SCOUT 24

INSPIRING PEOPLE

ANNUAL REPORT 2016

INNOVATION

LEADING THE WAY:
DIGITAL PRODUCTS AND
START-UP SPIRIT

ACQUISITION

INTERNATIONAL AND
SUCCESSFUL: SCOUT24 MERGES
WITH AUTOTRADER.NL

INSPIRATION

ON A JOURNEY OF DISCOVERY:
VIEWING PROPERTY WITH
VIRTUAL REALITY

Key Financials

(EUR million)	Q4 2016 (unaudited)	Q4 2015 (unaudited)	+/-	FY 2016	FY 2015	+/-
External revenues	**115.8**	**105.2**	**10.1 %**	**442.1**	**393.6**	**12.3 %**
IS24	73.1	69.8	4.7 %	284.6	266.7	6.7 %
AS24	41.5	33.4	24.3 %	152.0	120.7	25.9 %
Corporate	0.2	1.2	(83.3) %	1.3	2.8	(53.6) %
Ordinary operating EBITDA[1]	**57.0**	**45.0**	**26.7 %**	**224.5**	**189.6**	**18.4 %**
IS24	45.7	40.0	14.3 %	179.2	159.2	12.6 %
AS24	16.7	8.9	87.6 %	64.2	43.8	46.6 %
Corporate	(1.7)	(2.3)	(26.1) %	(7.1)	(8.7)	(18.4) %
Reconciliation management fee[2]	(3.7)	(1.9)	94.7 %	(11.6)	(5.5)	110.9 %
Ordinary operating EBITDA – margin[1]	**49.2 %**	**42.7 %**	**6.5pp**	**50.8 %**	**48.2 %**	**2.6pp**
IS24	62.5 %	57.3 %	5.2pp	63.0 %	59.7 %	3.3pp
AS24	40.2 %	26.7 %	13.5pp	42.2 %	36.2 %	6.0pp
EBITDA[3]	**53.1**	**41.2**	**28.9 %**	**206.8**	**166.9**	**23.9 %**
IS24	42.3	35.8	18.2 %	162.6	147.9	9.9 %
AS24	14.1	8.1	74.1 %	55.9	39.7	40.8 %
Capital expenditure	**5.8**	**5.5**	**5.5 %**	**19.5**	**19.3**	**1.0 %**
Cash contribution[4]	**51.2**	**39.5**	**29.6 %**	**205.0**	**170.3**	**20.4 %**
Cash and cash equivalents				**43.4**	**70.6**	
Net financial debt[5]				**633.9**	**711.3**	
Equity				**990.8**	**921.3**	
Equity ratio				**46.5 %**	**42.4 %**	
Employees (FTEs, end of period)				**1,135**	**1,120**	

1 Ordinary operating EBITDA represents EBITDA adjusted for non-operating and special effects; the ordinary operating EBITDA margin of a segment is defined as ordinary operating EBITDA as a percentage of external segment revenues.
2 Ordinary operating EBITDA contains a reconciliation effect for the management fee that the Corporate segment invoices to IS24 and AS24. This forms part of the ordinary operating profit in the Corporate segment, but not in the IS24 and AS24 segments, where it is shown as a non-operating effect and is consequently not included in ordinary operating EBITDA.
3 EBITDA is defined as profit before financial results, income taxes, depreciation and amortisation, impairment losses and the result of sales of subsidiaries.
4 Cash contribution is defined as ordinary operating EBITDA less capital expenditure.
5 Net financial debt is defined as total debt (current and non-current liabilities) less cash and cash equivalents.

Contents

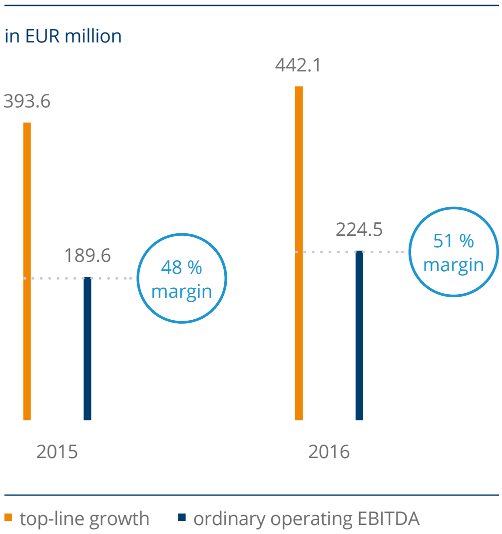
Dear shareholders,

During 2016, we made good progress in evolving Scout24 further away from the boundaries of a mere classifieds business into a real predictive data business. At the same time, we maintained our growth momentum, delivering not only world-class digital services but also record-breaking financials.

Pursuing our strategy of developing our market places into a market network, we started regrouping the whole business into 12 clearly defined market segments. These are run autonomously by small, cross-functional teams to remain as innovative, flexible and responsive as we can be. Moreover, we executed a thorough reorganisation of our sales force and launched a number of new customer relationship initiatives to adapt to changing market conditions.

Product innovations through Scout24 Media, which was introduced in September 2015 as a Group-wide function to pool our display advertising activities as well as all activities in the field of consumer services, have begun to pay off. The overall aim of those initiatives: being closer to consumers' needs to bring innovative products faster to people's lives.

We are convinced that exchange of ideas and diversity drive innovation. Thus, in 2016, Scout24 has become significantly more international. In fact, around one-third of our newly recruited colleagues have international backgrounds. And in our market segments women make up around 50 % of the leadership positions. Overall, we have not only grown as a company in terms of size and maturity but also expanded our skill sets. And we have successfully proven our ability to integrate bolt-on acquisitions such as European AutoTrader B.V. in the Netherlands, my-next-home.de and immodirekt.at in Austria.



As for our financial performance, 2016 has been another record-breaking year following our IPO in October 2015. We have not only achieved strong top-line growth of 12.3 % year on year with Group revenues totalling 442.1 million euros, but also an over-proportionate growth of our ordinary operating EBITDA, reaching 224.5 million euros (2015: 189.6 million euros). This translates into a significantly increased ordinary operating EBITDA margin of 50.8 % (2015: 48.2 %). Based on our proven ability to generate high cash flows, we were able to deleverage our balance sheet and reduce our financial debt by a total of 100 million euros. Thus, we reduced our net debt to ordinary operating EBITDA ratio to 2.82:1, which is already close to our target value of 2.50:1.

The fast-growing significance and scope of the digital world thoroughly changes the way we live, the way we do business, the way we make decisions. This includes two of the most important events in people's lives – buying a house or buying a car. What drives us is to offer the most inspiring and useful experience to the consumer. We connect people with cars and homes. That is our purpose and that is also the starting point for all our past and future product innovations.

New product launches in 2016 included AutoScout24's car valuation tool and Immobilien-Scout24's recommendation engine where we are making good use of our websites in terms of data capture points. The car valuation algorithm provides price assessment for both car dealers and buyers so that both sides gain transparency on the optimal pricing. The ImmobilienScout24 recommendation engine goes beyond the users' custom search results and allows us to make alternative recommendations of suitable property. In effect, we are moving from returning results to predicting results – and thus inspiring our users with new perspectives and ideas.

Another fascinating trend is the use of virtual reality. In 2016, we soft-launched our new tool for 360-degree views which we will fully roll-out in 2017. The tool allows real estate vendors to present their property in a 360-degree tour. If you are interested in how this 360-degree technology works, please have a look at the video introducing our online Annual Report.

Obviously, great products and successful business results are possible only with excellently skilled, open-minded and highly engaged teams. So, I would like to take this opportunity to thank the people working at Scout24 for their hard work and unwavering commitment to our success in 2016. We can be proud of what we have achieved and what we will achieve by inspiring people.

Yours sincerely,

Gregory Ellis
CEO, Scout24 AG

Experience our 360-degree video: Greg Ellis and Christian Gisy give their views on the financial year 2016
report.scout24.com/2016

Property viewing as a virtual journey of discovery

If you've already tried on a VR headset, you know how they give you a completely new sense of space. Since spring 2016, ImmobilienScout24 has been relying on innovative technologies to provide new perspectives: several thousand property listings with 360° tours now invite potential buyers to enter on emotional journeys of discovery. Virtual viewing experiences also save time and travel costs for consumers, owners and agents.

Agents and homebuilding companies use the 360° tours especially for high-quality and unfinished properties. Virtual viewing tours via smartphone or home PC open up new visualisation possibilities, and help decide whether properties are suitable or not. Will the big family sofa fit into the new apartment in Hamburg? Does the bathroom have daylight, and space for dryers? – in other words, the type of questions that often arise before – and after – property viewings. A 360° tour provides answers virtually and quickly.

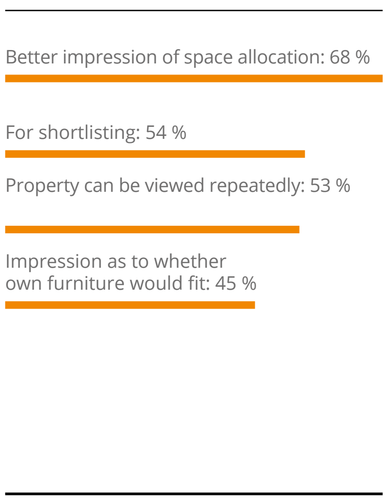
Discover virtual property viewing on vr.immobilienscout24.de

Property owners, real estate professionals and potential buyers rely increasingly on VR (virtual reality). Four out of five consumers (79 %) seeking dream houses and new apartments would use virtual tours, according to a study that ImmobilienScout24 recently commissioned. 360° tours accelerate and facilitate the shortlisting process, provide better impressions of space allocation, and help plan interior fittings. They also make the viewing process more flexible as they save time spent travelling to – and waiting at – properties. Almost nine out of ten individuals surveyed (86 %) would use the VR tour before a "real" viewing, and every fifth (21 %) person would even use it instead of a "real" viewing.

"Virtual reality is the next evolutionary step in property hunting, as VR is capable of much more than photos and floor plans. VR makes properties come to life. A VR headset lets you wander around rooms, and consumers can dip into virtual worlds they can interact with. And you can change things like fittings and floor coverings. Virtual viewings offer great potential that we're going to tap for both providers and property hunters. It lets us add real value as an innovative digital company," notes Matthew Travers, Vice President Consumer at ImmobilienScout24.

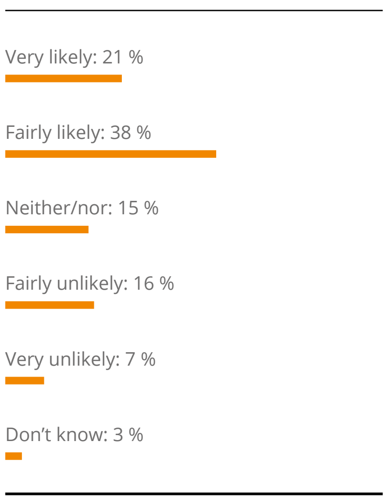
What are the most important benefits of a virtual tour?

(Users)



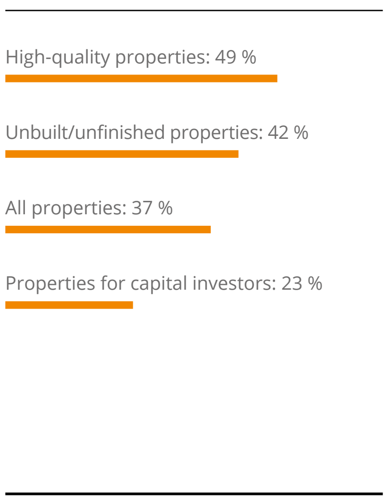
How likely is it that virtual tours of your property would help you cut viewing costs?

(Property owners)



What types of properties are suitable for virtual tours, in your view?

(B2B providers)



Virtual reality really is rocket science!

At least at NASA – which is where Stephen R. Ellis, as NASA Ames Associate and expert for head-mounted displays, researches interactive virtual environments. Since Facebook's takeover of Oculus Rift and the release of Sony's PlayStation VR (if not before) everyone has been talking about virtual reality – and people are increasingly wearing VR headsets. Technology companies are using VR headsets to open up new prospects, market segments and offerings. Properties and cars can also be viewed with VR. We wanted to know from one of the leading researchers in this field how real virtual environments are already today.

Are we currently experiencing a breakthrough of virtual reality, becoming increasingly a mainstream technology? If so, why is that?
The variety, number, performance and range of applications of head-mounted virtual environment systems, aka VR, have dramatically increased recently. Thus, it is correct to say there is a surge of interest and activity. But I don't think it is yet clear if a mass market has developed as there has, for example, for smartphones. The wide fielding of the VR headsets from Sony's PlayStation VR may provide us with important information regarding long-term usability.

You've long championed the topic of virtual reality at NASA. Apart from science, where do you see a need for VR in society?
These displays are essentially a new communications medium and as such have an enormously wide range of applications ranging from teleconferencing, to assembly training, to remote inspection, to video games including distributed games, to medical procedure training – the sky is really not the limit!

Let's refer to Scout24. At ImmobilienScout24 we have taken the first steps of using this technology for virtual 3D tours through apartments. What is, from your point of view, the potential of virtual reality for the real estate sector and for the automotive sector?
Use of VR to preview room design or other aspects of property inspection seems like a natural progression. Matsushita (founder of Matsushita Electric Industrial, today Panasonic Corporation, note by the editor) tried this in the late 1980s and early 1990s, but couldn't make it work. Times and technology have changed. We will see how it works now and how the real estate usage develops.

What is the next step in virtual reality or even beyond – keyword augmented reality?
My crystal ball on this one is cloudy. I suspect we will have to see what happens when large numbers of users are out there and we see how well they stand up to protracted use. The technical performance of the Microsoft HoloLens is certainly high enough for reasonable testing of many use cases and may help clear my crystal ball. In fact, I am working on one now with a start-up in the San Francisco Bay Area and may have a better answer to this question in six months or so.

German consumers aim to become smart-equipped

Managing your heating at home via app or streaming your favourite music in the car – just some of the possibilities offered by a smart home or connected car. But what is it that really matters to people when they're considering connecting their homes or cars to the Internet? We conducted a study on this topic, and our key finding shows that people are open to new technologies. They particularly want to connect their heating systems and navigation devices to the Internet.

Around eight out of ten Germans would generally like to know more about developments in smart homes and connected cars. Managing home heating by smart phone (74 %) or connecting in-car navigation devices to the Internet (80 %) are particular favourite options. Along with what are assumed to be high costs, however, every one in four Germans identifies hacker attacks as a potential reason not to connect in-home devices to the Internet.

