to grant preference shares to employees and members of the administrative and management bodies of Sixt SE and its affiliated companies under the Matching Stock Programme (MSP 2012). The share buy-back programme was completed on 11 March 2020. At that time, Sixt SE repurchased in total 57,890 preference shares with a total value of EUR 2.8 million (excluding incidental purchase expenses).

By resolution of the Annual General Meeting of 24 June 2020 the above described resolution has been repealed and replaced by a new authorisation to repurchase own shares, corresponding to the conditions described above. The authorisation can be exercised, with the consent of the Supervisory Board, in the period up to and including 23 June 2025. On the basis of the authorisation from 24 June 2020 the Managing Board decided in November 2020, with consent of the Supervisory Board, on a share buy-back programme, which served to meet the Company's obligations to grant preference shares to employees and members of the administrative and management bodies of Sixt SE and its affiliated companies under the Matching Stock Programme (MSP 2012). The share buy-back programme was completed on 17 December 2020. At that time, Sixt SE repurchased in total 53,189 preference shares with a total value of EUR 3.2 million (excluding incidental purchase expenses). As at the reporting date the authorisation has not yet been fully exercised.

As in the previous year, Sixt SE does not hold any treasury shares as of 31 December 2020.

Authorised capital
By resolution of the Annual General Meeting of 24 June 2020 the Managing Board is authorised to increase the share capital on one or more occasions in the period up to and including 23 June 2025, with the consent of the Supervisory Board, by up to a maximum of EUR 32,640,000 by issuing new no-par value bearer shares against cash and/or non-cash contributions (Authorised Capital 2020). The authorisation also includes the power to issue new non-voting preference shares up to the legally permitted limit. For the distribution of profits and/or company assets these non-voting preference shares are ranked equal to the non-voting preference shares previously issued.

Shareholders are granted pre-emptive rights unless such pre-emptive rights are disapplied for the following reasons.

If both ordinary and preference shares are issued and the ratios of the two share categories at the time of the respective issue are retained, the Managing Board is authorised, with the consent of the Supervisory Board, to disapply the pre-emptive rights of holders of one category of shares for shares of the other category. In this case, too, the Managing Board is entitled to implement a further disapplication of pre-emptive rights in accordance with the following provisions.

The Managing Board is also entitled to disapply the shareholders' pre-emptive rights with the consent of the Supervisory Board,

a) to settle fractional amounts;

b) in the case of capital increases against non-cash contributions, in particular to acquire companies, parts of companies, or investments in companies, as part of business combinations and/or to acquire other assets including rights and claims;

c) if the issue price of the new shares in the case of capital increases against cash contributions is not materially lower than the quoted market price of existing listed shares of the relevant class at the time the issue price is finalised, and the shares issued on the basis of this authorisation do not exceed a total of 10% of the share capital either at the effective date or at the date of the utilisation of the authorisation (section 186 (3) sentence 4 of the Aktiengesetz [AktG – German Stock Corporation Act]); and

d) to the extend necessary to grant holders or creditors of conversion or option rights resulting from convertible or bonds with warrants and/or convertible profit participation certificates, which are issued by the Company or an entity controlled or majority-owned by the Company, or to grant the respective obligated parties subscription rights to the extent they would have been entitled to after exercising their conversion rights or options or meeting their conversion or option obligations.

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

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

Conditional Capital

By resolution of the Annual General Meeting of 24 June 2020 the Managing Board is authorised to issue, on one or more occasions in the period up to and including 23 June 2025, with the consent of the Supervisory Board, convertible and/or bonds with warrants registered in the name of the holder and/or bearer by up to a maximum of EUR 350,000,000 with a fixed or open-ended term and to grant conversion or option rights to holders and/or creditors of convertible and/or bonds with warrants to acquire a total of up to 6,000,000 new ordinary bearer shares in Sixt SE and/or to provide corresponding conversion rights for the Company. Taking due account of statutory requirements, the respective conversion or option rights can provide for the subscription of ordinary bearer shares and/or preference bearer shares without voting right. The convertible and/or bonds with warrants can also be issued by a German or foreign company in which Sixt SE is directly or indirectly invested with a majority of votes and capital. In this case, the Managing Board is authorised on behalf of the issuing company to take on the guarantee for repayment of the convertible and/or bonds with warrants and the payment of interest due thereon and to grant the bearers and/or creditors of such convertible and/or bonds with warrants conversion or option rights on shares of Sixt SE. Convertible and/or bonds with warrants can be issued against cash and/or non-cash contributions. The shareholders of Sixt SE are accorded in principle the statutory subscription right. However, with the consent of the Supervisory Board, the Managing Board is authorised to exclude the subscription right under certain conditions, which follow fully from the resolution taken by the Annual General Meeting on 24 June 2020.

In this context the Company's share capital has been conditionally increased strength of the resolution taken by the Annual General Meeting on 24 June 2020 by up to EUR 15,360,000 (Conditional Capital 2020). The conditional capital increase serves to grant shares to the holders or creditors of convertible bonds and holders of option rights from bonds with warrants, which were issued until and including 23 June 2025 on the basis of the aforelisted resolution taken by the Annual General Meeting on 24 June 2020, by the Company or a German or foreign subsidiary, in which the Company holds directly or indirectly a majority of voting rights and capital. The conditional capital increase is only to be effected insofar as the conversion or option rights from the aforelisted convertible and/or bonds with warrants are actually exercised or the conversion obligations from such bonds are fulfilled and no other form of settlement is being used. The new shares will be issued at the option and/or conversion price to be determined in accordance with the authorisation of the Annual General Meeting of 24 June 2020. 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. Instead the new shares are entitled to take part in the Company's profit as of the beginning of the fiscal year prior to the year of their issue, when at the time of issue of the new shares the resolution of the Annual General Meeting for the appropriation of earnings for this year has not been made. The Managing Board is authorised to determine further details for implementing the conditional capital increase.

Profit participation bonds and rights

By resolution of the Annual General Meeting of 30 June 2017 the Managing Board is authorised to issue, on one or more occasions in the period up to and including 29 June 2022, with the consent of the Supervisory Board, profit participation bonds and/or rights registered in the name of the holder and/or bearer by up to a maximum of EUR 350,000,000 with a fixed or open-ended term against cash and/or non-cash contributions. The profit participation bonds and rights issued under this authorisation may not provide for conversion or subscription rights to shares of the Company. The issue can also be effected by a company in which Sixt SE is directly or indirectly invested with a majority of votes and capital. In this case, the Managing Board is authorised to assume for the issuing company the guarantee on behalf of Sixt SE that the ensuing liabilities will be met. The shareholders of Sixt SE are accorded in principle the statutory subscription right. However, with the consent of the Supervisory Board, the Managing Board is authorised to exclude the subscription right under certain conditions, which follow fully from the resolution taken by the Annual General Meeting on 30 June 2017.

\4.23\ Capital reserves

Capital reserves		
in EUR thou.	**2020**	2019
Balance as at 1 Jan.	240,659	241,412
Increase due to the employee participation programme	1,073	1,309
Disposal from the exercise under the employee participation programme	-5,866	-5,117
Changes in the scope of consolidation	-38,587	-
Transfer to capital reserves	-	3,041
Other changes	-	15
Balance as at 31 Dec.	**197,280**	**240,659**

The change in the capital reserves to EUR 197,280 thousand (2019: EUR 240,659 thousand) results mainly from allocation to and exercise of stock options granted under the Matching Stock Programme MSP 2012 as well as changes in the scope of consolidation (sale of Sixt Leasing SE).

\4.24\ Retained earnings

Retained earnings		
in EUR thou.	**2020**	2019
Balance as at 1 Jan.	208,597	211,841
Changes in the scope of consolidation	-2,247	-
Other changes incl. merger related reclassifications to other equity	6,088	-3,243
Balance as at 31 Dec.	**212,439**	**208,597**

\4.24\ Currency translation reserve

Currency translation reserve		
in EUR thou.	**2020**	2019
Balance as at 1 Jan.	10,140	-3,983
Differences arising from the translation of the financial statements of foreign subsidiaries	-31,611	14,123
Amounts reclassified due to recognition in the income statement	-2,336	-
Balance as at 31 Dec.	**-23,808**	**10,140**

\4.24\ Other equity

Other equity in EUR thou.	2020	2019
Balance as at 1 Jan.	879,882	747,198
Consolidated profit attributable to shareholders of Sixt SE	-33,246	234,347
Dividend payment	-829	-101,260
Other comprehensive income	8,071	-589
Transfer to capital reserves	-	-3,041
Changes in the scope of consolidation	40,834	-
Other changes incl. merger related reclassifications from retained earnings	-6,089	3,228
Balance as at 31 Dec.	**888,622**	**879,882**

Changes in the scope of consolidation relate mainly to the sale of Sixt Leasing SE.

\4.25\ Minority interests

Minority interests relate to the shareholdings of third parties in Group companies. Minority interests are reported in current other liabilities where interests in equity or in the net profit or loss of consolidated partnerships are affected. Minority interests reported in equity in the previous year, were related entirely to Sixt Leasing SE, Pullach, and its subsidiaries, which were sold in the year under review. As at 31 December 2020 the Group does not report any minority interests in equity.