Connected car: Navigation and security warnings appreciated

Navigation is the most important function of a connected car for the great majority of individuals surveyed (80 %). Further security functions play a stronger role for women, while men want to retain their autonomy in the car. Three out of four women (73 %) would use security warnings (men: 67 %). Two out of three women (68 %) regard the automatic emergency call, the so-called e-call, as an important function (men: 59 %). Entertainment functions such as music or video streaming in the car are valued by almost one in every two men, by contrast (45 %; women: 38 %).

"We're convinced that connecting homes and cars to the Internet offers enormous potential for consumers. Quality of life and living, security and energy efficiency can be enhanced through intelligent, remote-controlled and automated processes. For this reason, our AutoScout24 and ImmobilienScout24 portals already provide important information and offerings about this smart technology."

CHRISTIAN BUBENHEIM, SENIOR VICE PRESIDENT SCOUT24 AG

Smart homes: Germans want to manage heating, lights and shutters by app

Only one German in every 14 (7 %) already has a home fitted with smart home technologies. Almost nine out of ten individuals (87 %) who have already heard about the smart home have considered “smart” equipping their four walls (absolute: 74 %). Women are also open to the idea: the 84 % who have heard about intelligent connectivity technologies can imagine retrofitting their houses (men: 90 %). Germans particularly like the idea of managing or interconnecting heating (74 %), lighting (66 %) and shutters (53 %) as well as surveillance systems (47 %) via apps (subgroup of individuals who know about smart homes and are open to the idea of them: 87 %).

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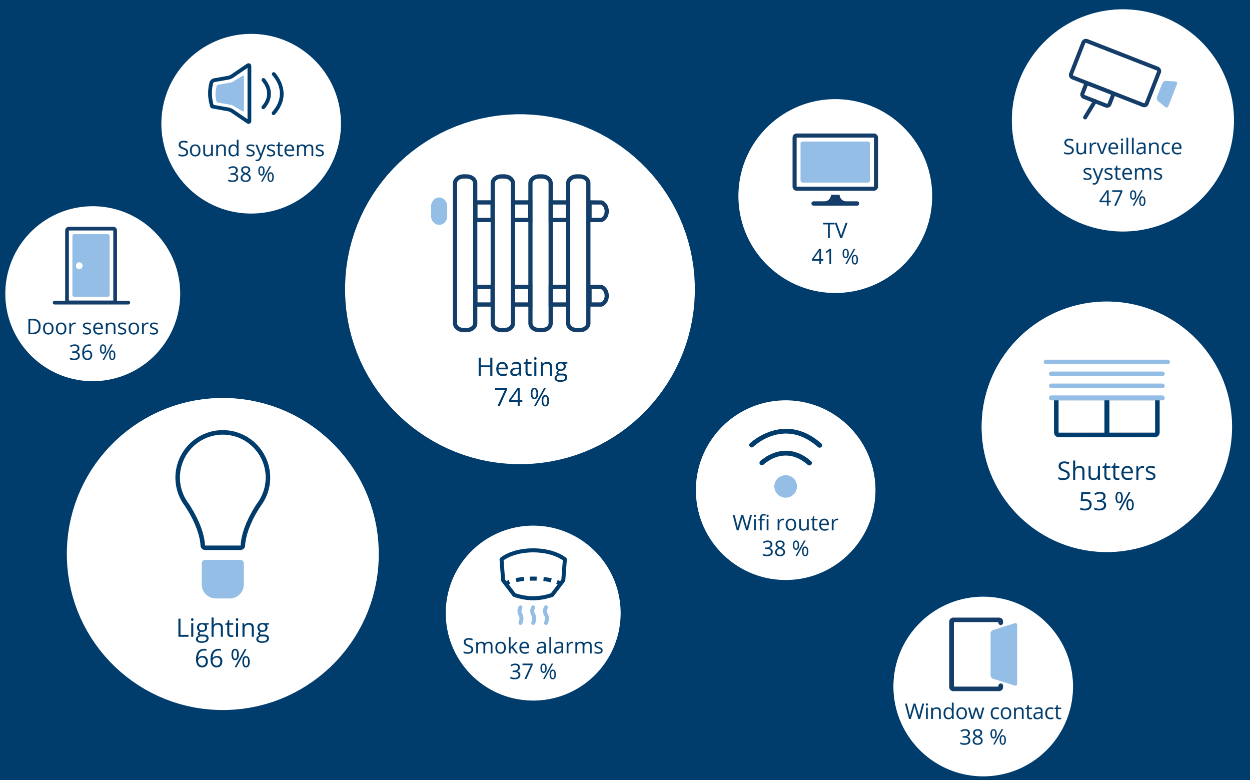
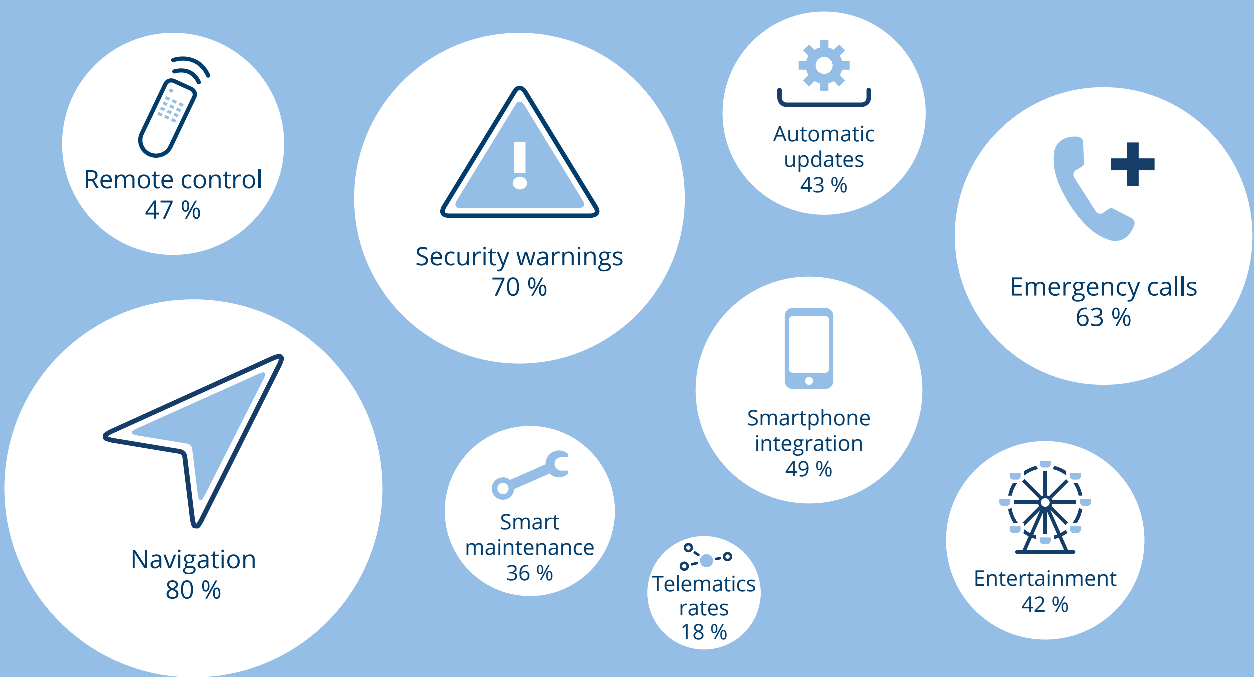
Further information about the study and graphics available on scout24.com/futuretrends

Which devices would you like to manage via an app?



Which functions of a connected car would you like to use?



1 + 1 = 1!

Since it was founded, Scout24 has risen to become the market leader in Europe – and we aim to grow even further, both organically and through acquisitions. In early 2016 we significantly bolstered our reach in the Netherlands when our subsidiary AutoScout24 Nederland B.V. acquired European AutoTrader B.V. The fact that both their portals previously had a very limited overlap of sellers and buyers also made this acquisition particularly interesting to us. We are well aware that the success of an acquisition depends significantly on how well the staff and teams of two companies integrate. Today, we can sum up and state that one strong overall team has emerged from two previously separate teams. With one company, two brands and our cumulative expertise, we – as the market leader now – can offer customers and buyers in the Netherlands added service on both our auto portals.

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More information on *autotrader.nl*

Three reports on our Dutch colleagues' experiences

Jurgen Vugts

Managing Director AutoScout24 Nederland, started at AutoScout24 Nederland in 2006

"The acquisition has brought together the biggest players with the most extensive offering on the Dutch market. For our customers, this means selling cars faster and at better prices. We've retained the AutoTrader brand because it's very well known in the Netherlands. Previously, we were two teams competing against each other, whereas now we play together as one team and lead the market. We moved into our shared office just two weeks after the acquisition. We have grown together quickly to form one team."

Mariska Hustings

Marketing Manager AutoScout24 and AutoTrader.nl, started at AutoScout24 Nederland in 2008

"AutoScout24 Nederland has been the market leader since 2013, but the Dutch auto portals market is highly competitive. Consolidation was foreseeable – which made it important for us to play an active role in shaping it. As part of the integration team, I'm particularly proud of what we've achieved – the creation of one company with one team. For this reason, my most exciting AutoScout24 moment in 2016 was when I briefed the AutoScout24 Nederland team about the acquisition – at the same time that Jurgen was informing the European Auto-Trader NL team."

Rob Schouten

Manager Customer Care AutoScout24 and AutoTrader.nl, started in 2000 at European AutoTrader NL

"Being one company means a bigger offering, more customers and more business. We offer around 300,000 vehicles on our combined portals, more than all the others. Also, we have Scout24, a big European company, to back us – giving us more scope to manoeuvre, including financial scope. We integrated our IT systems straight after the acquisition which let us quickly start putting our entire offering online and boosting sales. This makes it even easier for us to provide our customers with the best, because that's what counts – for our customers to be enthusiastic about our product innovations."

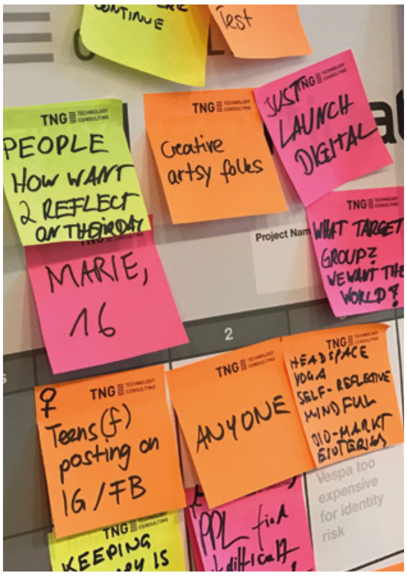
Exchange drives innovation

Scout24 is a first-wave Internet start-up. Founded back in 1998, we are a digital native who has now grown up. Today we are the Internet for real estate and cars, offering customers helpful services for their desired products. Decision-making processes and habits in car-buying and house-hunting are very different to those entailed in buying consumer goods such as books, clothes and electrical goods, as they're some of life's greatest and most moving events – both emotionally and financially – placing very high demands on our products and services – a fact deserving special mention. Thanks to our database algorithms and deep market knowledge, we know our customers and their needs better than anyone else, enabling us to offer them individual solutions or help them discover something entirely new, and fully in keeping with our purpose – "Inspiring your best decisions. We connect people, cars and homes."

Our aim is to be a networked marketplace. We know that the only way to reach this objective is through change, through continuously questioning what we've achieved, and through the ability to reinvent ourselves – in brief, through innovation.

Innovative capability is best developed in dialogue – both internally and with outside experts. "Diversity and exchange drive innovation" leads and defines our innovation culture. We bolster internal dialogue with an organisation consistently aligned to the market and customers. To this end, over the past two years we've repositioned the organisation to be even closer to the market and customers. Our 12 market segments work as independent corporate units – agilely and in cross-functional teams. We can deliver even better products significantly faster to our customers because programmers, product developers and marketing experts work as one team.

See also
facebook.com/scout24



We're open to the world at large as an inspiration to create genuinely new products and services. We interconnect ourselves through our numerous and varied events, strengthening knowledge exchange, including with international start-up founders and digital experts from Berlin, Silicon Valley and the whole world.

At our "Social Hack Days", our teams develop ideas for new products and services together with external experts, with creative movers and shakers and NGOs meeting up with Scout24 experts from the IT, product and design areas. We invite trendsetters and catalysts from the international scene to start-up conferences, panel discussions and talks.

Product innovations

"Consumer first" is the guiding principle driving product development – we're consistently attuned to our users' needs. With our new products, we offer our customers individually customised solutions and inspiring user experiences in the most important decisions of their lives.

Our innovative and free **Car Valuation**

For second-hand cars, we calculate a custom-fit price recommendation based on the market price. The comprehensive AutoScout24 algorithm makes recourse to data from more than ten million offers for this purpose.

Our **Express Sales** to dealers

Free AutoScout24 express sales are the best selling option for private sellers who want to sell their vehicles quickly and easily. After an expert valuation estimate, dealers issue binding offers, the seller selects the best offer and agrees the exchange of cash and vehicle at a location they choose.

The **Recommendation Engine**

The ImmobilienScout24 Recommendation Engine supports and inspires users in their search for their dream property. We encourage them to look at alternative ideas, and thereby shorten potentially long-drawn-out searches. With the Recommendation Engine, we submit property ideas to users that – although not meeting all their search criteria – are nevertheless relevant: for example, because a property is located in an area other than the one targeted, but the quality and price are right. Property hunters also see properties displayed that other prospective buyers or tenants have only seen to date, but haven't yet contacted the vendors. This boosts their chances of reaching their goal more rapidly. Our recommendations here are based on information we extract from users' search patterns.

A new **Financing Review** in cooperation with Postbank

Postbank and ImmobilienScout24 offer property buyers and sellers a service unique in Germany to date: with the Postbank Buyer Certificate potential house-buyers can receive a financing review from a bank within a few minutes, add it to their digital bidder file, and make it available to the seller or agent. The Buyer Certificate is a free and non-binding service for the user. With this new product, we're digitalising a further step in the property buying and selling process.

We are involved and committed

For us, CSR means combining social commitment and involvement with our know-how – inspiring us to become directly and personally involved in social projects: including at our annual Social Day, for example, where staff from our Company – all the way from CEO down to trainees – spend a whole day involved in projects at various institutions – an event we have successfully held over many years.