Liabilities and provisions

\4.26\ *Provisions for pensions and other post-employment benefits* are broken down as follows:

Provisions for pensions and other post-employment benefits in EUR thou.	2020	2019
Provisions for pensions	14,028	15,769
Other post-employment benefits	1,405	984
Defined benefit obligations	**15,433**	**16,754**
Fair value of plan assets	**12,293**	**13,448**
Group total	**3,141**	**3,306**

The valuation of provisions for pensions and other post-employment benefits rely on actuarial reports. The reports use the following actuarial assumptions:

Actuarial assumptions in %	2020	2019
Discount rate	0.0 - 6.7	0.1 - 0.9
Assumed salary increase	0.5 - 10.0	0.5 - 1.4
Assumed pension increase	-	-
Mortality table	BVG 2015 GT / ISTAT 2000 / IALM 2012-14	BVG 2015 GT

Provisions for pensions – Switzerland

Pension schemes in the Sixt Group contain mainly defined contribution pension plans under statutory pension insurance. In

Switzerland each employer is required by law to provide post-employment benefits schemes against the economic risks of retirement, death and invalidity to entitled employees.

Therefore, Sixt offers its Swiss employees funded defined benefit plans, which are managed by an external pension fund. The pension fund is responsible for the investment policy and asset management, as well as for all changes in the plan conditions and the determination of contributions to finance the benefits. In case of underfunding the pension fund can raise additional contributions from employers and employees.

The following table shows the development of the defined benefit pension plans:

Development of defined benefit pension plans	Defined benefit obligations		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.	15,769	11,989	13,448	9,876	2,321	2,113
Current service costs	1,056	964	-	-	1,056	964
Past service costs and plan settlements	-	-413	-	-	-	-413
Net interest costs of defined benefit obligations	14	117	12	101	2	16
Expenses recognised in the consolidated income statement	**1,070**	**669**	**12**	**101**	**1,057**	**567**
Gains/losses on plan assets	-	-	288	517	-288	-517
Actuarial gains/losses						
Experience gains/losses	-363	-30	-	-	-363	-30
Changes in financial assumptions	-76	861	-	-	-76	861
Remeasurement for defined benefit obligations recognised in other comprehensive income	**-439**	**831**	**288**	**517**	**-727**	**314**
Employer contributions	-	-	670	756	-670	-756
Plan participants' contributions	670	756	670	756	-	-
Benefits paid	-2,038	993	-2,038	993	-	-
Foreign currency translation effects	77	532	64	449	13	83
Reclassification as held for sale	-1,081	-	-821	-	-260	-
Other reconciling items	**-2,372**	**2,281**	**-1,456**	**2,954**	**-916**	**-673**
Balance as at 31 Dec.	**14,028**	**15,769**	**12,293**	**13,448**	**1,735**	**2,321**

The weighted average duration of the defined benefit obligations from pensions was around 15 years (2019: 16 years). Employer contributions expected to be paid for defined benefit obligations in fiscal year 2021 amount to EUR 663 thousand.

The pension scheme is provided through an external pension fund, which manages the plan assets. As at balance sheet date, the plan assets are attributable to other assets without quoted market prices.

Other post-employment benefits

Other post-employment benefits are recognised, if required by legal obligations. In India and Italy each employer is required by law to pay an amount to employees, who leave the company. The amount is calculated based on the duration of employment and the taxable income of each employee.

Other post-employment benefits developed as follows:

Development of other post-employment benefits	Defined benefit obligations	
in EUR thou.	**2020**	2019
Balance as at 1 Jan.	984	314
Current service costs	605	307
Past service costs	92	-
Net interest costs of defined benefit obligations	22	4
Expenses recognised in the consolidated income statement	**719**	**311**
Actuarial gains/losses	-122	543
Remeasurement for defined benefit obligations recognised in other comprehensive income	**-122**	**543**
Benefits paid	-161	-184
Foreign currency translation effects	-16	-
Other reconciling items	**-176**	**-184**
Balance as at 31 Dec.	**1,405**	**984**

The weighted average duration of the defined benefit obligations for other post-employment benefits was around 26 years (2019: 12 years).

Sensitivity analysis
The sensitivity analysis assumes in each case a parallel shift of half a percentage point. This would result in the changes of values of the reported defined benefit obligation presented in the following table:

Sensitivity analysis of defined benefit obligations	Changes in the defined benefit obligations		Changes in the defined benefit obligations	
in EUR thou.		**2020**		2019
	+ 0.5 percentage points	-0.5 percentage points	+ 0.5 percentage points	-0.5 percentage points
Discount rate	-683	778	-760	859
Assumed salary increase	142	-114	159	-161
Assumed pension increase	542	-514	607	-576

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 -241 thousand / EUR 279 thousand (2019: EUR -260 thousand / EUR 301 thousand).

\4.27\ ***Other provisions*** consist mainly of provisions for taxes, legal costs and the operating rental business (fleet related costs) as well as staff provisions.

Of the obligations included in other provisions EUR 94,300 thousand (2019: EUR 121,110 thousand) are expected to be settled within one year and EUR 515 thousand (2019: EUR 913 thousand) are due in more than one year.

Other provisions	Rental business			
in EUR thou.	(fleet related)	Personnel	Miscellaneous	**Total**
Balance as at 1 Jan.	55,120	51,093	15,811	122,023
Additions	36,118	31,147	8,035	75,300
Reversals	-	-3,041	-1,096	-4,138
Utilised	-39,463	-47,378	-4,756	-91,597
Foreign exchange differences	-51	-380	-399	-830
Reclassification as held for sale	-	-4,414	-1,529	-5,943
Balance as at 31 Dec.	**51,724**	**27,027**	**16,065**	**94,816**

\4.28\ ***Financial liabilities*** comprise liabilities from issued borrower's note loans and bonds, bank loans, liabilities from commercial papers as well as lease liabilities.

Financial liabilities	Residual term of up to 1 year		Residual term of 1 to 5 years		Residual term of more than 5 years	
in EUR thou.	**31 Dec. 2020**	31 Dec. 2019	**31 Dec. 2020**	31 Dec. 2019	**31 Dec. 2020**	31 Dec. 2019
Borrower's note loans	265,142	29,977	692,966	883,069	92,860	172,704
Bonds	-	254,954	796,033	992,999	-	-
Commercial papers	88,000	70,000	-	-	-	-
Liabilities to banks	2,961	320,004	12,164	232,368	53,663	56,758
Lease liabilities	86,169	94,398	207,084	230,984	73,810	83,807
Other liabilities	7,340	15,185	-	-	-	-
Group total	**449,612**	**784,518**	**1,708,246**	**2,339,421**	**220,333**	**313,270**

Borrower's note loans were issued in several tranches and various currencies with a total nominal value of EUR 995 million and USD 70 million (2019: EUR 1,025 million and USD 70 million). Thereof a nominal value of EUR 771 million and USD 20 million relates to non-current financial liabilities (2019: EUR 995 million and USD 70 million). Interest is paid at a variable or fixed rate. Nominal maturities are between two and seven years. In the fiscal year 2020 no new borrower's note loans were issued.

The borrower's note loans with a nominal value of EUR 30 million, reported in the previous year under current financial liabilities, were repaid in 2020 in accordance with the contract terms.

The bonds include a EUR 250 million bond issued on the capital market in 2016 with a nominal interest rate of 1.125% p.a. and a maturity of six years until 2022, a EUR 250 million bond issued on the capital market in 2018 with a nominal interest rate of 1.50% p.a. and a maturity of six years until 2024, each issued by Sixt SE. Furthermore, Sixt SE issued a new bond on the capital market in fiscal year 2020 with a nominal value of EUR 300 million. The bond carries a nominal interest rate of 1.75% p.a. and has a maturity of four years until 2024. There are conditional call options for the issuer and put options for the bond holders.

The bonds issued by Sixt Leasing SE with a total nominal value of EUR 500 million, reported in the previous year under non-current financial liabilities, are disposed of with the sale of the Leasing Business Unit.

The bonds with a nominal value of EUR 255 million, reported in the previous year under current financial liabilities, were repaid in 2020 in accordance with the bond terms.

The current liabilities to banks include short-term borrowings at variable rates of interest taken out by utilising the credit lines available to the Group. Other liabilities consist mainly of deferred interest.

Liabilities to banks also include two long-term investment loans in the amount of EUR 68.8 million (2019: EUR 71.7 million). The loans have been secured by mortgages.

In addition in the previous year, liabilities to banks included liabilities from an asset-backed securities programme, which the discontinued Leasing Business Unit launched to refinance leasing contracts.

Lease liabilities include liabilities resulting from leases recognised in accordance with IFRS 16.

The development of current and non-current financial liabilities is presented below:

Changes in financial liabilities		
in EUR thou.	**31.12.2020**	31 Dec. 2019
Closing balance previous year	3,437,209	2,739,464
Adjustment on adoption of IFRS 16	-	341,482
Balance as at 1 Jan.	3,437,209	3,080,945
Cash flows	-183,656	217,226
Other non-cash changes		
Leases	88,418	132,350
Currency translation	-20,806	3,509
Reclassification as held for sale	-939,236	-
Other	-3,737	3,179
Balance as at 31 Dec.	**2,378,192**	**3,437,209**

\4.29\ ***Other liabilities*** are broken down as follows:

Other liabilities		
in EUR thou.	**31 Dec. 2020**	31 Dec. 2019
Financial other liabilities		
Liabilities to affiliated companies and other investees	610	423
Payroll liabilities	6,422	7,018
Miscellaneous liabilities	19,553	39,724
Non-financial other liabilities		
Deferred income	988	35,766
Tax liabilities	59,687	65,041
Contract liabilities	19,923	34,109
Group total	**107,184**	**182,082**
Thereof current	107,184	165,569
Thereof non-current	-	16,513

Miscellaneous other liabilities include interest-bearing liabilities from customer deposits and the reported currency hedging transactions. In addition miscellaneous liabilities contain minority interests in equity and in the net profit of consolidated partnerships (EUR 38 thousand, 2019: EUR 33 thousand).