We are particularly proud of the Wheelmap. The Wheelmap helps anyone find wheelchair-accessible locations very easily, register them and evaluate them with a "traffic light system" – worldwide. The map, which has been available since 2010, is designed to make it easier for wheelchair users and other people with restricted mobility to plan their days. The Wheelmap is available as a free app for iPhones and Android smartphones. To give people with disabilities a better overview of barrier-free accommodation, we integrated Wheelmap data into our selling particulars on ImmobilienScout24 in 2016. These particulars now show at a glance which locations are wheelchair-accessible.

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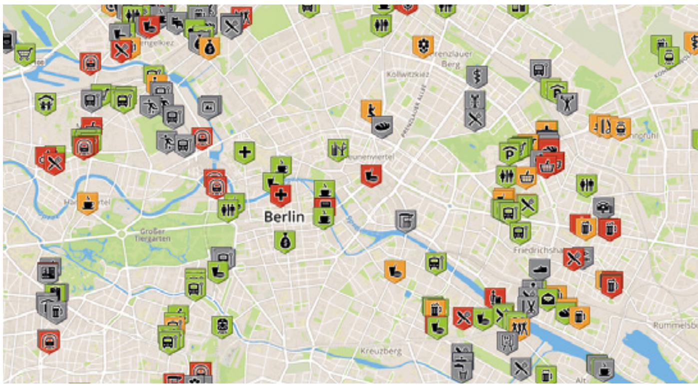
More about our commitment on instagram.com/tags/scout24social and on scout24.com/CSR/en

Social commitment is firmly anchored in our corporate DNA. Our staff have been involved in social projects for many years. Around 600 staff worked on not-for-profit projects in 2016, including at our "Social Days" and our "Berlin Social Academy", turning our locations in Berlin and Munich into veritable hives of activity. Their energetic input doesn't just help local people – the practical experience and resultant understanding for the needs of the social environment inspire our employees to come up with innovative ideas.

Our first Corporate Social Responsibility Report, to be published in May 2017, summarises our involvement. The report's title – "Inspiring people, impacting worlds" – encapsulates the high priority we ascribe to sustainability. And with the CSR Report, we aim to document where we stand today and where we would like to be more involved in the future.



Supervisory Board Report

Supervisory Board members in the financial year 2016

Name Function	Profession exercised	Member since	Appointed until	Other board positions in 2016
Stefan Goetz Chairman	Managing Director of Hellman & Friedman LLC, San Francisco, USA	4 September 2015	AGM 2020	Verisure Holding AB, Malmö, Sweden, and further related companies within the shareholding structure of Securitas Direct AB, Malmö, Sweden (Management Board member); Asa HoldCo GmbH, Frankfurt am Main, Germany (Member of Board of Directors, until February 2016); Asa GP GmbH, Düsseldorf, Germany (member of Board of Directors)
Patrick Healy Deputy Chairman	Managing Director (Deputy CEO) of Hellman & Friedman LLC, San Francisco, USA	4 September 2015	AGM 2020	TeamSystem Holding S.p.A., Pesaro, Italy and further related entities in the shareholding structure of TeamSystem S.p.A., Pesaro, Italy (Supervisory Board member); Verisure Holding AB, Malmö, Sweden, and further related companies within the shareholding structure of Securitas Direct AB, Malmö, Sweden (Supervisory Board member)
Blake Kleinman Supervisory Board member	Managing Director of Hellman & Friedman LLC, San Francisco, USA	4 September 2015	AGM 2020	Asa HoldCo GmbH, Frankfurt am Main, Germany (member of Board of Directors, until February 2016); Asa GP GmbH, Düsseldorf, Germany (member of Board of Directors); H&F Sensor EquityCo Limited, London, UK; Barolo Midco S.p.A., Pesaro, Italy and further entities in the holding structure of TeamSystem S.p.A., Pesaro, Italy (Supervisory Board member, since March 2016); Latta Investments Sp. z o.o. (September 2016 to November 2016); Realta Investments Sp. z o.o. (October 2016 to November 2016);

Name Function	Profession exercised	Member since	Appointed until	Other board positions in 2016
Thorsten Langheim Supervisory Board member	Senior Vice President Group Corporate Development of Deutsche Telekom AG, Bonn, Germany	4 September 2015	AGM 2020	T-Mobile US, Inc., Bellevue, USA (Supervisory Board member); T-Systems International GmbH, Frankfurt am Main, Germany (Supervisory Board member); Deutsche Telekom Strategic Investments GmbH, Bonn, Germany (Supervisory Board member); Deutsche Telekom Venture Funds GmbH, Bonn, Germany (Supervisory Board member) Deutsche Telekom Capital Partners Management GmbH, Hamburg, Germany (Investment Committee Chairman); Stiftung Deutsche Sporthilfe, Frankfurt, Germany (Supervisory Board member) Deutsche Funkturm GmbH, Münster, Germany (Supervisory Board Chairman)
Alexander Graf Matuschka von Greiffenclau Supervisory Board member	Group Chief Performance Officer, member of the Executive Board of VimpelCom Limited, Amsterdam	4 September 2015 until 23 January 2017	resigned 23 January 2017	Pakistan Mobile Communications Limited, Islamabad, Pakistan (Management Board member) VIP-CKH Luxembourg S.à r.l., Luxembourg, Luxembourg (Management Board member)
Robert D. Reid Supervisory Board member	Management Board member at The Blackstone Group New York, USA	4 September 2015	AGM 2020	Intelenet Global Services Private Limited, Mumbai, India (member of the Board of Directors since February 2016)
David Roche Supervisory Board member	Chairman of the Board of Directors of goHenry Ltd., Lymington, UK	4 September 2015	AGM 2020	Guestline Ltd., Shrewsbury, UK;
Dr. Liliana Solomon Supervisory Board member	Member of the Board of Directors (CFO) of Arqiva Broadcast Ltd. (since 1 July 2016), Winchester, UK	4 September 2015	AGM 2020	-

Name Function	Profession exercised	Member since	Appointed until	Other board positions in 2016
Vicente Vento Bosch Supervisory Board member	Management Board member (CEO) of Deutsche Telekom Capital Partners Management GmbH, Hamburg, Germany	4 September 2015	AGM 2020	Deutsche Telekom Strategic Investments GmbH, Bonn, Germany (Chairman of the Supervisory Board); Deutsche Telekom Venture Funds GmbH, Bonn, Germany (Supervisory Board Chairman); Deutsche Telekom Capital Partners Fund GmbH, Hamburg, Germany (Managing Director); Strato AG, Berlin, Germany (Supervisory Board Chairman); Telekom Innovation Pool GmbH, Bonn, Germany (Advisory Board member since March 2015); Ströer Management SE, Düsseldorf, Germany (Supervisory Board member); Ströer SE, Cologne, Germany (Supervisory Board member); Ströer SE & Co. KGaA, Cologne, Germany (Supervisory Board member); eValue 2nd Fund GmbH (Advisory Board member); Nexmo Inc., San Francisco, US (Supervisory Board member, January 2016 to June 2016)

The member of the Supervisory Board Alexander Graf Matuschka von Greiffenclau resigned from his position with effect of 23 January 2017.

Supervisory Board Committees in the financial year 2016

Executive Committee

Name	Position
Stefan Goetz	Chairman
Patrick Healy	Member
Alexander Graf Matuschka von Greiffenclau (until 23/01/2017)	Member
Vicente Vento Bosch	Member

Audit Committee

Name	Position
Dr. Liliana Solomon	Chairwoman
Blake Kleinman	Member
Robert D. Reid	Member
Vicente Vento Bosch	Member

Dear shareholders,

The Scout24 Group continued its positive development during the 2016 financial year, again reaching its self-defined revenue and earnings targets. The Supervisory Board supported and consulted with the Management Board in the targeted business expansion. The following report informs about the work of the Supervisory Board in the financial year 2016.

The Supervisory Board performed all of the duties and met all of the obligations incumbent on it by law, the Company's Articles of Association and the codes of procedure for the Management Board and the Supervisory Board. In total, the Supervisory Board held four plenary meetings during the 2016 financial year. No Supervisory Board member was absent from more than half of the meetings of the Supervisory Board. At the Supervisory Board meeting on 17 March 2016, one Supervisory Board member was excused and one member submitted a written vote. At the meeting on 29 September 2016, one member was excused and at the meeting on 1 December 2016, three members were excused.

Name	Participation in meetings	Notes
Stefan Goetz	4/4	
Patrick Healy	4/4	
Blake Kleinman	4/4	
Thorsten Langheim	2/4	not on 29 September 2016 and 1 December 2016
Alexander Graf Matuschka von Greiffenclau	2/4	not on 17 March 2016 and 1 December 2016
Robert D. Reid	3/4	not on 1 December 2016
David Roche	4/4	
Dr. Liliana Solomon	4/4	
Vicente Vento Bosch	4/4	

The Supervisory Board monitored the Management Board in its management of the business on an ongoing basis and advised it on all matters of importance to the Company. The Supervisory Board was at all times convinced of the lawfulness, correctness, expediency and economic efficiency of the management of the Company.

Cooperation between the Supervisory and Management boards

The Management Board provided the Supervisory Board with regular, timely and comprehensive information in detailed oral and written reports to the Supervisory Board on all issues of relevance to the whole Company regarding strategy, planning, business development, risk position, risk management and compliance and consequently fully met all its reporting obligations to the Supervisory Board in the relevant period. In this context, the Supervisory Board and its committees were involved in all important business transactions and decisions of fundamental significance for the Company.

The Supervisory Board members always had sufficient time to review critically the information provided by the Management Board and contribute their own opinions. At the meetings, the information was discussed in detail with the Management Board and checked for plausibility. The Supervisory Board granted its approval for individual transactions wherever required by law, the Company's Articles of Association or the codes of procedure for the Management or Supervisory Boards. Collaboration with the Management Board was characterised by responsible and purposeful action in all respect.

Between the meetings, the members of the Supervisory Board, and especially the Supervisory Board Chairman and the Chairs of the Executive Committee and the Audit Committee were also in regular contact both with each other and with the Management Board. These discussions focused above all on matters relating to the Company's strategy, planning, business development, risk situation, risk management, corporate governance, and compliance. Material insights arising as a result were reported to the other Supervisory Board members at the latest at the next meetings of the Supervisory Board plenum or its committees.

No interests of conflict arose within the Supervisory Board in the period under report.

Main focus of work in the Supervisory Board plenum

At its meeting on 17 March 2016, the Supervisory Board concerned itself with the proposal to the Annual General Meeting (AGM) regarding a change of the auditing firm, the budget and the current financials for 2016. The Supervisory Board passed a resolution to approve the date and agenda of the 2016 AGM. The statement of conformity to the German Corporate Governance Code as well as the deviations from the German Corporate Governance Code were discussed. The Supervisory Board passed a resolution to approve the statement of conformity.

At the meeting on 22 June 2016, the Supervisory Board concerned itself with the IT security audit, the data protection audit, the risk management update and the compliance update. The internal audit plan for 2016 was also discussed. Moreover, the Supervisory Board passed a resolution to approve an extraordinary repayment towards its existing bank loan.

At the meeting on 29 September 2016, the Supervisory Board resolved upon the date for the 2017 AGM. In addition, it discussed specific M&A projects as well as the financial outlook for both the current and the upcoming financial year. Individual aspects of the Scout24 Media segment were presented and subsequently discussed.

At the meeting on 1 December 2016, the Supervisory Board held extensive discussions together with the management regarding the financial situation of both Scout24 AG and the Group. In this context, the Supervisory Board discussed and resolved upon the budget for the financial year 2017. The business development of the segments Immobilien Scout GmbH and AutoScout24 GmbH in 2016 was also discussed in detail with the management.

Committees

To perform its tasks efficiently, the Supervisory Board has currently formed two committees, namely an Executive Committee, which also assumes the roles of a nomination committee and a remuneration committee, and an Audit Committee. These committees prepare the resolutions for the Supervisory Board as well as agenda items that are to be dealt with by the Board. Furthermore, the Supervisory Board has delegated certain defined powers, where legally permissible, to its committees. The Committee Chairs report to the Supervisory Board on the respective committee's work at the subsequent Supervisory Board meeting.

The Audit Committee is concerned in particular with the monitoring of the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system, the audit of the financial statements, and in the latter case particularly the independence of the auditor, the additional services provided by the auditor, the appointment of the auditor, the definition of key audit matters, and the fee agreement, as well as compliance.

Pursuant to the German Stock Corporation Act (Sections 107 (4), 100 (5) AktG), the Audit Committee must include at least one independent member who has expertise in the fields of financial reporting and auditing. The Audit Committee Chair, Dr. Liliana Solomon, meets these legal requirements and has additional expertise in the fields of financial planning and controlling. Moreover, Dr. Liliana Solomon also meets the criteria set out in Section 5.3.2 clauses 2 and 3 of the German Corporate Governance Code. Besides the Chair, the Audit Committee also includes Supervisory Board members Blake Kleinman, Robert D. Reid and Vincente Vento Bosch.

The Audit Committee held a total of two plenary meetings and one meeting by way of a telephone conference in 2016. All committee members were present at all such meetings. The main focus of consultations in the Audit Committee included:

- the proposal for the appropriation of profits
- the refinancing of existing bank loans
- internal audits
- the risk management and the compliance report

The Executive Committee prepares the meetings of the Supervisory Board and is also occupied with handling ongoing matters arising between the meetings. In particular it has to prepare the Supervisory Board resolutions in the fields of corporate governance and in connection with proposals for intended appointments or dismissals and - in its capacity as Remuneration Committee – for the compensation of Management Board members. In its capacity as Nomination Committee, the Executive Committee proposes potential candidates to the Supervisory Board for its election proposal to the shareholders' Annual General Meeting.

Stefan Goetz is the Chairman of the Executive Committee. Beside the Chair, the committee also included the following Supervisory Board members in the financial year 2016: Vincente Vento Bosch, Patrick Healy, and Alexander Graf Matuschka von Greiffenclau.

The Executive Committee held one meeting in the financial year 2016. Three Committee members were present at this meeting, with one member being excused. Main topics of consultations included:

- the IPO of Scout24 AG that took place six months prior to the meeting
- Management Board compensation

Corporate governance and statement of conformity

At its meeting on 17 March 2016, the Supervisory Board discussed in detail the Company's corporate governance. It also concerned itself with matters of compliance with the German Corporate Governance Code and approved the current statement of conformity. The full text of this statement has been published on the Investor Relations / Corporate Governance section of the Company's corporate website (www.scout24.com/en/PortalData/2/Resources/ir/Entsprechenserklaerung_DCGK_en_aktuell.pdf).

The Management and Supervisory Boards will comply with the principles of diversity in the German Corporate Governance Code when nominating candidates for corporate bodies and management functions in future. Both Boards attach great value to suitably qualified advice and monitoring of the Management Board by the Supervisory Board.

The Supervisory Board has set itself the target of including an appropriate number of women among its members. In its first meeting on 4 September 2015, the Supervisory Board resolved, among other matters, that the Supervisory Board should include at least one female member, with an implementation deadline on 30 June 2017. This reflects the current status. Also on 4 September 2015, the Supervisory Board has resolved upon a target for the proportion of women in the Management Board of Scout24 AG of 0 %, with an implementation deadline on 30 June 2017. This reflects the current status.

For the first management tier below the Management Board, the Management Board of Scout24 AG has resolved upon a target for the proportion of women of one fourth, with an implementation deadline at the end of 30 June 2017. The target for the first management tier reflects the current status. However, this does not rule out the possibility of a rising proportion of women on that level. For the second tier below the Management Board, the Management Board of Scout24 AG has resolved a target for the proportion of women of one fifth, with an implementation deadline at the end of 30 June 2017. The target for the second management tier represents an increase of the proportion of women, which is currently at 14 %. The implementation deadline makes full use of the legally permissible bounds for the first-time determination of an implementation deadline.

Most recently the Supervisory Board concerned itself with corporate governance at Scout24 Group on 23 March 2017.

Composition of the Management and Supervisory boards

There were no changes to the composition of the Management and Supervisory Boards of Scout24 AG in the 2016 financial year. Supervisory Board member Alexander Graf Matuschka von Greiffenclau resigned from his position with effect of 23 January 2017.

Audit of financial statements and annual financial statements

Pursuant to the resolution of the AGM on 23 June 2016, the Supervisory Board mandated KPMG AG Wirtschaftsprüfungsgesellschaft ("KPMG"), Berlin, with the audit of the annual financial statements and the consolidated financial statements of Scout24 AG for the financial year ending on 31 December 2016. KPMG audited the annual financial statements for the financial year from 1 January 2016 to 31 December 2016, prepared by the Management Board to the accounting principles of the German Commercial Code (HGB), and the management report of Scout24 AG, which is aggregated with the Group management report. KPMG AG issued an unqualified audit opinion. The consolidated financial statements of Scout24 AG for the financial year from 1 January 2016 to 31 December 2016 and the Group management report combined with the Company's management report, were prepared pursuant to § 315a of the German Commercial Code (HGB) in accordance with IFRS international accounting standards as adopted by the European Union. Unqualified audit opinions were also granted both for the consolidated financial statements and for the combined management report. Moreover, the auditor found that the Management Board had established an appropriate information and monitoring system whose design and handling were suitable to detect any risks to the Company's continued existence at an early stage.

The complete documentation of the financial statements and the audit reports were discussed in detail at the meetings of the Audit Committee on 22 March 2017 and the Supervisory Board on 23 March 2017. The auditors reported on the key findings of their audit. Furthermore, they informed the Board of their findings on internal control and risk management in respect of the financial reporting process and were available to answer additional questions and provide information. At the plenary meeting, the Audit Committee Chair reported extensively to the Supervisory Board on the audit of the annual and consolidated financial statements by the Audit Committee. Following in-depth inspection and discussion of the annual financial statements, the consolidated financial statements, and the combined management report, the Supervisory Board did not raise any reservations relating to the documents submitted. The Supervisory Board therefore followed the recommendation of the

Audit Committee and concurred with the findings of the audit by the auditors. By resolution dated 23 March 2017, the Supervisory Board then approved the annual financial statements and consolidated financial statements of Scout24 AG for the financial year 2016. The annual financial statements of Scout24 AG are thus adopted.

Management Board's report on relations with associated companies / Audit of the Dependency Report

The report on relations with associated companies in the financial year 2016 (dependency report) pursuant to Section 312 of the German Stock Corporation Act (AktG) that was prepared by the Management Board was submitted to the Supervisory Board in due time.

The external auditors audited the dependency report and issued the following audit opinion:

"On the basis of our proper audit and judgement we confirm that:

the factual statements of the report are correct,
the consideration paid by the company for the legal transactions stated in the report was not inappropriately high,
regarding the measures stated in the report, there are no circumstances that allow an essentially different assessment than that given by the management board."

The auditor submitted the audit report to the Supervisory Board. The dependency report and the related audit report were made available to the Supervisory Board in due time.

The Supervisory Board, for its part, examined the Management Board's dependency report and the auditor's audit report on the basis of respective supporting documents.

The auditor's report related to the dependency report was available to all members of the Supervisory Board in due time and was discussed with the attending auditors. On completion of its examination, the Supervisory Board does not have any objections to the report and the contained closing statement by the Management Board.

Acknowledgements

The Supervisory Board would like to thank the Management Board members and all Group employees for their dedication and the outstanding contribution they made in the financial year 2016. Their efforts enabled us to successfully implement the struc-tural changes at the Group and at the same time continue the Company's growth story.

Munich, March 2017

Scout24 AG
Supervisory Board

Stefan Goetz
Supervisory Board Chairman

Corporate governance

The Management and Supervisory Boards of Scout24 place great emphasis on responsible corporate management with a focus on long-term success, and are committed to the recommendations specified in the German Corporate Governance Code. The Corporate Governance Report, including the corporate governance declaration according to Section 289a of the German Commercial Code (HGB), is available on our corporate website (www.scout24.com) in the section Investor Relations/Corporate Governance.

www.scout24.com

Investor Relations

The shares of Scout24 AG, Munich, have been listed on the Frankfurt Stock Exchange (Prime Standard segment) since 1 October 2015. Scout24 AG has also been a constituent of Germany's SDAX equity selection index since 21 December 2015.

The Scout24 share

Basic data

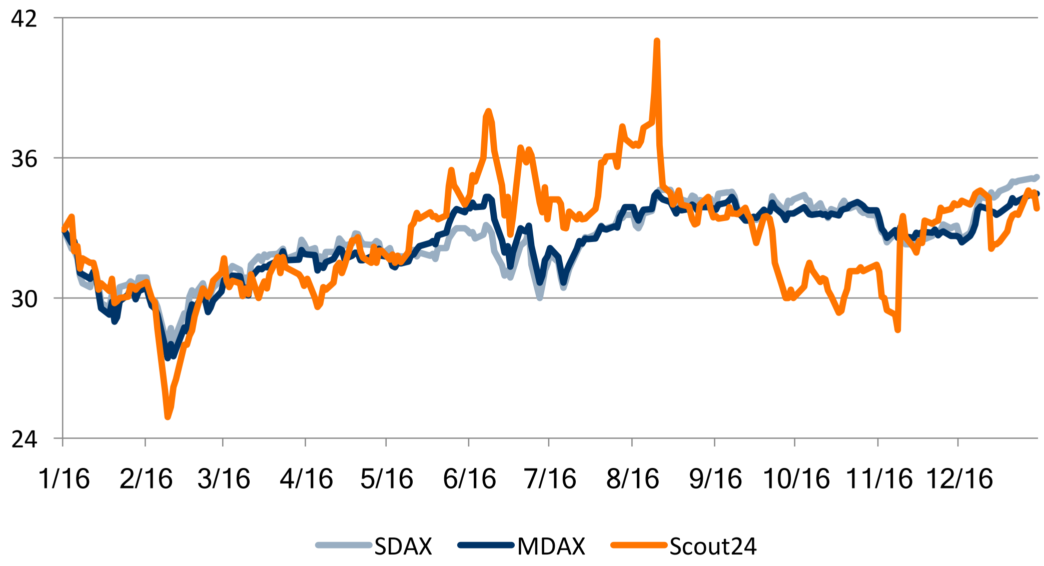
Type of shares	Registered shares (no-par value)
Stock exchange	Frankfurt Stock Exchange
Other trading platforms	XETRA, Berlin, Düsseldorf, Hamburg, Hannover, Munich, Stuttgart, Tradegate
Transparency level	Prime Standard
Shares issued	107,600,000
Subscribed share capital	EUR 107,600,000.00
ISIN	DE000A12DM80
WKN (German Securities Identification Number)	A12DM8
Ticker symbol	G24
Specialist	ODDO Seydler Bank AG
Designated Sponsors	Credit Suisse, Goldman Sachs
Paying agent	Deutsche Bank
Share price as of 30/12/2016	EUR 33.83
52-week high*	EUR 41.00
52-week low*	EUR 24.90
Market capitalisation as of 30/12/2016	EUR 3,639.57 million
Average daily trading volume (52 weeks until 30/12/2016)	37,807 shares/day

* in each case based on the closing price

Measured in terms of the leading German index DAX, the performance of the German equity market in 2016 was characterised by major uncertainties and high volatility. Continually recurring concerns about the world economy, the Brexit decision in Great Britain, the presidential elections in the USA and central banks' interest rate policies are just some of the topics that affected share prices over the course of the stock market year elapsed. The range of fluctuation of the DAX was correspondingly high, already reaching its low[1] for the year of 8,753 points on 11 February 2016, and closing the year on 30 December 2016 with a high[1] for the year of 11,481 points over 30 % above this level. This represents a gain of 6.9 % compared with the previous year's close.

The Scout24 share proved unable to withstand this general market environment. It reached its low[1] at EUR 24.90 on 9 February 2016 in the context of general market turbulence. Its high[1] was reached at EUR 41.00 on 10 August 2016, one day before the half-year results were published. Although the published results were in line with the Management Board's forecast, which was at the same time specified at the upper end of the previous range, the share proved unable to defend this high price level. Share placements by existing major shareholders in April, September and December 2016 also were a particular burden on the share price over the course of the year. At the same time, however, the increasing free float created higher liquidity in the stock and more dynamic share trading. The average daily trading volume of the Scout24 share rose continuously from quarter to quarter, and in the fourth quarter of 2016 was more than three times as high as during the first quarter of 2016. This is also of significance given the aspired inclusion in the MDAX index. The Scout24 share closed at the year-end at a price of EUR 33.83. Based on the previous year's close of EUR 32.93, the share registered a slight appreciation of 2.7 percent in 2016. Thanks to a strong year-end development, the SDAX and MDAX indices – which are important to Scout24 for comparative purposes – performed slightly better, achieving increases of 4.6 and 6.8 percent respectively.

Share price of Scout24 (indexed)



[1] all share prices based on closing prices

Investor relations activities

Along with quarterly statements for the first and third quarters as well as the half-year financial report, Scout24 informed investors, analyst and other interested capital market participants in 13 press and eleven IR releases, as well as conference calls and one-on-one meetings about the Company's further development. As part of international roadshows (totalling 14 days) in April and September 2016, Company representatives met with investors in San Francisco, New York, London, Edinburgh, Frankfurt and Zürich. Scout24 also participated at ten relevant conferences in 2016, including the Deutsches EIgenkapitalforum (German Equity Forum) in Frankfurt. The following tables present more details about roadshows and participation at conferences. In organisational terms, the investor relations department was expanded through appointing an additional specialist staff member to meet growing investor interest. The central objective of investor relations work at Scout24 is the transparent presentation of business development as well as cultivating open and continuous dialogue with capital market participants, both in individual discussions and meetings as well as in the context of roadshows and conferences.

Roadshows

Date	**Location**
18 March 2016	London
4 - 12 April 2016	San Francisco, New York, London, Edinburgh, Frankfurt
5 - 9 September 2016	Frankfurt, London, New York
14 September 2016	Zürich

Conferences

Date	**Conference**
22 March 2016	European Internet & Fintech Conference 2016 (Bank of America Merrill Lynch)
18 April 2016	European Internet Stars (BHF Bank, Frankfurt)
17 May 2016	Internet, E-commerce & Digital Media Conference 2016 (Citibank, London)
18 May 2016	UBS Pan European Small and Mid-Cap Conference (London)
9/10 June 2016	dbAccess German, Swiss & Austrian Conference (Berlin)
30 June 2016	Barclays European Internet Day (London)
20 September 2016	Berenberg and Goldman Sachs German Corporate Conference (Munich)
16/17 November 2016	Morgan Stanley European TMT Conference (Barcelona)
21/22 November 2016	Deutsches Eigenkapitalforum / German Equity Capital Forum (Frankfurt)
8 December 2016	Münchner Anlegerforum / Munich Investor Forum (Munich)

www.scout24.com

Information about business trends, the share, annual and interim reports, IR releases, company presentations and details about roadshows, participation at conferences and the financial calendar are available on the investor relations section of the Company's website at www.scout24.com.

Analyst coverage

In addition to relevant corporate information, investors can also access estimates and recommendations by various independent analysts. The following analysts cover Scout24 currently:

Broker	**Analyst**
Bankhaus Lampe	Christoph Bast
Barclays	Andrew Ross
Commerzbank	Sonia Rabussier
Credit Suisse	Joseph Barnet-Lamb
Goldman Sachs	Lisa Yang
J.P. Morgan	Marcus Diebel
Jefferies	David Reynolds
Macquarie	Bob Liao
Morgan Stanley	Andrea Ferraz
ODDO Seydler (formerly BHF Bank)	Alexander Rummler
UBS	Richard Eary

Annual General Meeting

A major event of for investor relations in the 2016 financial year was the first public Annual General Meeting of Scout24 AG, which was held on 23 June 2016 in Berlin. A total of more than 82 % of the total 107,600,000 shares comprising the share capital of Scout24 AG were represented there. All AGM resolutions were accepted by participating shareholders with approval ratios of up to 99.99 %. The detailed voting results are available on the website of Scout24 AG at www.scout24.com/General-meeting. Approvals especially included the application of the unappropriated profit of Scout24 AG for the 2015 financial year, the discharge of the Management Board members for the 2015 financial year, the discharge of the Supervisory Board members for the 2015 financial year, the appointment of the independent auditor for the Group and the parent entity for the 2016 financial year, and the approval of the compensation scheme for the Management Board members.