Contract liabilities relate to prepayments received from customers for the rental of vehicles. The underlying performance obligation is expected to be fulfilled within the next twelve months.

In the previous year, deferred income reported, related mostly to the deferral of income from advance payments by lessees of the discontinued Leasing Business Unit.

\4.30\ ***Trade payables*** in the amount of EUR 422,813 thousand (2019: EUR 832,920 thousand) comprise current liabilities arising from deliveries to the Group, particularly of vehicles for the rental fleets, and other purchases in the course of operating activities.

4.3 ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of the individual financial assets and liabilities for each single category of financial instruments. The fair value of financial assets and liabilities that are not regularly measured at fair value, but for which the fair value is to be specified, are assigned in the following table to the measurement levels of the fair value according to IFRS 13.

Financial instruments	IFRS 9 measurement	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	1,393	2,352	1,393	2,352
Financial assets	FVTOCI	Level 1	8,541	-	8,541	-
Finance lease receivables	IFRS 16		-	1,027	-	1,064
Interest rate derivatives	FVTPL	Level 2	-	53	-	53
Other receivables	AC		4,716	4,329		
Total			**14,650**	**7,761**	**9,934**	**3,469**
Current assets						
Finance lease receivables	IFRS 16		-	990	-	1,032
Currency derivatives	FVTPL	Level 2	5,613	4,598	5,613	4,598
Trade receivables	AC		530,043	765,038		
Other receivables	AC		67,677	90,554		
Total			**603,333**	**861,181**	**5,613**	**5,631**
Non-current liabilities						
Bonds	AC	Level 2	796,033	992,999	816,279	1,035,604
Borrower's note loans	AC	Level 2	785,826	1,055,774	789,499	1,082,031
Liabilities to banks	AC	Level 2	65,826	289,127	69,386	288,008
Financial other liabilities	AC		-	130		
Lease liabilities	IFRS 16		280,894	314,791		
Interest rate derivatives	Hedge Accounting	Level 2	-	801	-	801
Total			**1,928,579**	**2,653,622**	**1,675,164**	**2,406,444**
Current liabilities						
Bonds	AC	Level 2	-	254,954	-	260,459
Borrower's note loans	AC	Level 2	265,142	29,977	267,408	30,283
Commercial papers	AC	Level 2	88,000	70,000	87,972	70,007
Liabilities to banks	AC	Level 2	2,961	320,004	3,764	321,378
Lease liabilities	IFRS 16		86,169	94,398		
Other financial liabilities	AC		7,340	15,185		
Trade payables	AC		422,813	832,920		
Currency derivatives	FVTPL	Level 2	1,111	3,408	1,111	3,408
Financial other liabilities	AC		25,474	42,826		
Total			**899,010**	**1,663,672**	**360,256**	**685,534**

[1] *FVTPL – Fair value through profit or loss, FVTOCI – Fair value through OCI, AC – At amortised cost*

The financial instruments in above table are classified into three levels depending on the measurement basis. Level 1 measurements are based on prices quoted in active markets. Level 2 measurements are based on parameters other than quoted prices that are observable either directly as prices or are indirectly derived from prices. Level 3 measurements are based on models that use parameters that are not based on observable market data, but rather on assumptions. There have been no transfers between the individual measurement levels per category.

Due to factors that change in the course of time, the reported fair values can only be regarded as indicative of the values actually realisable on the market. The fair values of the financial instruments were calculated on the basis of market data available at the balance sheet date and the methods and assumptions described below.

For non-current and current financial instruments it was assumed that the fair values correspond to the carrying amount (amortised cost) unless otherwise specified in the table. The fair values of the finance lease receivables reported as non-current and current assets and the bonds, borrower's note loans, commercial papers and liabilities to banks reported as non-current and current liabilities were calculated as the present values of the future expected cash flows. Standard market rates of interest of between 0.2% p.a. and 1.6% p.a. for financial instruments that will be settled in Euro (2019: between 0.0% p.a. and 2.0% p.a.) as well as of between 0.5% p.a. and 0.9% p.a. for financial instruments that will be settled in US-Dollars (2019: between 2.0% p.a. and 2.6% p.a.) based on the respective maturities were used for discounting.

Receivables and liabilities from leases are measured in accordance with IFRS 16.

The fair values determined on the basis of unobservable market data relate to equity investments which are valued on the basis of their net assets value. The change in the reported carrying amounts and fair values has resulted from results recognised in profit or loss in the amount of EUR 169 thousand (2019: EUR -298 thousand) and reclassification to the item assets held for sale in the amount of EUR -26 thousand (2019: EUR - thousand). The prior year change included also additions of equity instruments in the amount of EUR 1,137 thousand and changes in the scope of consolidation in the amount of EUR -2,529 thousand. For an equity investment acquired in the previous year the fair value was based on the share price (Level 1 measurement).

Net gains from financial assets in the AC measurement category (measured at amortised cost) amounted to EUR 1,510 thousand (2019: EUR 1,801 thousand) and relate to income from payments received on receivables previously written off.

As in the previous year, there were no net gains or losses in the financial year on financial liabilities in the AC measurement category (measured at amortised cost).

Total interest income from financial assets not measured at fair value through profit or loss amounted to EUR 2,730 thousand (2019: EUR 1,818 thousand). The total interest expense on financial liabilities not measured at fair value through profit or loss amounted to EUR 37,250 thousand (2019: EUR 32,189 thousand). The subsequent measurement of interest rate and currency derivatives is made at fair value (level 2 measurement). The interest rate derivatives reported in the previous year relate in full to the discontinued Leasing Business Unit. As in the previous year, the continuing operations do not report any interest rate derivatives.

As at balance sheet date, assets from currency derivatives amounted to EUR 5,613 thousand (2019: EUR 4,598 thousand). The financial liabilities from currency derivatives amounted to EUR 1,111 thousand (2019: EUR 3,408 thousand). A volume of EUR 352 million (2019: EUR 732 million)) is hedged against currency derivatives, denominated in US-Dollars and British Pound, with a maximum remaining term of up to two months (2019: three months). As in the previous year, the currency derivatives were in no hedge relationship.

The net result from the measurement of currency derivatives as at reporting date came to EUR 4,502 thousand (2019: EUR 1,191 thousand).

Sensitivity analysis

Based on the parallel shift in the yield curves of +100 / -100 basis points, interest expense for variable-rate financial liabilities would increase by EUR 2,057 thousand respectively decrease by EUR - thousand (2019: EUR 6,041 thousand increase or decrease) taking into account for the previous year existing interest rate derivatives but not taking into account possible economic compensation from new business.

The sensitivity analysis for the interest rate derivatives reported in the previous year assumes a parallel shift in the yield curves of +100 / -100 basis points. This would have resulted in changes in the reported fair values presented in the following table:

Change in fair value	Change in the yield curves	
in EUR thou.		31 Dec. 2019
	+100 basis points	-100 basis points
Other current and non-current liabilities / Other non-current assets	5,385	-4,806

The sensitivity analysis for the reported currency derivatives assumes a change in the EUR exchange rates of +10 / -10 percentage points. The reported fair values as at 31 December 2020 (other current assets / other current liabilities) would then change by EUR 31,576 thousand / EUR -38,551 thousand (2019: EUR 69,531 thousand / EUR -66,770 thousand).

Given aforelisted changes to valuations from interest rate and currency exchange risks as well as not taking into account any tax effects, this would result in a change in equity of EUR 29,519 thousand / EUR -38,551 thousand (2019: EUR 68,875 thousand / EUR -65,536 thousand) and a change in the annual result of EUR 29,519 thousand / EUR -38,551 thousand (2019: EUR 64,365 thousand / EUR -61,309 thousand) as well as in the previous year a change in the other comprehensive income of EUR 4,510 thousand / EUR -4,226 thousand.

Financial risk management and hedging

The Sixt Group is exposed to the following financial risks, which are addressed through the risk management system that has been implemented:

Interest rate and market price risk

Alongside medium- and long-term financial instruments bearing a fixed rate of interest, the Sixt Group also uses variable-rate financial instruments to finance investments mainly in the rental fleet and is therefore exposed in principle to interest rate risk. Derivative financial instruments such as interest rate caps and interest rate swaps may be used to limit interest rate risk as part of the risk management. In this context, internal Group guidelines stipulate the main duties, competencies, responsibilities, reporting requirements and control tools. By entering into hedging transactions as part of risk management, the Group deliberately converts existing variable-rate liabilities into synthetic fixed-rate refinancing. In contrast, given appropriate expectations on the future development of short- and long-term interest rates, derivative instruments can also be used to achieve a defined proportion of variable-rate liabilities.

The transactions are reported under other assets or other liabilities. The valuations made by the transaction partners (financial institutions) are based on market yield curves. As at reporting date, the Group does not report any derivative financial instruments. In the previous year the Group had derivative financial instruments amounting to a nominal value of EUR 380 million in its portfolio. The fair value of the transactions was in total EUR -0.7 million. The derivative financial instruments related in full to the discontinued Leasing Business Unit.

The Sixt Group is exposed to market price risks particularly in selling used vehicles from the rental fleet. To guard against the risks of remarketing rental vehicles, the Sixt Group seeks to hedge vehicles as far as possible through buy-back agreements with manufacturers and dealers. In the event that used vehicles from the rental fleet are sold on the open market the Sixt Group is exposed to the development of the used car market, particularly in Germany and the USA. The value of vehicles to be sold directly by Sixt in the used car market is analysed regularly based on the company's own experience and market observations.