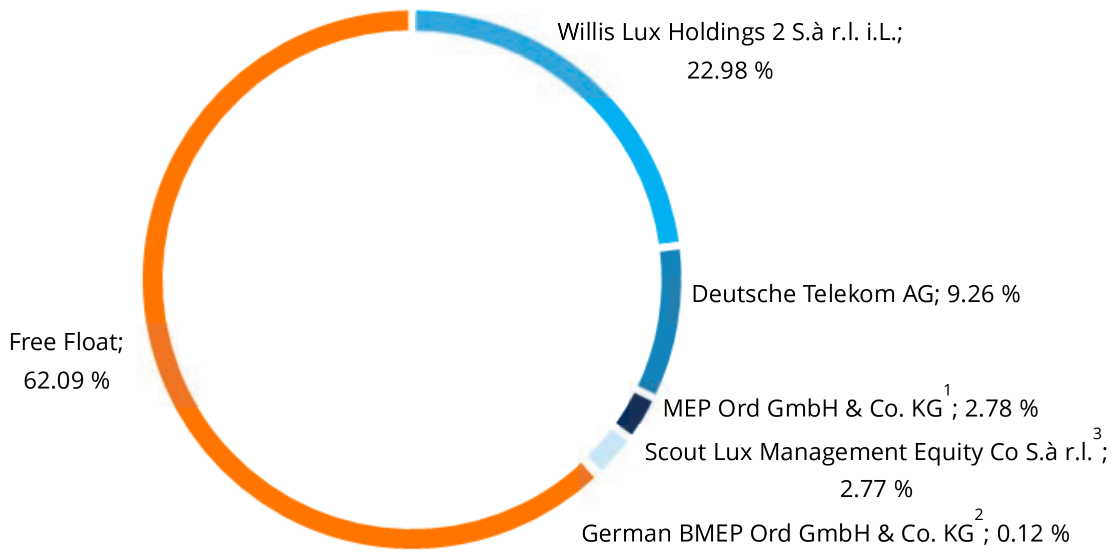
Shareholder structure

Following the end of the agreed lock-up periods, the existing major shareholders of Scout24 AG placed large lines of stock as part of several placing transactions in 2016. Overall, the free float increased by almost 32.7 million shares in this context. The free float share has almost doubled from 31.74 % to 62.09 %.

The shareholder structure of Scout24 as of 31 December 2016 was as follows:

Shareholder	Number of shares	in %
Willis Lux Holdings 2 S.à r.l. in liquidation	24,723,517	22.98 %
Deutsche Telekom AG	9,968,954	9.26 %
MEP Ord GmbH & Co. KG	2,988,938	2.78 %
German BMEP Ord GmbH & Co. KG	125,930	0.12 %
Scout Lux Management Equity Co S.à r.l.	2,982,787	2.77 %
Scout24 AG*	13,400	0.01 %
Free float	66,796,472	62.08 %
Total	**107,600,000**	**100.00 %**

*Scout24 has set up virtual stock option programs for Scout Group employees, whereby beneficiaries selected by the Company's Management Board are able to purchase virtual stock options during certain periods. In accordance with the contractual arrangements, the Company has the option to settle the share-based payment in cash or in shares. This virtual stock option program does not result in any dilution effects if the Company will purchase the requisite shares on the market. As a consequence, it can sometimes occur that the Company holds own shares (treasury shares) for a short period. As a matter of principle, the Company has the option to create new shares, thereby generating arithmetic dilution effects arising from potential shares in connection with share-based payments.

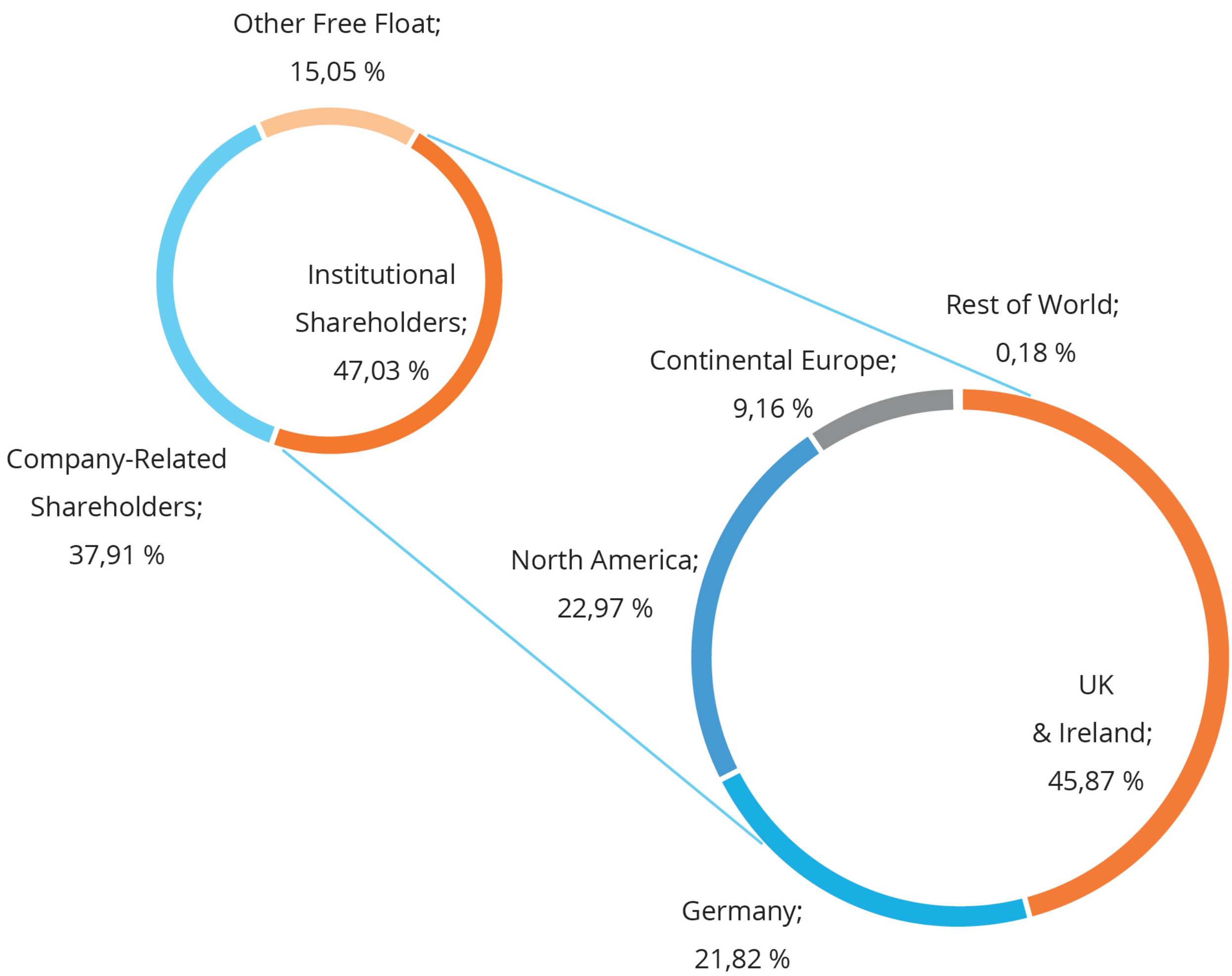


[1] Investment vehicle for certain present and former Group managers (limited partners)

[2] Investment vehicle for certain members of the Supervisory Board of Scout24 AG (limited partners)

[3] Indirectly held by Willis Lux Holdings 2 S.à r.l. in liquidation (70 %) and Deutsche Telekom (30 %); also limited partner of German BMEP Ord GmbH & Co. KG

Free float of 62.09 % is essentially held by institutional shareholders (47.03 %). Institutional shareholders from UK and Ireland account with 45.87 % the biggest share, followed by institutional shareholders from North America (22.97 %) and Germany (21.82 %).



Combined management report of Scout24 Group and Scout24 AG

Fundamentals of the Group

Business model and business lines

The Scout24 Group (referred to as "Scout24" or the "Group") is a leading operator of digital marketplaces specialising in the real estate and automotive sectors in Germany and other selected European countries. Finding a new home or buying a new car represent two of the most important decisions in people's lives. We support our users in helping them make the best decisions. To that end, we seek to maintain liquidity in terms of both audience and content on our marketplaces.

Scout24 provides consumers with an extensive range of listings, as well as value-added information and services to help them search, research and make informed decisions. Consumers can search the listings for free via various channels such as desktop, enhanced mobile applications ("apps"), or our fully responsive mobile website. Consumers also benefit from specific, paid products and services. At the same time, we offer professional and private listers effective tools to present their real estate and automotive listings and to reach a large, relevant and engaged audience by providing targeted advertising and lead generation solutions in a cost-effective manner. Here we offer specially customised and cost-effective solutions for marketing and lead generation.

Our platforms' products and services are designed to meet the needs of the respective target groups, whether they are searching for or listing real estate and automotive vehicles, or advertising on our platforms. As a consequence, we generate revenues from the listing of classifieds as well as from non-listing revenues generated through the sale of additional tools for real estate agents, advertising, lead generation and value chain products. In terms of listing products, we offer three different models to our business customers: a membership model, a listing package model, and a pay-per-listing model ("pay-per-ad model").

We operate our business primarily through two well-known and popular brands, ImmobilienScout24 ("IS24") and AutoScout24 ("AS24"), which also represent our main operating segments.

ImmobilienScout24

IS24 is a digital marketplace offering both real estate professionals and private listers (homeowners and tenants seeking successor tenants) the opportunity to place – on a paid basis – real estate classifieds in order to reach potential buyers and tenants.
IS24 also provides real estate professionals with additional services to acquire and manage customers. Customers subscribing for a membership with IS24 can boost their listings' effectiveness with supplementary products to add on individually. Vendors can book visibility products to give their products a more prominent placing in search results, for example. Supplementary products can also be added in the pay-per-ad model.
Inquiries and searches by users – meaning aspiring buyers or tenants – translate) into traffic, which drives the lead generation for both professional and private listers. IS24 offers its users additional assistance through valuations, credit checks, relocation services, mortgage financing and insurance services.

IS24 is the leading digital real estate classifieds platform in Germany in terms of number of real estate listings and customers[2] as well as consumer traffic and engagement.[3] IS24 is the first choice among digital real estate classifieds platforms for 50 % of consumers.[4] IS24 also ranks first in the brand index published by German business periodical WirtschaftsWoche, measured in terms of quality, value for money, satisfaction and overall impression of the brand.[5] The ImmobilienScout24.de portal is the first choice among search channels for 79 % of owners seeking an agent online.[6]
In Austria, we also operate a leading vertical real estate marketplace with our portals ImmobilienScout24.at and Immobilen.net.[7] The Immodirekt.at portal has also formed part of the Scout24 Group in Austria since 2016.

AutoScout24

AS24 offers listing platforms for used and new cars, motorcycles and commercial vehicles to dealers and private sellers. It also offers complementary services, such as the display of advertising for automotive original equipment manufacturers (“OEMs”).

AS24 is a European automotive classifieds leader (management estimate based on listings and unique monthly visitors) with leading market positions in Italy, Belgium (including Luxembourg), the Netherlands and Austria, as well as second position in Germany, all based on listings.[8] AS24 also operates in Spain and France and offers local language versions of the marketplace in ten additional countries. Moreover, at

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[2] Management assessment
[3] Based on visitor numbers (Unique Monthly Visitors, "UMV") and user activity, comScore December 2016 (desktop PC for visitor numbers, desktop PC and mobile devices regarding user activity)
[4] GfK Brand & Communication Research, January 2017
[5] WirtschaftsWoche BrandIndex, May 2016
[6] Mindline energy, February 2016
[7] Management estimate based on the number of real estate listings compare to other real estate listings portals (excluding general classifieds portals comprising very different product categories).
[8] Autobiz, December 2016

AutoScout24.com, AS24 offers an English-language version that also enables cross-border searches.
The aided brand awareness of AS24 among Internet users considering a car purchase stands at 94 % in Germany, 64 % in Italy, 78 % in Austria and 72 % in the Netherlands, in each case in the relevant target group.[9]

Corporate

Corporate is another division of Scout24 that supports the operating segments IS24 and AS24. It includes management services (finance, legal, human resources, facility management, IT, corporate development and strategy, risk and compliance management and other related functions) provided to the Group companies. The core operations of Scout24 are comprised of its two operating segments, and Corporate.

Non-core operations

Excluded from core operations is the "Other" segment, which includes mainly FinanceScout24 ("FS24").

Organisation and corporate structure

Management and control

Scout24 AG, which is based in Munich, Germany, manages the Scout24 Group. Scout24 AG is managed as a management holding company. As of the balance sheet date, Scout24 AG holds indirect interests in 17 operating subsidiaries, which are fully consolidated in the consolidated financial statements, as well as in two companies accounted for using the equity method, and one minority interest.

Additional disclosures for Scout24 AG ↘page 96

The Management Board of Scout24 AG is comprised of two members. The Management Board is responsible for the Group's strategy and management. Greg Ellis is responsible as CEO for the operational functions of sales, marketing, IT for IS24 and AS24, human resources, corporate communications, corporate development and strategy, business development as well as mergers and acquisitions. Christian Gisy, as the CFO, is responsible for the functions of finance, controlling, investor relations, treasury, legal and compliance, risk management and internal control system as well as procurement. The Supervisory Board consisted of a total of nine members during the 2016 financial year. The Supervisory Board comprises representatives of strategic investors of Scout24 AG as well as independent industry experts. It consults with the Management Board and supervises its management of the Company. The Supervisory Board is involved in all decisions of fundamental importance to the Company. In particular, it reviews and approves the annual financial statements and the management reports, and reports to the AGM on the results of this assessment.

9 Norstat, December 2016

Compensation Report
↘page 183

The remuneration of the Management and Supervisory Boards as well as the incentive and bonus systems are described in the compensation report of the notes to the consolidated financial statements (as part of Section 5.7) respectively in the notes to the annual financial statements.

Takeover-relevant information pursuant to Sections 289 (4), 315 (4) of the German Commercial Code (HGB), as well as additional disclosures to the individual financial statements of Scout24 AG are provided as integral parts of the combined management report in the respective Sections.

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The Management and Supervisory Boards of Scout24 place great emphasis on responsible corporate management with a focus on long-term success, and are committed to the recommendations of the German Corporate Governance Code. The Corporate Governance Report, including the corporate governance declaration pursuant to Sections 289a, 315 (5) of the German Commercial Code (HGB), is available on our corporate website (www.scout24.com) in the section Investor Relations/Corporate Governance.

Group structure

In the reporting period, the following changes to the organisational Group structure occurred:

On 1 February 2016, AutoScout24 Nederland B.V., Amsterdam, acquired a 100 % equity interest in European AutoTrader B.V., Hoofddorp (hereinafter also referred to as "AutoTrader.nl").