Counterparty default risk

Creditworthiness checks are performed in accordance with internal guidelines prior to entering into an agreement in order to minimise counterparty default risk. Customers' creditworthiness is also checked at regular intervals during the term of the agreement. For expected default risks a valuation allowance is recognised. When there are no realistic prospects of recovering the amount, the relevant receivable is derecognised. In addition, there is the general risk that suppliers will not be able to meet their obligations under buy-back agreements. In given cases, Sixt bears the remarketing risk relating to the vehicles. In this context too, Sixt performs regular credit checks.

Deposits with banks consist only of short-term maturity deposits. The ratings of the banks are monitored on an ongoing basis. The default risk is estimated to be negligible on the basis of the awarded external ratings.

Analysis of trade receivables

Trade receivables are classified by default risk as follows:

Trade receivables by risk class	Gross receivables	Impairments	Net receivables
in EUR thou.			
Very low	429,506	4,397	425,108
Low	72,660	6,306	66,354
Increased	38,778	18,783	19,995
Highly increased	84,950	66,365	18,585
Group total as at 31 Dec. 2020	**625,893**	**95,851**	**530,043**

Trade receivables by risk class	Gross receivables	Impairments	Net receivables
in EUR thou.			
Very low	567,639	4,456	563,183
Low	149,839	9,029	140,810
Increased	45,155	15,492	29,663
Highly increased	82,469	51,087	31,382
Group total as at 31 Dec. 2019	**845,103**	**80,065**	**765,038**

Trade receivables predominantly comprise receivables from rental business with Sixt Group end-customers and receivables from suppliers relating to the sale of used vehicles as part of buy-back commitments, or commercial and private buyers as part of the sale on the open market. At the reporting date, trade receivables include risk concentrations resulting from vehicles sales to manufacturers and dealers.

The Group applies the simplified approach for impairment described in IFRS 9, whereby an impairment allowance in the amount of expected credit losses over the lifetime of the receivable is recognised for all instruments irrespective of their credit quality. To measure the expected credit losses, parameters such as customer group, credit quality and transaction type are used. For individual combinations of the aforementioned parameters different rates in accordance with the management expectations are applied to determine the allowances. With regard to the COVID-19 pandemic the rates for allowances have been adjusted based on the expectation of higher credit losses. Due to the use of the simplified approach the change in the allowance account is solely displayed as net amount. In the event of concrete indications of default, for example the insolvency of the debtor, the relevant receivables are fully derecognised regardless of valuation allowances, which may already have been made.

The maximum default amount is the reported carrying amount of the net receivable. No credit derivatives or similar hedging instruments were used to cover credit risk in the period under review. In the previous year a proportion of the receivables in the discontinued leasing business was collateralised by customer deposits.

In the fiscal year the allowance account for trade receivables developed as follows:

Change in the allowance account	Balance as at	Reclassification as held for sale	Change	Balance as at
in EUR thou.	1 Jan. 2020			**31 Dec. 2020**
Impairments for trade receivables	80,065	-6,136	21,922	95,851

Change in the allowance account	Balance as at	Reclassification as held for sale	Change	Balance as at
in EUR thou.	1 Jan. 2019			31 Dec. 2019
Impairments for trade receivables	66,864	-	13,201	80,065

Analysis of receivables from insurances in the other assets

Receivables from insurances by risk class	Gross receivables	Impairments	Net receivables
in EUR thou.			
Increased	30,011	10,611	19,400
Highly increased	15,606	11,532	4,075
Group total as at 31 Dec. 2020	**45,618**	**22,143**	**23,475**

Receivables from insurances by risk class	Gross receivables	Impairments	Net receivables
in EUR thou.			
Increased	48,833	9,930	38,903
Highly increased	16,747	8,752	7,995
Group total as at 31 Dec. 2019	**65,580**	**18,682**	**46,898**

All the receivables are impaired. The maximum default amount is the reported carrying amount of the net receivable.

In the fiscal year the allowance account for other assets developed as follows:

Change in the allowance account	Balance as at	Reclassification as held for sale	Change	Balance as at
in EUR thou.	1 Jan. 2020			**31 Dec. 2020**
Impairments for other assets	18,682	-1,097	4,558	22,143

Change in the allowance account	Balance as at	Reclassification as held for sale	Change	Balance as at
in EUR thou.	1 Jan. 2019			31 Dec. 2019
Impairments for other assets	16,898	-	1,784	18,682

In the fiscal year under review the expenses for derecognised trade receivables and receivables from insurances in the continuing operations amounted to EUR 32,323 thousand (2019: EUR 22,666 thousand). The expense for derecognition refers to the recognised receivables without taking into account the valuation allowances, which may already have been made.

The total expense for impairments in these categories amounted to EUR 31,443 thousand (2019: EUR 18,242 thousand).

The proceeds from payments received on previously derecognised receivables in these categories amounted to EUR 1,510 thousand (2019: EUR 1,801 thousand).

Liquidity risk

Liquidity risk is managed via financial planning performed in accordance with internal guidelines. Sixt has sufficient opportunities for refinancing on the capital markets and by credit lines not yet used.

Analysis of the repayment amounts of financial liabilities

The following table includes the repayment amounts (including assumed future payable interest) at their respective maturities:

Repayment amounts by maturity in EUR thou.	Commercial papers	Borrower's note loans	Bonds	Liabilities to banks	Lease liabilities	Total
2021	88,000	275,237	11,813	3,770	88,866	467,687
2022	-	64,638	261,813	3,760	83,712	413,923
2023	-	277,121	9,000	3,760	61,552	351,433
2024	-	290,519	559,000	3,760	45,774	899,053
2025	-	82,009	-	3,760	29,468	115,237
2026	-	93,858	-	3,760	18,767	116,386
2027 and later	-	-	-	50,580	57,764	108,344
31 Dec. 2020	**88,000**	**1,083,383**	**841,625**	**73,150**	**385,905**	**2,472,062**

Repayment amounts by maturity in EUR thou.	Commercial papers	Borrower's note loans	Bonds	Liabilities to banks	Lease liabilities	Total
2020	70,000	40,397	273,531	321,612	101,638	807,178
2021	-	279,140	263,125	118,429	85,458	746,152
2022	-	66,184	510,313	74,035	70,404	720,936
2023	-	277,122	3,750	38,131	52,053	371,056
2024	-	202,871	253,750	5,598	39,406	501,625
2025	-	169,921	-	3,798	27,469	201,187
2026 and later	-	93,920	-	54,340	64,256	212,517
31 Dec. 2019	**70,000**	**1,129,556**	**1,304,468**	**615,941**	**440,684**	**3,560,650**

The financial liabilities maturing in 2021 will largely be repaid from new lending of funds on the capital markets and the usage of bank credit lines and/or leasing refinancing lines granted by manufacturers as well as the usage of commercial papers.

Analysis of the repayment amounts of interest rate and currency derivatives

As at 31 December 2020 the Group held no interest rate derivatives. The repayment amounts for currency derivates held by the Group at 31 December 2020 amount to EUR 4,519 thousand and are due in full in fiscal year 2021.

Repayment amounts by maturity in EUR thou.	Interest rate derivatives	Currency derivatives	Total
2020	-641	1,435	794
2021	-219	-	-219
2022	55	-	55
2023 and later	58	-	58
31 Dec. 2019	**-747**	**1,435**	**688**

Exchange rate and country risk

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

Capital management

The Sixt Group manages the Group's capital with the goal of creating a financial profile that supports the Group's growth targets, while providing the necessary financial flexibility and diversification. The key objective is a Group equity ratio (equity / total assets) of at least 20%. Thereby it is ensured that all Group companies can operate on the basis of the going concern assumptions.

The basis of the Group's financial profile is the equity provided by the parent's investors. As at balance sheet date, the Group's equity ratio was 31.5% (2019: 25.5%). Other key elements of the Group's financial profile are the financial instruments reported in non-current and current financial liabilities. The proportion of non-current and current financial liabilities to total assets, amounted to 53.7% at reporting date (2019: 55.0%). In addition to the reported financial liabilities, the Group has entered into operate lease agreements to refinance its fleet.