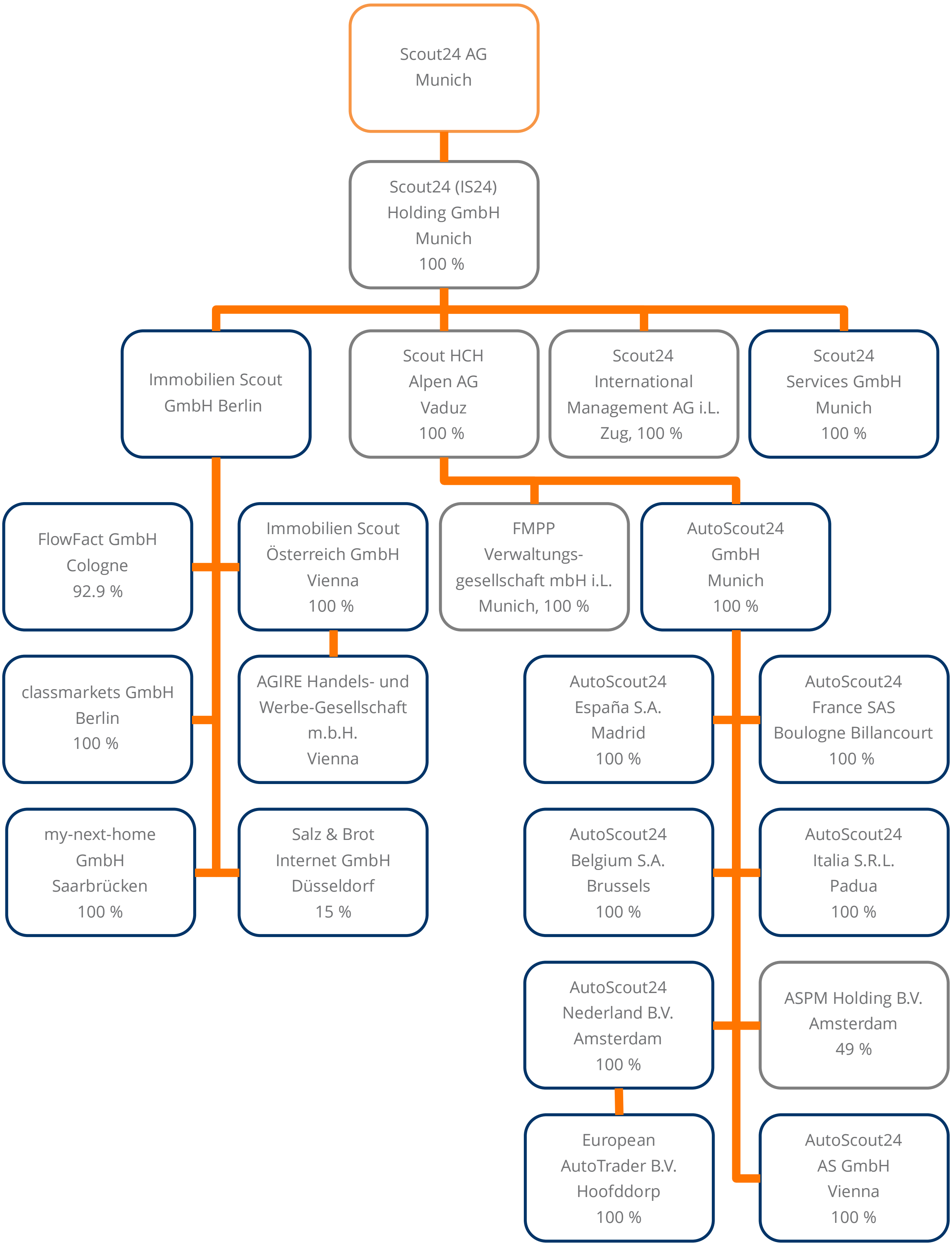
On 1 June 2016, Immobilien Scout Österreich GmbH, Vienna, acquired a 100 % interest in AGIRE Handels-und Werbe- Gesellschaft m.b.H., Vienna (also referred to below as "Agire"). Also on 1 June, Immobilien Scout GmbH, Berlin, acquired 100 % of the shares in my-next-home GmbH, Saarbrücken (hereinafter also referred to as "my-next-home").

On 6 December 2016 Immobilien Scout GmbH, Berlin, sold its entire equity interest in Stuffle GmbH, Berlin.

To streamline the Group structure, easyautosale GmbH, Munich, was merged with AutoScout24 GmbH, Munich, on 11 August 2016. The merger was realised at carrying amounts.

Also in 2016, Scout24 HCH Alpen AG relocated its corporate seat from Zug, Switzerland, to Vaduz, Liechtenstein.

The following presentation provides (in simplified form) an overview of the direct and indirect investments of the Scout24 AG as of 31 December 2016:



Strategy

Our classifieds revenues are not directly dependent on the number of completed housing transactions or car sales, but on the amount and duration of customers' listings and thus, in particular, the online marketing spend of real estate professionals and car dealers. To remain attractive for listing customers, it is vital for Scout24 to maintain its leading positions in terms of both traffic and engagement. A high volume of listings and a large number of users are mutually reinforcing as providers and users tend to prefer the marketplace that offers the most liquidity, and is consequently the most efficient. Accordingly, we will continuously strive to introduce new features and functionalities to our websites to offer the best user experience. We plan to optimise the value proposition and use of our classifieds portals for customers through attractive pricing models and additional services. For example, we offer our customers the possibility to improve the effectiveness of their listings with the help of additional visibility products, and assist them in managing their image with our marketing products for professional vendors. Being a leader in user traffic and engagement, we are well-positioned to benefit from the revenue and growth potentials in the large adjacent market segments outside our core classifieds business, be it the value chain for the entire property purchase or rental process, or for the automotive market. By expanding services along the value chain, we are consistently aligning with our users' needs, as well as following our strategy of developing ourselves from a pure classifieds portal in the direction of a market network. Our focus is on sustainable and profitable growth as well as on a sustainable growth of our company value.

In this context, our future M&A strategy will focus on smaller bolt-on acquisitions along the value chain, strengthening our market position or enabling us to further tap into adjacent revenue pools, or expand our technological capabilities.

We are continuing to pursue our "OneScout24" approach, which streamlines the operations of IS24 and AS24 to more efficiently provide our users with a high-quality experience, leverage synergies and economies of scale, and promote best practice transfer across the Group. OneScout24 recognises that the IS24 and AS24 digital marketplaces (a) broadly follow the same business model fundamentals, (b) share a significant relevant portion of their user base, as quite often real estate and automotive purchasing decisions are triggered by the same changes in people's lives, and (c) allow for the generation of tangible operational synergies, such as consumer-centric product development, innovation-driven IT, efficient brand marketing, high-performing sales operations, and unique data opportunities that lead to enhanced efficiency.

Based on our focus on sustainable and profitable growth, we are pursuing a corresponding dividend policy, which allows us to finance further growth and to further reduce our leverage ratio (ratio of net debt to ordinary operating EBITDA for the last 12 months). The target for the leverage ratio stands at 2.50:1. We expect to reach this target by mid of 2017. Taking this and the significant reduction in interest margin achieved as part of the refinancing by end of 2016 into account, we propose a dividend of EUR 0.30 per share entitled to dividend to the Supervisory Board for the year 2016. This corresponds to a pay-out of EUR 32.28 million. In relation to the share price at December 30, 2016, this represents a dividend yield of 0.9 %.

Control system

In line with our strategy, we have designed our internal management system and defined appropriate performance indicators. We differentiate between financial and non-financial performance indicators in measuring our success in implementing our strategy.

Our detailed monthly reporting, which contains a consolidated income statement, a consolidated balance sheet, a cash flow statement and the monthly results of our core businesses, represents an important element of our internal management system. Furthermore, at our bi-weekly Executive Leadership Team (ELT) meetings, current business performance and forecasts of financial and non-financial performance indicators for the following weeks are discussed. Based on these reports, we perform budget/actual comparisons, and in the event of variations we implement further analyses or appropriate corrective measures.

These reports are supplemented by regular long-term forecasts of business performance and an annual budget process.

Both the current results of operations and the forecasts are presented to our Supervisory Board at quarterly meetings.

Performance indicators

Given our focus on sustainable and profitable growth, as well as sustainably growing our company value, our most important performance indicators at both Group and segment level are revenues and ordinary operating EBITDA margin[10].

These indicators are supplemented by capital expenditures in property, plant and equipment and intangible assets ("capex") as well as further segment-specific auxiliary indicators ("auxiliary indicators").

In line with our strategy, the financial success of our portals is determined essentially by the number of listings, as well as user traffic and engagement. The most important auxiliary indicators at segment level are consequently the number of listings, particularly compared to our competitors, as well as user traffic and engagement

[10] Ordinary operating EBITDA is defined as earnings before interest, tax, depreciation and amortisation (EBITDA) and the gain/loss on the disposal of subsidiaries, adjusted to reflect non-operating effects and special effects. The ordinary operating EBITDA margin reflects the ratio of ordinary operating EBITDA to revenues.

data. In addition, we examine the revenues of main customer groups and related performance indicators, such as numbers of customers and the average revenue per customer ("ARPU").

ImmobilienScout24

- The **number of listings** shows the inventory of all real estate listings on the respective website as of a certain record date (as a general rule end of month).
- **UMV (unique monthly visitors)** refers to the monthly unique visitors visiting the website via desktop PC or visiting the website via desktop PC, mobile devices or apps (multi-platform), as the case may be, regardless of how often they visit during the relevant month and (for multi-platform metrics) regardless of how many platforms (desktop and mobile) they use.[11]
- **Revenues from core agents** refer to revenues derived from IS24 core agents' purchases of memberships under the membership model, including all services provided under these new contracts. Revenues from core agents also include purchases of listing services under the listing package-based pricing model and all other services provided under these contracts for those core agents not yet transitioned to the membership model.
- **Revenues from other agents** refer to revenues derived from real estate professionals who are not core agents, and include IS24 promotions, the IS24 commercial real estate marketplace, pay-per-ad revenues, revenues from FlowFact (our customer relationship management software for real estate professionals) and non-listing revenues. Revenues from our portals in Austria are also reported here.
- **Other revenues** consist of revenues derived from private listings or services along the real estate selling or rental process including credit checks and valuation services, lead generation revenues derived from services offered for relocation, financing and mortgages, revenues from listing sales not directly related to real estate and other sundry revenues.
- **Core agents** are defined as real estate professionals in Germany who have a package or bundle contract with IS24.The number of core agents is defined as the number of real estate professionals as of the period-end that have either a membership or package contract at the period-end.
- **Core agent ARPU** in Euro per respective period is calculated by dividing the revenues generated by our core agents in the respective period by the average number of core agents (calculated from the base of core agents at the beginning and end of the period), and further dividing by the number of months in the period.

[11] Data source: comScore

- **Number of listings** of a country represents the total number of new and used cars and vans on a certain record date (as a rule by mid-month) on the respective website.[12]
- **UMV (unique monthly visitors)** refers to the monthly unique visitors visiting the website via desktop PC or visiting the website via desktop PC, mobile devices or apps (multiplatform), as the case may be, regardless of how often they visit during the relevant month and (for multiplatform metrics) regardless of how many platforms (desktop and mobile) they use. The UMV for Benelux/Italy represent the aggregate of the UMVs for Belgium, the Netherlands, Luxembourg and Italy.[13]
- **Revenues from core dealers** refer to revenues derived from purchases by AS24 core dealers in Germany or in Belgium (including Luxembourg), the Netherlands and Italy ("Benelux/Italy") of listing services under the listing package-based model and all other related products purchased by such dealers.
- **Revenues from other dealers** refer to revenues from AS24 commercial vehicle market dealers, dealers from Spain, Austria and France, revenues generated through our garage portal, and from other services for dealers such as platform interfaces. Revenues from the "Express Sale" product are also included.
- **Other revenues** consist of revenues derived from AS24 private listings and advertising sales (primarily from OEMs).
- The **number of core dealers** is defined as the total number of professional car and motorcycle dealers in Germany or Benelux/Italy that have either a package or bundle contract to advertise their car or motorcycle listings on AS24 market websites as at period end.
- **Core dealer ARPU** in Euro per respective period is calculated by dividing the revenues generated by our core dealers in the respective period by the average number of core dealers (calculated from the base of core agents at the beginning and end of the period), and further dividing by the number of months in the period.

[12] Data source: autobiz
[13] Data source: comScore

Research and development

Based on the OneScout24 approach our product development is decentralised and set up in the IS24 and AS24 segments respectively, but operates in line with identical principles. The project we launched in the 2015 financial year regarding the technical alignment of the two IS24 and AS24 platforms as part of migrating to a Cloud-based data system was advanced further in the 2016 financial year.

We follow an approach of agile iterations in product development with a process of continuous improvement. This is supported by automated testing and delivery processes which enable developed products, extensions or bug fixes be made available at low risk and manual effort. Interdisciplinary teams focusing on the needs of different customer groups and users enable greater freedoms, initiative and responsibility in product development.

Having grown large as a classic desktop Internet company, nowadays almost 70 percent of the total IS24 and AS24 traffic in Germany comes through mobile channels as a result of a stringent mobile-first strategy.[14] The mobile individual increasingly searches for property and cars while on the move. Smartphones and tablets are replacing home desktop PCs to an ever greater extent. To support and improve the user experience on all relevant digital devices, the focus of product development lies on native apps for smartphones, and responsive designs for all other devices.

We strive to permanently design new products that cater to the needs of our private and professional customers. For example, vendors are supported during the process of inserting a listing and in presentation of their object by the best possible product and services. We would like to structure communication between vendors and consumers so it is more direct and more personal. In the 2016 financial year, developments by IS24 included an in-app messaging-service that allows contact between agents and property seekers in a short and direct way. A similar function is also planned for AS24 allowing users to contact dealers via text messages in real time. According to the DAT report, 21 % of car buyers bought a new car instead of a used car in 2016 due to Internet offers.[15] To address this target group better, AS24 developments include a new product that seamlessly integrates a new car site into search results. The products developed undergo regular in-house user tests in UX ("User Experience") research labs, so this experience also flows into product optimisation.

The total expenditure for product development, in other words, for internal operating IT functions and purchased services, amounted to EUR 28.7 million in 2016 (2015: EUR 24.1 million), of which a total of EUR 16.0 million or 55.7 % (2015: EUR 14.7 million or 61.0 %) was capitalised on the basis of existing accounting regulations. The year-on-year change in development costs is mainly due increased personnel ex-

[14] Management estimates, based on the sum of IS24 and AS24 platform visitors (not reduplicated) via mobile devices, mobile optimised websites and apps in relation to the sum of total visitors monitored by the Company's own Traffic Monitor (Google Analytics), December 2016

[15] DAT, DAT Report 2017

penses and capitalising additional projects in 2016, especially in the IS24 segment. Research costs exist only to an immaterial extent, and are reported in the income statement.