5. OTHER DISCLOSURES

5.1 SEGMENT REPORTING

By Business Unit[1]	Germany		Europe		North America		Reconciliation		Mobility		Other		Reconciliation		Group	
in EUR million	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
External revenue	677.8	974.1	576.4	1,032.3	264.2	483.3	-	-	1,518.4	2,489.6	9.9	4.8	-	-	1,528.3	2,494.4
Internal revenue	27.4	58.0	7.5	16.0	3.0	9.6	-36.0	-78.9	1.8	4.7	18.4	24.1	-16.4	-21.7	3.8	7.0
Total revenue	705.2	1,032.1	583.9	1,048.3	267.2	492.9	-36.0	-78.9	1,520.2	2,494.3	28.2	28.9	-16.4	-21.7	1,532.1	2,501.4
Leasing expenses for rental vehicles	52.0	66.3	8.7	9.1	-	-	-	-	60.7	75.4	-	-	-	-	60.7	75.4
Depreciation of rental vehicles	79.2	106.9	114.1	154.7	101.1	146.5	-0.0	-0.0	294.4	408.1	-	-	-	-	294.4	408.1
Interest income	33.1	45.6	5.3	5.9	1.1	0.4	-35.8	-49.0	3.8	2.9	-	-	-1.0	-1.1	2.7	1.8
Interest expense	-30.9	-27.9	-17.1	-23.4	-23.7	-29.1	35.5	49.2	-36.2	-31.1	-	-	1.0	1.1	-35.2	-30.0
Corporate EBITDA	48.7	176.3	78.9	209.8	-52.0	28.5	-	-	75.6	414.7	6.9	6.1	-	-	82.5	420.8
Other depreciation and amortisation									158.8	105.7	4.8	4.7	-	-	163.7	110.4
Recl. net interest expense									32.5	28.2	-	-	-	-	32.5	28.2
EBIT[2]									-50.7	337.2	2.0	1.4	-	-	-48.7	338.6
Net finance costs									-32.3	-27.9	-0.6	-2.4	-	-	-32.8	-30.3
EBT[3]									-83.0	309.2	1.5	-1.0	-	-	-81.5	308.2
Investments[4]	117.9	127.0	20.2	83.2	71.1	35.7	-85.0	-89.9	124.2	156.0	87.0	112.6	-86.3	-96.5	124.9	172.0
Segment assets	3,262.8	3,289.5	1,915.3	2,235.0	810.2	1,157.4	-1,715.4	-1,911.0	4,273.0	4,771.1	1,021.5	967.1	-929.7	-890.7	4,364.8	4,847.4
Segment liabilities	2,437.2	2,638.9	1,231.2	1,510.6	550.5	862.1	-1,284.1	-1,556.7	2,934.8	3,454.9	135.8	147.6	-64.5	-82.7	3,006.1	3,519.8
Employees[5]	3,171	3,642	2,585	3,072	902	1,101	-	-	6,658	7,815	263	290	-	-	6,921	8,105

[1] *The presentation includes only continuing operations, prior-year comparative figures have been adjusted accordingly*

[2] *Corresponds to earnings before interest and taxes (EBIT)*

[3] *Corresponds to earnings before taxes (EBT)*

[4] *Investments in long-term assets, excluding rental assets*

[5] *Annual average*

After the sale of the discontinued Leasing Business Unit, the main business activities of the Sixt Group are vehicle rental including other related services and brokerage of transfer services. These activities are shown in the Mobility Business Unit. Activities that cannot be allocated to the Mobility Business Unit, such as holding company activities and real estate leasing are combined in the other segment. The Managing Board controls Group activities based on reporting structured according to regional aspects. Resources are allocated and the Group's performance is assessed by the Managing Board at the level of individual countries.

The Groups main activities in the Mobility Business Unit are similar in all countries. Based on similar economic conditions and business characteristics the countries are grouped into the reportable segments Germany, Europe (without Germany) and North America. The key parameter for the assessment of the performance by the Managing Board is Corporate EBITDA. Corporate EBITDA is defined as earnings before depreciation, amortisation, net finance costs and taxes (EBITDA) but with additional consideration of depreciation of rental vehicles and net interest expense relating to the Mobility Business Unit.

Segment reporting is based on the accounting policies in the consolidated financial statements. Receivables, liabilities, income and expense between the segments are eliminated in the reconciliation to the Group figures. Group assets and liabilities do not recognise any tax positions. Segment reporting includes only the continuing activities of the Group, prior-year comparative figures have been adjusted accordingly. Internal revenue includes revenues of the continuing operations towards other continuing operations as well as the discontinued operations.

The following geographic information analyses the Group's consolidated revenue and the Group's assets (excluding tax positions) of the continuing operations by Group company's country of domicile.

By Region	Consolidated revenue		Segment assets	
in EUR million	**2020**	2019	**2020**	2019
Germany	687.9	983.9	1,890.3	1,736.8
Europe/Other	579.9	1,034.3	1,661.0	1,944.3
Thereof France	197.1	304.8	624.6	544.5
North America	264.2	483.3	813.5	1,166.3
Group total	**1,532.1**	**2,501.4**	**4,364.8**	**4,847.4**

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 54.6 million (2019: EUR 67.8 million).

Other financial obligations

In addition to provisions and liabilities, the Group has other financial obligations that result mainly from short-term leases entered into to refinance the rental fleet and from obligations under lease agreements on buildings for which no right of use assets and lease liabilities have been recognised.

Other financial obligations		
in EUR million	**31 Dec. 2020**	31 Dec. 2019
Due within one year	44.2	55.1
Due in one to five years	1.3	0.1
Group total	**45.4**	**55.2**

Purchase commitments under agreements concluded as at balance sheet date in respect of vehicle deliveries for the rental fleet in the coming year amounted to around EUR 787 million (2019: EUR 2,964 million).

5.3 SHARE-BASED PAYMENT

In the year under review the Group had an employee participation programme (Matching Stock Programme – MSP) that was initiated in 2012 (MSP 2012). The programme is recognised in the category of equity-settled share-based payment programme and is described in detail below.

In September 2012 the Managing Board and Supervisory Board of Sixt SE resolved to implement a Matching Stock Programme for a selected group of employees, senior executives and members of the Managing Board of Sixt SE at the Company and its affiliated companies (MSP 2012). The programme enables employee participation in the form of shares while avoiding any dilutions for existing shareholders of Sixt SE, i.e. new shares are not issued for settlement, but shares are bought from the market.

To participate in the MSP, each participant had to make a personal investment by acquiring a bond issued by Sixt SE.

The bonds acquired for the MSP 2012 carried a coupon of 4.5% p.a. The total volume invested by all participants was limited to a maximum of EUR 7 million. The bond has been repaid in accordance with the contractual terms in December 2020.

The Managing Board of Sixt SE – with the approval of the Supervisory Board if the Managing Board itself is concerned – set the maximum participation volume for each individual beneficiary. Participants in the MSP had to have a contract of employment with Sixt SE or one of its subsidiaries which has not been terminated at the time of subscribing for the MSP.

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

According to the conditions on each 1 December every year from 2012 (first time) to 2018 (last time) one tranche of stock options has been allocated (a total of seven tranches). So each participant is entitled to subscribe up to a total of 3,500 stock options for every EUR 1,000 of paid-up subscription amount (7 tranches with 500 stock options each).

In 2020, as in the previous year, no further tranche of stock options has been allocated to participants of the MSP 2012.

The allocated stock options can only be exercised after a lock-up period of four years, starting from the allocation of the respective tranche. The stock options can only be exercised if the exercise price since the allocation of the respective tranche is 20% higher than the initial price of said tranche (exercise threshold). The initial price of the stock options corresponds to the average unweighted closing price of Sixt preference shares in Xetra trading on the Frankfurt Stock Exchange during the last 60 trading days before the respective stock options of the tranche concerned are allocated. The exercise price is the average unweighted closing price of Sixt preference shares in Xetra trading on the Frankfurt Stock Exchange during the last 60 trading days before the stock options of a tranche are exercised. Stock options allocated as part of a tranche are deemed to have been exercised on the first trading day following the end of the lock-up period, if the exercise threshold has been reached. If the exercise threshold is not reached, the stock options expire without replacement.

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

If, during the term of the MSP, adjustments are made to the share capital of Sixt SE or restructuring measures are implemented that have a direct impact on the share capital of Sixt SE and this causes the value of the stock options to change by 10% or more, the initial price is adjusted to the extent necessary to compensate for the change in value of the stock options caused by the capital action.

If Sixt SE distributes dividends or other assets to shareholders in the period between allocation and exercise of a tranche of stock options, the initial price of this tranche must be adjusted by deducting the amount of dividend or distribution attributable to one preference share from the initial price.

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

The number of stock options under the MSP 2012 changed as follows:

Number of stock options									2012 allocation
	2020	2019	2018	2017	2016	2015	2014	2013	2012
Outstanding at the beginning of the financial year	865,500	1,931,000	2,915,000	4,375,000	4,769,000	3,680,500	2,497,000	1,316,000	-
Granted during financial year	-	-	-	-	1,075,000	1,186,000	1,223,500	1,248,500	1,316,000
Returned during financial year	-15,000	-171,667	-14,000	-425,000	-364,000	-97,500	-40,000	-67,500	-
Exercised during financial year	-850,500	-893,833	-970,000	-1,035,000	-1,105,000	-	-	-	-
Outstanding at the end of the financial year	-	865,500	1,931,000	2,915,000	4,375,000	4,769,000	3,680,500	2,497,000	1,316,000
Existing contractual obligation for future grant	-	-	-	-	-	1,186,000	2,447,000	3,745,500	5,264,000

Number of stock options	2020	2019	2018	2017	2016	2015	2014	2013 allocation 2013
Outstanding at the beginning of the financial year	112,500	225,000	389,000	522,000	506,500	341,000	170,500	-
Granted during financial year	-	-	-	-	128,000	165,500	170,500	170,500
Returned during financial year	-	-	-41,000	-	-112,500	-	-	-
Exercised during financial year	-112,500	-112,500	-123,000	-133,000	-	-	-	-
Outstanding at the end of the financial year	-	112,500	225,000	389,000	522,000	506,500	341,000	170,500
Existing contractual obligation for future grant	-	-	-	-	-	165,500	341,000	511,500

Number of stock options	2020	2019	2018	2017	2016	2015	2014 allocation 2014
Outstanding at the beginning of the financial year	140,500	281,000	526,500	534,000	411,000	220,500	-
Granted during financial year	-	-	-	-	178,000	205,500	220,500
Returned during financial year	-6,000	-5,000	-105,000	-7,500	-55,000	-15,000	-
Exercised during financial year	-134,500	-135,500	-140,500	-	-	-	-
Outstanding at the end of the financial year	-	140,500	281,000	526,500	534,000	411,000	220,500
Existing contractual obligation for future grant	-	-	-	-	-	205,500	441,000