Corporate social responsibility

Social responsibility at Scout24 is a corporate culture that is lived and practised. We will publish our first publication on corporate social responsibility during the first half of 2017. In our Scout24 CSR Report, we will provide information about our current campaigns, important indicators on the topic of corporate governance, compliance, diversity, ecology and social responsibility, as well as an outlook on future measures relating to sustainability.

Below we give a key overview of our perception on corporate social responsibility: Finding a new home or buying a new car represent two of the most important decisions in people's lives. We accompany our users in helping them make the best decisions.

At the same time, it is our ambition to use our digital and technological competencies in the best way possible to provide state-of-the-art online marketplaces. This is the key to our sustainable success.

Such success is substantially determined by our performance and our values. We have documented our values in our Code of Conduct. This shows we act as a responsible employer and business partner and are committed participants in a sustainable community. Our code of conduct is available on our website under Investor Relations/Corporate Governance/Code of Conduct.

We are committed to our customers and users
For us, our customers and users are always our first priority. We support them in a long-term partnership. We know the business environment in which our customers operate, and offer them solutions tailored to their needs.

We treat data absolutely confidentially and communicate professionally
We protect the data of our customers, business partners and employees by treating such data responsibly, and by using it only in accordance with statutory regulations.

We value our employees' diversity and commitment, and do not tolerate any form of discrimination
We promote a motivational and respectful working environment where our employees can realise their entire potential. We aim to attract, support and retain highly qualified and committed employees at Scout24. We are convinced we are enriched by our colleagues' diversity as well as their differing points of view and skills. We guarantee a safe work environment and comply with local applicable laws and regulations regarding workplace health and safety as well as all laws regarding equal

opportunities and equal professional development for all employees. We do not tolerate any form of discrimination, harassment, and threatening or hostile or abusive behaviour in our workplaces. Similarly, we do not tolerate false or malicious statements or actions, which could harm our customers, employees, and shareholders of the Scout24 Group or the community. It is our aim, and we have the necessary procedures, to resolve any problems respectfully, confidentially and quickly.

In all our business activities we remain constantly aware of the significance of social responsibility

In all our business activities we also act as a "Corporate Citizen", and are committed at all our sites to building strong local communities. We regard social responsibility as an integral part of our actions, and as an investment in the community, and consequently also as an investment in our own future. The Scout24 Group's social commitment focuses on strengthening the community by employee support in social projects ("Corporate Volunteering"), free knowledge transfer ("pro bono") and wide-ranging cooperation ventures with fixed social partners at the Company's sites.

Exchange drives innovation ↘page 20

Our IT and product know-how in finding creative and inspiring solutions for social issues serves as the most important instrument to structure our engagement and commitment. For example, users can make targeted searches for handicapped-accessible properties on our IS24 platform, for example.

Report on economic position

Macroeconomic and sector-specific environment

Economic conditions

Scout24 is active in the real estate sector in Germany and Austria as well as in the automotive sector in Germany, Italy, Belgium (including Luxembourg), the Netherlands, Spain, France and Austria, consequently within the Eurozone. Germany remains the main market of Scout24, with 83 % of revenues generated in Germany in the 2016 financial year. The economic situation in Germany in 2016 was marked by stable and continuous economic growth registering 1.9 % year-on-year GDP expansion.[16] Moderate growth of 1.8 % is also expected for 2017.[17] This trend in the Eurozone is expected to be similar, according to the "Eurozone Economic Outlook" published by an association of three leading European economic research institutes.[18]

Given a stable economic trend, our business model is nevertheless mainly supported by the economic conditions for online marketplaces. Internet penetration in Germany has increased rapidly over the past decade. The development, in parallel, of a diverse array of digital media and e-commerce websites and mobile apps has promoted the use of the Internet as a fixed element of German consumers' lifestyles. In total, 87 % of the population in Germany used the Internet in the first quarter 2016 (2015: 85 %). A total of 73 % of the users went online via mobiles, an increase of 3 percentage points year-on-year. A total of 89 % used the Internet in searching for information on goods and services.[19] According to a study by AS24, 7 out of 10 individuals interested in new or used cars search online for information before visiting a car dealer.[20] In Europe, 85 % of private households had Internet access in 2016, an increase of 2 percentage points compared to the previous year.[21]

This trend is increasingly influencing the allocation of marketing budgets. In Germany, the share of total advertising expenditures allocated by marketers to newspapers declined from 37.8 % in 2006 to 23.5 % in 2016 and is expected to reduce further to 20.2 % in 2019. By contrast, the share of online has increased from 8.3 % of total advertising expenditures in 2006 to 31.6 % in 2016. In 2016, online advertising expenditure was already 38.1 % higher than TV marketing budgets. Online advertising expenditure is expected to continue to increase its share and reach 36.6 % in 2019.[22] Car dealers are also investing a significant proportion of their advertising budgets in online advertising: a total of 48.4 % of total advertising expenditure was deployed in online advertising in 2016 (2015: 54.2 %). The year-on-year reduction in the online share is mainly attributable to independent dealers, who advertised to a greater

[16] German Federal Statistical Office, initial annual results of 12 January 2017
[17] Deutsche Bundesbank, Outlook for the German economy, December 2016
[18] Eurozone Economic Outlook of 11 January 2017
[19] Federal Statistical Office, Private households in the information society – Use of Information and communication technology, survey 2015 und 2016
[20] puls market research, November 2016
[21] Eurostat, Internet penetration – households, retrieval on 22 January 2016
[22] ZenithOptimedia, Advertising Expenditure Forecasts, December 2016

extent offline through listings and flyers last year. Overall, the online share has risen very significantly over the past five years from 28.5 % in 2011 to 48.4 % in 2016. A total of 34 % of dealers anticipate a further increase in the online share next year.[23]

We are well-positioned to benefit from this trend with our leading market positions, both in comparison to pure online category portals as well as general classifieds portals. IS24 is the market-leading real estate listings portal in Germany[24], and AS24 is a leading digital car marketplace in Europe, with leading positions in Italy, Belgium (including Luxembourg), the Netherlands and Austria, and ranking second in the market in Germany[25].

German residential property market trends

The German property market comprises residential and commercial properties. IS24 addresses both segments, but generates most of its revenue from the residential property market and from sales transactions.

A total of 602,700 sale transactions were realised in the residential property market in 2015 (excluding residential building land). This figure is anticipated to grow by 3.6 % to around 624,800 sale transactions in 2016, according to the most recent forecast from GEWOS on 13 September 2016. Based on a further increase in demand for properties – including due to a high level of immigration into Germany – as well as continued favourable financing conditions and stable economic growth, GEWOS anticipates transaction volumes in the residential real estate market[26] growing by around 9.7 % in 2016 compared with 2015. The positive trend in the German property market will also continue in 2017, according to the forecast by GEWOS.[27]

The real estate agency market in Germany is highly fragmented. According to evaluations by Scout24, the market is consolidating, as a consequence of which the number of agents active in the market continued to fall in 2016 by around 8 %, despite higher transaction volumes. This is partly attributable to the so-called "Bestellerprinzip" (defined in the German Rental Law Amendment Act [MietNovG]), which was newly introduced in June 2015, as well as to the professionalization trend in line with real estate markets that are already further developed.

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[23] puls market research, November 2016
[24] Based on number of real estate listings (management estimate) and visitor numbers (Unique Monthly Visitors, "UMV") and user activity, comScore December 2016 (desktop PC for visitor numbers, desktop PC and mobile devices regarding user activity)
[25] Based on the number of car listings (Autobiz, December 2016)
[26] Excluding residential building land
[27] GEWOS 2016

European automotive market trends

AS24 generated its revenues in Germany and selected European countries (Belgium including Luxembourg, the Netherlands, Italy, Spain, France, Austria) as well as mainly in the area of used car transactions.

Germany is the largest automotive market in Europe with a total number of 45.1 million registered passenger cars in 2015 [28] and total sales of around EUR 169.5 billion from new and used cars transactions.[29] Approximately 7.4 million used cars changed owners in 2016, which is approximately 1 % more than in 2015, according to the German Federal Office for Motor Transport (KBA). A total of approximately 3.35 million new cars have been registered in 2016, an increase of 4.5 % compared to 2015.[30] For 2017, the German Federation for Motor Trades and Repairs (ZDK) expects a slight reduction to around 3.2 million new car registrations. As far as the used car market is concerned, for 2017 the ZDK forecasts a similar trend to 2016, expecting 7.3 to 7.4 million ownership changes.[31] In addition, 75 % of vehicle dealers anticipate a successful first half of 2017, at least at a comparatively high level to 2016, according to a Scout24 survey. Brand-tied dealers are particularly optimistic in this context.[32]

Italy is another big automotive market in Europe with around 37.4 million registered cars.[33] The number of cars sold in Italy fell in the period after the economic crisis. For 2016, Italy's transport ministry reports 15.8 % year-on-year growth to around 1.8 million vehicle registrations (2015: 1.5 million vehicle registrations).[34] The Italian automotive market continues to languish 28.0 % below its pre-crisis level (2007: 2.5 million vehicle registrations), but is showing signs of recovery. For 2017, the Italian research institute for the automotive market, Centro Studi Promotor, expects further growth of around 12.8 % in 2017 to 2.0 million vehicle registrations. [35] Given this, the average number of online car classifieds listings in December 2016 increased 13.2 % year-on-year.[36]

The automotive markets in the Benelux region, by contrast to Italy, have proven relatively consistent in volume over the past ten years. Belgium reported 7.7 % year-on-year growth with 539,519 new registrations (2015: 501,066).[37] In the Netherlands, 2016 saw 382,825 new registrations and consequently 14.7 % less than in the previous year, mainly due to tax changes in the company cars area. For 2017, the market is expected to stabilise due to tax adjustments, with significant growth in new registrations to around 415,000 expected.[38] The used car market grew by 3.6 % in 2016

[28] German Federal Office for Motor Transport (KBA)
[29] DAT, DAT Report 2016
[30] German Federal Office for Motor Transport (KBA), vehicle registrations in December 2016, January 2017
[31] German Federation for Motor Trades and Repairs (ZDK), November 2016
[32] puls market research, November 2016
[33] Automobile Club d'Italia, figure for 2015, 2016 statistical annual
[34] UNRAE, Immatricolazioni di autovetture per marca dicembre 2016, January 2017
[35] Centro Studi Promotor, Dati e Analisi, January 2017 edition
[36] Autobiz, December 2016
[37] FEBIAC, Immatriculations de véhicules neufs décembre 2016, January 2017
[38] RAI, January 2017

compared with 2015, with around 2.0 million vehicles changing owners in 2016.[39] The number of online car listings in Benelux countries in December 2016 grew by 11.5 % year-on-year.[40]

Recent trends and situation of the Group

The strategy of consistently focusing on users' needs, boosting the listings base, improving service commitment through additional products, as well as further development from a classifieds portal to a market network, is paying off. Scout24 remains on its growth track, achieving marked growth in external revenues of 12.3 % to EUR 442.1 million in the 2016 financial year. This growth is mainly attributable to a higher number of customers and increasing penetration of visibility products at AS24, programmatic advertising, and an improved offering of services along the real estate selling and rental process. Acquisitions also contributed to growth in 2016, especially the acquisition of the Dutch digital automotive classifieds platform European AutoTrader B.V. ("AutoTrader.nl").

The Group-wide Scout24 Media function, which supports activities in display advertising sales and bundles all activities in field of consumer services, extended its position in 2016 and further strengthened the positioning of Scout24 as a leading data-driven publisher in Germany and Europe.

Based on strong operating leverage and consequently a cost growth-rate below the top-line growth rate, consolidated ordinary operating EBITDA over the full course of 2016 was up by 18.4 % to EUR 224.5 million, representing a 50.8 % margin compared with 48.2 % in the full 2015 year.

Capital expenditure amounted to EUR 19.5 million in 2016, equivalent to the previous year's level (2015: EUR 19.3 million). As a percentage of revenues, the investment ratio reduced to 4.4 % compared to 4.9 % in the comparable previous year's period.

The cash contribution, defined as ordinary operating EBITDA less capital expenditure, rose compared with the 2015 financial year by EUR 34.7 million to reach EUR 205.0 million in the 2016 financial year. The cash conversion rate[41], based on ordinary operating EBITDA, was 89.8 %, compared to 91.3 % in the previous year's period.

Capital resources and financing structure ↘page 68

Cash and cash equivalents amounted to EUR 43.4 million as of 31 December 2016 (31 December 2015: EUR 70.6 million). Net financial debt[42] stood at EUR 633.9 million, compared with EUR 711.3 million as of 31 December 2015. This is chiefly attributable to the voluntary repayment of a total of EUR 100.0 million of financial debt.

[39] VWE Automotive, January 2017
[40] Autobiz, December 2016
[41] The cash conversion rate is defined as (ordinary operating EBITDA less capital expenditure) in relation to ordinary operating EBITDA.
[42] Net financial debt is defined as total debt (current and non-current liabilities) less cash and cash equivalents.

With the reported figures, Scout24 fully met the forecast issued in its 2015 annual report. Revenue growth of 12.3 % was in line with expectations (growth in the low double-digit percentage range), and the ordinary operating EBITDA margin of 50.8 % was slightly above expectations (between 49.5 % and 50.5 %). Non-operating costs totalled EUR 17.8 million, consequently also above the targeted level (approximately EUR 14.5 million). This is mainly due to higher expenses for the reorganisation the Company implemented. Capital expenditure of EUR 19.5 million was slightly above expectations, which assumed slightly lower investments than in the 2015 financial year (EUR 19.3 million). This especially reflects a higher level of capitalisation of development costs in the IS24 segment.

Segment trends

In order to assess business performance, the Scout24 management focuses on core operations, comprising IS24, AS24 and Corporate, and in so doing utilises revenues, ordinary operating EBITDA and the ordinary operating EBITDA margin, as well as other key performance indicators to manage the business, as explained in the section on the control system. These performance metrics and their trends in the reporting period are outlined in the following section.