Number of stock options	2020	2019	2018	2017	2016	2015 allocation 2015
Outstanding at the beginning of the financial year	173,000	356,000	376,000	416,000	248,000	-
Granted during financial year	-	-	-	-	198,000	248,000
Returned during financial year	-19,000	-20,000	-20,000	-40,000	-30,000	-
Exercised during financial year	-154,000	-163,000	-	-	-	-
Outstanding at the end of the financial year	-	173,000	356,000	376,000	416,000	248,000
Existing contractual obligation for future grant	-	-	-	-	-	248,000

Number of stock options	2020	2019	2018	2017	2016 allocation 2016
Outstanding at the beginning of the financial year	278,000	298,000	354,000	364,000	-
Granted during financial year	-	-	-	-	364,000
Returned during financial year	-27,500	-20,000	-56,000	-10,000	-
Exercised during financial year	-250,500	-	-	-	-
Outstanding at the end of the financial year	-	278,000	298,000	354,000	364,000
Existing contractual obligation for future grant	-	-	-	-	-

Number of stock options	**2020**	2019	2018	2017 allocation 2017
Outstanding at the beginning of the financial year	2,151,500	2,281,500	2,425,000	-
Granted during financial year	-	-	-	2,490,000
Returned during financial year	-152,500	-130,000	-143,500	-65,000
Outstanding at the end of the financial year	1,999,000	2,151,500	2,281,500	2,425,000
Existing contractual obligation for future grant	-	-	-	-

Number of stock options	**2020**	2019	2018 allocation 2018
Outstanding at the beginning of the financial year	2,543,500	2,693,500	-
Granted during financial year	-	-	2,703,500
Returned during financial year	-267,500	-150,000	-10,000
Outstanding at the end of the financial year	2,276,000	2,543,500	2,693,500
Existing contractual obligation for future grant	-	-	-

As at the balance sheet date the following options from tranches granted under the MSP 2012 were outstanding:

2017 allocation	Number of outstanding stock options	Future exercise date	Residual term	Estimated conversion/ Exercise price
Tranche 2017	1,999,000	2021	1.0 years	49.91 EUR

2018 allocation	Number of outstanding stock options	Future exercise date	Residual term	Estimated conversion/ Exercise price
Tranche 2018	2,276,000	2022	2.0 years	54.76 EUR

Measurement of options issued

The stock options under the MSP 2012 were measured by means of a Monte Carlo simulation model. Assuming that the price of the stock option granted can be calculated as the discounted future expected value (with regard to the risk-neutral probability), the price development of the underlying (Sixt preference share) is simulated a large number of times and the expected value is determined by calculating the arithmetic mean of the results of the individual simulations.

The method used is based on the random walk of the price performance of Sixt preference shares with a log-normal distribution of the relative price changes. Other assumptions used by the model are: the MSP participants pursue a strategy that is profit-maximising from their perspective, constant dividend yields, drift and volatility, the cap of 5% of earnings before taxes (MSP 2012) is not achieved, no change in the share capital of Sixt SE during the term of the MSP, no change in the current MSP terms and conditions.

The average price over a 60-day period is determined for each path comprising a simulated share price performance for each tranche after the lock-up period expires and is compared with the exercise threshold. If the figure is above the exercise threshold, the related gain on the stock option is discounted from the exercise date to the reporting date in accordance with the yield curve observed.

The expected volatility was estimated on the basis of the historical volatility of the share price. The expected term used in the model was adjusted to reflect the Managing Board's best estimate of the impact of non-transferability, exercise restrictions and behaviour such as staff fluctuation.

At the time of granting the parameters used in the simulation were:

Simulation model parameters	2018 allocation	2017 allocation	2016 allocation	2015 allocation	2014 allocation	2013 allocation	2012 allocation
Risk-free interest rate in % p.a.	-0.01	-0.09	-0.20	0	0.01	0.40	0.36
Expected volatility in %	27	27	28	28	32	32	39
Expected term until exercise from issue in years	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Price of preference shares on the issue date in EUR	60.20	53.51	36.87	39.19	25.44	18.90	12.65

In accordance with IFRS 2, personnel expenses were calculated on the basis of the market conditions at the grant date, and not on the basis of the market conditions at the balance sheet date. In 2020, the Group recognised personnel expenses of EUR 1,085 thousand (2019: EUR 1,339 thousand) in connection with equity-settled share-based payments. EUR 89 thousand of this amount relates to the "2012 allocation", EUR 17 thousand to the "2013 allocation", EUR 25 thousand to the "2014 allocation", EUR 36 thousand to the "2015 allocation", EUR 56 thousand to the "2016 allocation", EUR 454 thousand to the "2017 allocation" and EUR 409 thousand to the "2018 allocation".

In consideration of currency translation differences, additions to capital reserves respectively minority interests have been made accordingly.

5.4 RELATED PARTY DISCLOSURE

The Sixt Group has receivables from and liabilities to various unconsolidated Group companies for the purposes of intercompany settlements and financing. The resulting balances are presented in the items other receivables and other liabilities. The transactions are conducted on arm's length terms. The following provides an overview of significant transactions and account balances arising from such relationships:

Related parties	Services rendered		Services used		Receivables from related companies		Liabilities to related companies	
in EUR million	**2020**	2019	**2020**	2019	**31 Dec. 2020**	31 Dec. 2019	**31 Dec. 2020**	31 Dec. 2019
CV "Main 2000" UA	-	-	0.2	0.2	-	-	-	-
Sixt Immobilien Beteiligungen GmbH	[1]	[1]	[1]	[1]	[1]	[1]	0.2	0.2
Sixt Mobility Consulting Österreich GmbH	-	[1]	-	-	-	0.4	-	-
Sixt Mobility Consulting SARL	-	0.1	-	-	-	0.6	-	-
TÜV SÜD Car Registration & Services GmbH	0.1	0.1	2.0	2.2	[1]	[1]	0.4	0.2

[1] *Amount less than EUR 0.1 million*

The Supervisory Board member Dr Daniel Terberger holds a stake in a company, with whom the Group maintains a business relationship covering the delivery of working clothes at arm's length conditions. In the year under review EUR 1.3 million were spent (2019: EUR 1.2 million). Furthermore the Group rented two properties belonging to the Sixt family for its operations in the financial year. The rental expenses amounted to EUR 0.2 million (2019: EUR 0.2 million). Further business relationships to related parties, mainly from rental of vehicles at market conditions exist to a limited extend. For their services as members of the Managing Board, Mr Erich Sixt, Mr Alexander Sixt and Mr Konstantin Sixt received remuneration which is published individually in the section "Key features of the remuneration system" in the management report on the Group's and the Company's situation for 2020. Further members of the Sixt family received remuneration amounting to EUR 0.6 million (2019: EUR 0.6 million) for their activities in the Group.

The Supervisory Board and Managing Board of Sixt SE

Supervisory Board	Membership of supervisory boards and other comparable bodies of business enterprises
Friedrich Joussen (since 2017) Chairman Chairman of the Managing Board of TUI AG Duisburg	Chairman of the Supervisory Board of TUI Deutschland GmbH Chairman of the Supervisory Board of TUIFly GmbH Chairman of the Administrative Board of RIUSA II S.A., Spain
Ralf Teckentrup (since 2007) Deputy Chairman Chairman of the board of managing directors of Condor Flugdienst GmbH Kronberg	Member of the Advisory Board of Deutsche Flugsicherung DFS GmbH
Dr Daniel Terberger (since 2012) Chairman of the Managing Board of KATAG AG Bielefeld	Chairman of the Supervisory Board of Textilhäuser F. Klingenthal GmbH Member of the Supervisory Board of Gebr. Weiss Holding AG, Austria Member of the Supervisory Board of Fussl Modestraße Mayr GmbH, Austria Member of the Advisory Board of ECE Projektmanagement GmbH & Co. KG Member of the Advisory Board of Eterna Mode Holding GmbH Member of the Advisory Board of Loden-Frey Verkaufshaus GmbH & Co. KG Member of the Advisory Board of William Prym Holding GmbH

Managing Board	Membership of supervisory boards and other comparable bodies of business enterprises
Erich Sixt Chairman Grünwald	Chairman of the Supervisory Board of Sixt Leasing SE (until 15 July 2020)[1]
Jörg Bremer Pullach	
Nico Gabriel (since 18 January 2021) Neuried	
Daniel Marasch (since 1 January 2021) Pullach	
Detlev Pätsch Oberhaching	
Alexander Sixt Grünwald	
Konstantin Sixt Grünwald	

1 *Membership in Group bodies*

Total remuneration of the Supervisory Board and Managing Board of Sixt SE

Total remuneration in EUR thou.	2020	2019
Supervisory Board remuneration	200	200
Managing Board remuneration	10,316	13,742
Thereof variable remuneration	5,314	5,017

The total remuneration of the Managing Board includes as a long-term incentive the exercise gain from the exercise of the stock options granted in the amount of EUR 1,400 thousand (2019: EUR 1,400 thousand). In fiscal year 2020 no stock options have been granted to the members of the Managing Board.

Detailed information relating to the remuneration of the Managing Board are given in the section “Key features of the remuneration system” in the management report on the Group’s and the Company’s situation for fiscal year 2020.

At the end of the reporting year members of the Supervisory Board were granted none and members of the Managing Board were granted 800,000 stock options under the employee equity participation programme MSP 2012, and on the basis of their personal investments (2019: 1,150,000 stock options). As at balance sheet date all stock options of the MSP 2012 have been issued, therefore there are no further entitlements.

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

Shareholdings

As at 31 December 2020, Erich Sixt Vermögensverwaltung GmbH, Pullach, all shares of which are held directly and indirectly by the Sixt family, held 17,701,822 shares of the ordinary shares of Sixt SE (2019: 17,701,822 ordinary shares). In addition to this Mr Erich Sixt held unchanged two registered ordinary shares of Sixt SE.

In accordance with article 19 of the European Market Abuse Directive persons performing executive functions and persons closely related to them are legally required to disclose their own transactions with shares or bonds of Sixt SE and their related financial derivatives or other related financial instruments. The reporting requirement applies to all transactions, that are conducted after the total amount of EUR 20,000 within the calendar year was achieved.

The transaction notifications received by Sixt SE during fiscal year 2020 were duly published and can be retrieved on the website of Sixt SE at *ir.sixt.eu* under the tab “Investor Relations – Corporate Governance – Managers’ Transactions”.

5.5 PROPOSAL FOR ALLOCATION OF THE UNAPPROPRIATED PROFIT

Sixt SE reported an unappropriated profit for fiscal year 2020 in accordance with German commercial law of EUR 378,502 thousand (2019: EUR 254,083 thousand). Subject to the approval by the Supervisory Board, the Managing Board proposes utilising this unappropriated profit as follows:

Proposal for allocation of the unappropriated profit in EUR thou.	2020	2019
No payment of a dividend (2019: no dividend) per ordinary share entitled to a dividend	-	-
Payment of a dividend of EUR 0.05 (2019: EUR 0.05) per preference share entitled to a dividend	829	829
Carryforward to new account	377,674	253,254

As at 31 December 2020, 30,367,112 ordinary shares entitled to a dividend and 16,576,246 preference shares entitled to a dividend are issued, which would result in a total distribution of EUR 829 thousand. This takes account of the future demands placed on equity, the investment requirements and the future economic development, above all with a view to the extraordinary crisis situation caused by the corona virus and the uncertainties in the financial markets with possible consequences for the availability of capital.

The proposal by the Managing Board and the Supervisory Board on the appropriation of the unappropriated profit for the financial year 2019 was resolved unchanged by the Annual General Meeting on 24 June 2020.

5.6 EVENTS SUBSEQUENT TO REPORTING DATE

On 1 March 2021 Sixt SE announced that it had concluded a syndicated credit line of EUR 750 million with a renowned bank consortium. The credit line has a maximum term of five years. In return the syndicated loan concluded in May 2020 with the participation of the German state-owned “Kreditanstalt für Wiederaufbau” (KfW) was terminated by Sixt SE effective on 9 March 2021.

No further events of special significance for the net assets, financial position and results of operations of the Group occurred after the end of financial year 2020.

5.7 DECLARATION OF CONFORMITY IN ACCORDANCE WITH SECTION 161 OF THE AKTG

The declaration by the Managing Board and the Supervisory Board required by section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) stating that the recommendations of the Government Commission on the German Corporate Governance Code are complied with and which recommendations have not been applied was issued in the financial year and made permanently accessible to shareholders on the Sixt SE website under *ir.sixt.eu* in the section “Corporate Governance”.

5.8 AUTHORISATION OF THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IAS 10.17

These consolidated financial statements are authorised by the Managing Board for submission to the Supervisory Board on 29 March 2021.

Pullach, 29 March 2021

Sixt SE

The Managing Board

ERICH SIXT	JÖRG BREMER	NICO GABRIEL	DANIEL MARASCH	DETLEV PÄTSCH	ALEXANDER SIXT	KONSTANTIN SIXT

D \\ FURTHER INFORMATION

D.1 \\ RESPONSIBILITY STATEMENT

by Sixt SE, Pullach, for fiscal 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, 29 March 2021

Sixt SE

The Managing Board

ERICH SIXT	JÖRG BREMER	NICO GABRIEL	DANIEL MARASCH	DETLEV PÄTSCH	ALEXANDER SIXT	KONSTANTIN SIXT

The following independent auditors' report ("Bestätigungsvermerk") was issued in accordance with section 322 of the HGB (German Commercial Code) on the IFRS Financial Statements 2020, which were prepared in German language. The translation of the independent auditor's report ("Bestätigungsvermerk") is as follows:

D.2 \\ INDEPENDENT AUDITORS' REPORT

To Sixt SE, Pullach/Germany

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Sixt SE, Pullach/Germany, and its subsidiaries (the Group) which comprise the consolidated balance sheet as at 31 December 2020, and the consolidated income statement and statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January to 31 December 2020, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report for the parent and the group of Sixt SE, Pullach/Germany, for the financial year from 1 January to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of the summarised consolidated non-financial declaration included in the chapter "Summarised non-financial declaration of the Group pursuant to sections 315b and c in conjunction with sections 289b to e of the HGB" of the combined management report nor the content of the corporate governance statement included in the chapter "Corporate governance declaration in accordance with sections 289f and 315d of the HGB" of the combined management report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e (1) German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2020 and of its financial performance for the financial year from 1 January to 31 December 2020, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the summarised consolidated non-financial declaration referred to above nor the content of the corporate governance statement referred to above.

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

Basis for the Audit Opinions

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

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 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 key audit matters we have determined in the course of our audit:

1. Impairment test of non-financial assets
2. Subsequent measurement of rental vehicles

Our presentation of these key audit matters has been structured as follows:

a) Description (including reference to corresponding information in the consolidated financial statements)
b) Auditor's response

1. Impairment test of non-financial assets

a) In the consolidated financial statements as at 31 December 2020 of Sixt SE, non-financial assets of EUR 3.0 billion are reported. In particular, they are comprised of rental vehicles with a carrying amount of EUR 2,205 million, property, plant and equipment of EUR 544 million and inventories of EUR 81 million that are allocated to the individual national companies of Sixt SE. In addition, intangible assets and goodwill totalling EUR 39 million have been recognised.

Sixt SE examined whether the decrease in demand for mobility services observed in the light of the global COVID-19 pandemic constitutes an indication of a potential impairment of its non-financial assets. This analysis was carried out in relation to the individual national companies that were identified as cash-generating units. Insofar as an existing indication of impairment is confirmed, the recoverable amount of the respective national company is determined and compared to its carrying amount (impairment test). As market values are generally not available for the individual national companies, the recoverable amount is determined using a discounted cash flow model. Future cash flows are determined based on the operational four-year planning prepared by the executive directors of the national companies and Sixt SE and approved by the supervisory board, which is being adjusted based on assumptions about long-term growth rates. They are discounted using the weighted average cost of capital of the respective national company. In the financial year 2020, Sixt SE determined an impairment need of EUR 38.4 million that was recognised in the consolidated financial statements by making corresponding write-downs.

The result of this valuation is to a great extent dependent on the estimates made by the executive directors about the future cash inflows of the respective national company and the discount rate used and, therefore, is subject to considerable uncertainty. Against this background, this matter was of particular significance in the scope of our audit.

The disclosures of the executive directors on impairment are contained in section 3 "Reporting and valuation methods" of the notes to the consolidated financial statements and in sections 4.5 and 4.12 to 4.14 on the respective items of the consolidated income statement and the consolidated balance sheet.

b) As a preliminary measure, we assessed the appropriateness of the criteria used by the Company for identifying any indication of impairment. We initially obtained an understanding of the control environment, risk assessment as well as the processes and monitoring regarding the work flows and procedures that are connected with the impairment test. As part of our audit of the recoverability of non-financial assets, we used the knowledge and audit results gained in previous years. For the purpose of risk assessment, we obtained, among other things, an understanding of the past adherence to the budget. Furthermore, we reproduced the approach used for testing the recoverability of the assets. In so doing, we evaluated to what extent the approach was influenced by subjectivity, complexity or other inherent risk factors. Particularly, we examined the logic of combinations in the discounted cash flow model and if the calculations concerning the individual national companies have been made accurately. We examined whether the future cash inflows used in the calculations constitute an appropriate basis, particularly by means of comparing them with the four-year planning prepared by the executive directors and approved by the supervisory board and by interviewing the executive directors and/or persons named by them. In addition, we critically assessed the planning taking into account general and specific market expectations.

We addressed the parameters employed in determining the discount rate used and critically assessed, in particular, the growth rates assumed for the period following the detailed planning period. Due to the fact that future cash inflows are also dependent on macroeconomic framework conditions that are beyond the Company's control, we evaluated the additional scenario analyses prepared by Sixt SE in order to be able to assess any potential impairment risk arising from changes of material measurement parameters.

Regarding the impairment need determined as a result of the impairment test, we verified that this impairment need was appropriately allocated to the assets of the respective national company and correctly recognised in the expenses of the financial year.

We examined the disclosures of the executive directors in the notes to the consolidated financial statements as to whether the information they provide about estimate uncertainties and judgements in relation to the recoverability analyses is complete and appropriate.

2. Subsequent measurement of rental vehicles

a) In the consolidated financial statements of Sixt SE, rental vehicles totalling EUR 2,205 million are reported; this corresponds to around 49.8% of total assets.

Rental vehicles are carried at cost less depreciation and write-downs taking into account their calculated residual values. For vehicles for which buy-back agreements have been concluded, their residual values are determined by the agreed residual values. If no buy-back values have been agreed, the vehicles' residual values are adapted to the expected market value at the planned disposal date. The assets are written down if the carrying amount which is based on the originally calculated residual value exceeds the amount arising from the projected expected residual value.

We classified the measurement of this quantitatively significant balance sheet item as a key audit matter since the valuation of rental vehicles is based on discretionary estimates and assumptions made by the executive directors with regard to their write-downs to the expected residual value.

The disclosures of the executive directors of the Parent on the measurement of rental vehicles are contained in sections 3 "Reporting and valuation methods" and 4.17 of the notes to the consolidated financial statements.

b) In auditing the appropriateness of the valuation technique, we examined the corresponding organisational and operational structure with regard to appropriateness and effectiveness of the key controls implemented. This relates in particular to the process of taking into account contractually agreed buy-back values or expected residual values for determining depreciation. Furthermore, with regard to recognising write-downs, we reproduced the procedure for determining any such impairment need.

As part of our substantive procedures regarding write-downs, we reproduced the assumptions regarding residual value and disposal risk underlying the determination of write-downs and examined the impairment need calculated on this basis. In so doing, we also compared the executive directors' expectations regarding the market price development with the actual market prices and examined them for plausibility. In addition, we performed an analytical examination of depreciation.

Other Information

The executive directors and the supervisory board are responsible for the other information. The other information comprises

- the report of the supervisory board,
- the summarised consolidated non-financial declaration pursuant to sections 289b to 289e HGB and 315b and 315c HGB, respectively, included in the chapter “Summarised non-financial declaration of the Group pursuant to sections 315b and c in conjunction with sections 289b to e of the HGB” of the combined management report,
- the corporate governance statement included in the chapter “Corporate governance declaration in accordance with sections 289f and 315d of the HGB” of the combined management report ,
- the executive directors’ confirmation regarding the consolidated financial statements and the combined management report pursuant to section 297 (2) sentence 4 and section 315 (1) sentence 5 HGB,
- all other parts of the annual report,
- but not the consolidated financial statements, not the audited content of the combined management report and not our auditor’s report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors and the supervisory board as well are responsible for the declaration according to section 161 German Stock Corporation Act (AktG), which is part of the consolidated corporate governance declaration included in the chapter “Corporate governance declaration in accordance with sections 289f and 315d of the HGB” of the combined management report. Apart from that the executive directors are responsible for the other information.

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

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

- is materially inconsistent with the consolidated financial statements, with the audited content of the combined 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 Combined Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, 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 combined management report that as a whole provides an appropriate view of the Group’s position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

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

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

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

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

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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 controls.

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

- evaluate the appropriateness of accounting policies used by the 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 combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

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

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

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

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

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

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

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

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Audit of the Electronic Files of the Consolidated Financial Statements and of the Combined Management Report prepared for Publication pursuant to Section 317 (3b) HGB

Audit Opinion

In accordance with section 317 (3b) HGB, we have assessed with reasonable assurance whether the electronic files of the consolidated financial statements and of the combined management report (hereafter referred to as "ESEF files") prepared for publication, contained in the accompanying file, which has the SHA-256 value DB0B579D2149672AA5DD73675D6A426 AF2CE2690E453B3D7F7C4363046FE856C, meet, in all material respects, the requirements concerning the electronic reporting format ("ESEF format") pursuant to section 328 (1) HGB. In accordance with the German legal requirements, this audit only covers the transfer of the consolidated financial statements' and the combined management report's information into the ESEF format, and therefore covers neither the information contained in these electronic files nor any other information contained in the file stated above.

In our opinion, the electronic files of the consolidated financial statements and of the combined management report prepared for publication contained in the accompanying file stated above meet, in all material respects, the requirements concerning the electronic reporting format pursuant to section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from 1 January to 31 December 2020 contained in the above "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report", we do not express any audit opinion on the information contained in these electronic files and on any other information contained in the file stated above.

Basis for the Audit Opinion
We conducted our audit of the electronic files of the consolidated financial statements and of the combined management report contained in the accompanying file stated above in accordance with section 317 (3b) HGB and on the basis of the IDW Draft Auditing Standard: Audit of the Electronic Files of the Annual Financial Statements and of the Management Report prepared for Publication pursuant to section 317 (3b) HGB (IDW Draft AuS 410). Our responsibilities in this context are further described in the section "Group Auditor's Responsibilities for the Audit of the ESEF Files". Our audit firm has applied the Quality Assurance Standard: Quality Assurance Requirements in Audit Practices (IDW QS 1) promulgated by the Institut der Wirtschaftsprüfer (IDW).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Files
The executive directors of the Company are responsible for the preparation of the ESEF files based on the electronic files of the consolidated financial statements and of the combined management report according to section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have determined necessary to enable the preparation of ESEF files that are free from material violations against the requirements concerning the electronic reporting format pursuant to section 328 (1) HGB, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF files together with the auditor's report and the accompanying audited consolidated financial statements and the audited combined management report as well as other documents to be filed with the publisher of the Federal Gazette.

The supervisory board is responsible for overseeing the preparation of the ESEF files as part of the financial reporting process.

Group Auditor's Responsibilities for the Audit of the ESEF Files
Our objectives are to obtain reasonable assurance about whether the ESEF files are free from material violations, whether due to fraud or error, against the requirements pursuant to section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material violations against the requirements pursuant to section 328 (1) HGB, 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 opinion.

- obtain an understanding of internal control relevant to the audit of the ESEF files 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 controls.

- assess the technical validity of the ESEF files, i.e. whether the file containing the ESEF files meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as of the balance sheet date as to the technical specification of this file.

- evaluate whether the ESEF files enable a XHTML copy of the audited consolidated financial statements and of the audited combined management report whose content is identical with these documents.

- evaluate whether the ESEF files have been tagged using inline XBRL technology (iXBRL) in a way that enables an appropriate and complete machine-readable XBRL copy of the XHTML copy.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 24 June 2020. We were engaged by the supervisory board on 10 December 2020. We have been the group auditor of Sixt SE, Pullach/Germany, without interruption since the financial year 2005.

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

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Klaus Löffler.

Munich/Germany, 29 March 2021

Deloitte GmbH Wirtschaftsprüfungsgesellschaft

KLAUS LÖFFLER German Public Auditor	FLORIAN KORTE German Public Auditor

D.3 \\ BALANCE SHEET OF SIXT SE (HGB)

as of 31 December 2020

Assets			
in EUR thou.		**31 Dec. 2020**	31 Dec. 2019
A. Fixed assets			
I. Intangible Assets			
1. Paid concessions, industrial property rights and similar rights	488		857
II. Equipment			
1. Other fixtures, operating and office equipment	1,570		2,141
III. Financial assets			
1. Shares in affiliated companies	860,421		803,469
		862,479	**806,467**
B. Current assets			
I. Receivables and other assets			
1. Trade receivables	2,019		300
2. Receivables from affiliated companies	1,861,546		2,087,356
3. Receivables from other investees	6		6
4. Other assets	4,033		29,970
		1,867,604	**2,117,632**
II. Bank balances		**228,405**	**126**
C. Prepaid expenses		**2,939**	**3,809**
		2,961,427	**2,928,033**

Equity and liabilities			
in EUR thou.		**31 Dec. 2020**	31 Dec. 2019
A. Equity			
I. Subscribed capital	120,175		120,175
(Conditional Capital: EUR 15,360 thousand; 2019: EUR 15,360 thousand)			
II. Capital reserves	203,173		203,173
III. Retained earnings			
Other retained earnings	113,538		113,538
IV. Unappropriated profit	378,502		254,083
Thereof retained profits brought forward EUR 253,254 thousand (2019: EUR 146,398 thousand)		**815,389**	**690,969**
B. Provisions			
1. Provisions for taxes	8,632		13,031
2. Other provisions	11,649		**27,086**
		20,282	40,118
C. Liabilities			
1. Bonds	800,000		750,000
2. Liabilities to banks	1,083,000		1,201,106
3. Trade payables	3,552		6,316
4. Liabilities to affiliated companies	227,675		212,195
5. Other liabilities	11,529		27,329
		2,125,756	**2,196,946**
		2,961,427	**2,928,033**

Off-balance sheet items

Liabilities from guarantees EUR 580,916 thousand (2019: EUR 570,277 thousand)

D.4 \\ INCOME STATEMENT OF SIXT SE (HGB)

for the year ended 31 December 2020

in EUR thou.		2020	2019
1. Revenue		30,538	83,419
2. Other operating income		241,835	114,857
3. Fleet expenses		280	263
4. Personnel expenses			
a) Wages and salaries	76,221		89,458
b) Social security contributions	9,967		11,361
		86,188	100,819
5. Amortisation of intangible assets and depreciation of equipment		1,289	1,883
6. Other operating expenses		95,763	121,137
7. Income from investments		43,811	141,041
8. Other interest and similar income		31,630	37,003
9. Depreciation of financial assets		25	-
10. Cost of loss absorption		1,600	5,073
11. Interest and similar expenses		28,808	23,165
12. Taxes on income		8,612	16,296
13. Result after taxes = Net income		**125,248**	**107,685**
14. Retained profits brought forward		253,254	146,398
15. Unappropriated profit		**378,502**	**254,083**

D.5 \\ FINANCIAL CALENDAR

Financial calendar of Sixt SE	
Annual press conference for fiscal year 2020 in Munich	2 March 2021
Publication of the Annual Report 2020	30 March 2021
Analyst conference (Web conference)	20 April 2021
Publication of the quarterly statement as of 31 March 2021	12 May 2021
Annual General Meeting for fiscal year 2020 (Virtual Annual General Meeting)	16 June 2021
Publication of the half-year financial report as of 30 June 2021	12 August 2021
Publication of the quarterly statement as of 30 September 2021	11 November 2021

Dates and event locations subject to change

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