Key performance indicators

(EUR million)	Q4 2016 (unaudit-ed)	Q4 2015 (unaudit-ed)	+/-	FY 2016	FY 2015	+/-
Revenues from core agents (Germany)	39.7	38.7	2.6 %	156.9	149.6	4.9 %
Revenues from other agents	9.1	8.3	9.6 %	35.4	33.7	5.0 %
Other revenues	24.3	22.7	7.0 %	92.4	83.5	10.7 %
Total external revenues	**73.1**	**69.8**	**4.7 %**	**284.6**	**266.7**	**6.7 %**
Ordinary operating EBITDA	**45.7**	**40.0**	**14.3 %**	**179.2**	**159.2**	**12.6 %**
Ordinary operating EBITDA – margin %	**62.5 %**	**57.3 %**	**5.2pp**	**63.0 %**	**59.7 %**	**3.3pp**
EBITDA	**42.3**	**35.8**	**18.2 %**	**162.6**	**147.9**	**9.9 %**
Capital expenditure	**3.4**	**2.2**	**54.5 %**	**11.1**	**9.8**	**13.3 %**
Core agents (end of period, number)	**17,411**	**19,355**	**(10.0) %**	**17,411**	**19,355**	**(10.0) %**
Core agents (average during period, number)	**17,390**	**19,698**	**(11.7) %**	**18,383**	**20,724**	**(11.3) %**
Core agent ARPU (EUR/month)	**762**	**655**	**16.3 %**	**711**	**602**	**18.1 %**
Unique monthly visitors (UMV)[43] (desktop only, in millions)	**5.1**	**7.2**	**(29.2) %**	**6.4**	**7.7**	**(16.9) %**
Unique monthly visitors (UMV)[44] (multiplatform, in millions)	**10.3**	**11.7**	**(12.0) %**	**11.9**	**11.9**	**(0.0) %**

External revenues in the IS24 segment grew by 6.7 % to EUR 284.6 million in the reporting period compared with EUR 266.7 million in 2015. This revenue growth consequently lay at the lower end of the range of expectations communicated in the 2015 annual report (growth in the high single-digit to low double-digit percentage range). As in the previous year, the largest revenue share is attributable to revenue from core agents, which was up by 4.9 % to EUR 156.9 million (2015: EUR 149.6 million). This revenue growth was driven by – as expected – strong ARPU[45] growth of 18.1 % to EUR 711 for the full 2016 year (2015: EUR 602), which partially offset a declining number of core agents. The number of core agents decreased by 1,944, from 19,355 at the end of December 2015 to 17,411 at the end of December 2016. This decrease is slightly below expectations and is due to churn and shifts to the

[43] ComScore 2016, average for the respective period
[44] ComScore 2016, average for the January to May 2016 and October to December 2016 periods. Erroneous data were gathered in the June to September 2016 period, as a consequence of which this period was excluded from the calculation of the average.
[45] ARPU: Average revenue per user, calculated by the revenues generated with core dealers in the respective period divided by the average number of core agents (calculated from the base of core agents at the start and at the end of the period), and further divided by the number of months in the period

professional pay-per-ad model, as well as some agents leaving the market due to the introduction of the "Mietrechtsnovellierungsgesetz" (German Rental Law Amendment Act [MietNovG], also known as"Bestellerprinzip") in June 2015 and market conditions in Germany. Our customers' migration to the membership model continues to progress nevertheless, as expected. By the end of December 2016, of the approximately 90.0 % of our core agents to which we offered our membership model in 2016, 86.9 % have switched (2015: 76.4 %).

Revenues from other agents grew 5.0 % year-on-year to EUR 35.4 million (2015: EUR 33.7 million). This growth lies slightly above the forecast communicated in the 2015 annual report (growth in a low single-digit percentage range), mainly due to a dynamic increase in revenues from the real estate marketplaces in Austria, which were additionally supported by the acquisition of immodirekt.at (revenue contribution since 1 June 2016: EUR 0.5 million). Revenues from professional pay-per-ad were also up slightly, despite a reduction in booking figures. Revenues for FlowFact CRM software were largely stable. My-next-home has contributed EUR 0.2 million to revenues from other agents since being acquired as of 1 June 2016.

Initiatives in the area of services across the entire real estate selling and rental process, driven by the Group-wide Scout24 Media function, contributed primarily to the 10.7 % growth in other revenues to EUR 92.4 million in the first half of 2016 (2015: EUR 83.5 million). The private listings area also made a positive contribution to revenue growth due to a slight increase in booking figures. Other revenues also include EUR 1.6 million revenues of classmarkets GmbH, Berlin ("classmarkets"), which was acquired on 8 September 2015 (2015: EUR 0.5 million). Growth in other revenues consequently fully corresponds to expectations of growth in the low double-digit percentage range.

IS24 further expanded its market position during the past financial year.
In accordance with the market trend accompanying a reduction in listings' average durations on platforms, the overall number of listings on the IS24 platform reduced slightly in 2016 (around 466 thousand listings as of December 2016 compared with approximately 504 thousand listings in December 2015), although market share was expanded. [46] The number of listings compared with the next competitor went up from 1.4 times in 2015 to 1.6 times in 2016.[47]

Based on extensive content offering, IS24 was able to maintain its leading position in terms of consumer traffic and engagement with an average of 477 million minutes monthly time spent in 2016 (desktop and mobile, 2.6 times compared to its closest competitor).[48] The average number of sessions per month on the websites amounted to 72 million in 2016 (2015: 72 million), whereas, supported by our "mobile-first"

[46] Management estimates
[47] Management estimates
[48] ComScore 2016, average for the January to June 2016 and November to December 2016 periods. Erroneous data were gathered in the July to October 2016 period, as a consequence of which this period was excluded from the calculation of the average.

approach, the average number of sessions via mobile devices grew by 9.6 %.[49] The average number of visits via mobile devices meanwhile account for 68.6 % of total sessions (63.2 % in 2015).

On the basis of the positive revenue development and consistent further implementation of the "OneScout24" approach, ordinary operating EBITDA increased by 12.6 % to EUR 179.2 million in 2016 compared to the previous year. The ordinary operating EBITDA margin rose to 63.0 % compared to 59.7 % during the full 2015 year, thereby outstripping the expectations communicated in the 2015 annual report (between 60.5 % and 61.5 %).

Capital expenditure stood at EUR 11.1 million in the reporting period compared with EUR 9.8 million in the equivalent period of 2015. A significant reason for the increase was a higher level of capitalisation of development costs than in the previous year, mainly due to additional projects and higher personnel costs.

[49] Management estimates, based on sessions on the IS24 platform via mobile devices, mobile-optimised websites and IS24 apps in relation to total visitors monitored by the Company's own Traffic Monitor (Google Analytics).

Key performance indicators

(EUR million)	Q4 2016 (unaudited)	Q4 2015 (unaudited)	+/-	FY 2016	FY 2015	+/-
Revenues from core dealers (Germany)	15.2	12.1	25.6 %	55.8	43.3	28.9 %
Revenues from core dealers (Benelux/Italy)	12.7	9.6	32.3 %	48.9	36.0	35.8 %
Revenues from other dealers	3.5	3.1	12.9 %	13.6	11.6	17.2 %
Other revenues	10.1	8.7	16.1 %	33.6	30.0	12.0 %
Total external revenues	**41.5**	**33.4**	**24.3 %**	**152.0**	**120.7**	**25.9 %**
Ordinary operating EBITDA	**16.7**	**8.9**	**87.6 %**	**64.2**	**43.8**	**46.6 %**
Ordinary operating EBITDA – margin %	**40.2 %**	**26.7 %**	**13.5pp**	**42.2 %**	**36.2 %**	**6.0pp**
EBITDA	**14.1**	**8.1**	**74.1 %**	**55.9**	**39.7**	**40.8 %**
Capital expenditure	**1.7**	**3.1**	**(45.2) %**	**7.3**	**9.0**	**(18.9) %**
Germany						
Core dealers (end of period, number)	**24,421**	**22,298**	**9.5 %**	**24,421**	**22,298**	**9.5 %**
Core dealers (average during period, number)	**24,351**	**22,137**	**10.0 %**	**23,360**	**21,036**	**11.0 %**
Core dealer ARPU (EUR/month)	**208**	**182**	**14.3 %**	**199**	**171**	**16.4 %**
Unique monthly visitors (UMV)[50] (desktop only, in millions)	**3.0**	**4.2**	**(28. 6) %**	**3.7**	**4.5**	**(17.8) %**
Unique monthly visitors (UMV)[51] (multiplatform, in millions)	**5.3**	**6.2**	**(14.5) %**	**6.1**	**6.5**	**(6.2) %**
Benelux/Italy						
Core dealers (end of period, number)	**18,747**	**17,447**	**7.5 %**	**18,747**	**17,447**	**7.5 %**
Core dealers (average during period, number)	**18,623**	**17,363**	**7.3 %**	**18,097**	**16,922**	**6.9 %**
Core dealer ARPU (EUR/month)	**228**	**184**	**23.9 %**	**225**	**177**	**27.1 %**
Unique monthly visitors (UMV)[52] (desktop only, in millions)	**2.5**	**2.9**	**(13.8) %**	**2.8**	**3.1**	**(9.7) %**

External revenues in the AS24 segment report a strong growth track with a 25.9 % increase to EUR 152.0 million in the 2016 financial year, compared with EUR 120.7 million in the 2015 financial year. This growth by far exceeds the forecast communicated in the 2015 annual report, which assumed similar growth to 2015 (13.0 %). This dynamic growth was mainly due to a higher-than-expected rise in revenues from core dealers in Germany of 28.9 % (expected: low double-digit per-

[50] ComScore 2016, average for the respective period
[51] ComScore 2016, average for the respective period
[52] ComScore 2016, average for the respective period

centage rate) and Benelux/Italy of 35.8 % (expected: similar magnitude to 2015, in other words, around 15.1 %). In line with expectations, both are benefiting from a growing number of core dealers as well as strong ARPU growth (average revenue per core trader per month). The ARPU growth is largely attributable to increasing penetration of visibility products. AutoTrader.nl, which was acquired in February, contributed EUR 5.5 million to revenues at AS24, as expected, of which EUR 5.0 million reflected revenues from core dealers. Adjusted for the consolidation effect, revenues from Benelux/Italy core dealers were up by 21.9 %, with external revenues in the AS24 segment increasing by 21.7 %. The number of core dealers in Germany grew by 9.5 % to 24,421 as of 31 December 2016, and ARPU (average revenue per core dealer) rose by 16.4 % to EUR 199 compared with the full 2015 year. In Benelux and Italy, ARPU grew by 27.1 % to EUR 225, along with a growing number of core dealers up 7.6 % to 18,747.

Revenues from other dealers also reported a significant increase of 17.2 % to EUR 13.6 million (2015: EUR 11.6 million), driven by revenue growth in Austria and Spain. The "Express Sale" product, which arose as a result of acquiring easyautosale in 2015, made a positive contribution to revenue from other dealers. Other revenues benefited from solid growth in advertising revenue, especially with OEMs, and were up 12.0 % to EUR 33.6 million (2015: EUR 30.0 million). The forecast of a positive trend in revenues from other dealers and other revenues was fully confirmed as a consequence.

By executing further on its strategic focus to increase the listings base and enhance user-friendliness, an improved offering for mobile devices, as well as continuing the strategy of acquiring new dealers over the past twelve months, AS24 achieved a further increase in its total listing base of 6.6 % to 1,286 thousand in December 2016 (compared with 1,206 thousand in December 2015). Moreover, AS24 successfully defended its market leadership based on numbers of listings in Belgium (including Luxembourg), the Netherlands and Austria, and further expanded its market leadership in Italy.[53] Driven by mobile functionality enhancements, mobile sessions in Germany increased to 63.0 % of total sessions up on a year-average basis in 2016. In 2015, sessions via mobile devices averaged 49.7 % of all sessions. The average share of visits via mobile devices in relation to total visits in Belgium, the Netherlands and Italy was up from 53.1 % to 63.5 % over the same period.[54]

The positive revenue development and continuation of the "OneScout24" approach is reflected in ordinary operating EBITDA, which grew 46.6 % to EUR 64.2 million. The ordinary operating EBITDA margin was up 6.0 percentage points to 42.2 %. The forecast from the 2015 annual report was also exceeded here as a consequence (increase of a few percentage points in the ordinary operating EBITDA margin).

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[53] Autobiz, December 2016

[54] Management estimates, based on sessions on the AS24 platform via mobile devices, mobile optimised websites and apps in relation to total visitors monitored by the Company's own Traffic Monitor (Google Analytics).

Capital expenditure amounted to EUR 7.3 million in the 2016 financial year, compared with EUR 9.0 million in the 2015 equivalent period. This reduction is mainly attributable to expiring capital expenditures connected with a technological shift of the AS24 platform and the migration of some apps to the Cloud.

Corporate

As expected, external revenues continued to fall in the 2016 financial year (EUR 1.3 million compared with EUR 2.8 million in 2015). Ordinary operating EBITDA adjusted for the management fee was negative to the tune of EUR 18.7 million in the 2016 financial year, compared to minus EUR 14.1 million in the full 2015 year. The expected deterioration is due to the continuation of the "OneScout24" approach and related greater bundling of Group-wide functions in the Corporate segment.

Results of operations, financial position and net assets of the Group

Changes to the reporting structure

To standardise and improve the management and steering structure, the consolidated income statement was modified from the cost of sales method to the nature of expense method as of 1 January 2016. This conversion to the nature of expense method represents a voluntary modification of accounting policies and reporting methods in the meaning of IAS 8.14b. To ensure comparability with the previous year's accounting periods, the corresponding figures were restated retrospectively.

Results of operations

Scout24 remained on its growth track in the 2016 financial year, with external revenues up EUR 48.5 million, or 12.3 %, to EUR 442.1 million compared with the 2015 financial year (EUR 393.6 million), mainly driven by the strong performance of AutoScout24 (AS24) and consumer monetisation initiatives under the Scout24 Media umbrella. In the 2016 financial year, the newly acquired AutoTrader.nl, immodirekt.at and my-next-home.de contributed a total of EUR 6.3 million to Group revenues in 2016. Adjusted for acquisitions, revenues in the 2016 financial year were up 10.7 % compared to the full year 2015.

Capitalised development costs increased by EUR 1.0 million to EUR 11.7 million in the 2016 financial year due to a greater level of development work performed.
Other operating income of EUR 2.6 million in the 2016 financial year was markedly below the previous year's level (EUR 8.5 million). This is mainly attributable to EUR 5.0 million of income in 2015 from charging on IPO costs.

Personnel expenses (including EUR 15.3 million of non-operating costs) were up by EUR 12.5 million, or 12.6 %, to EUR 112.0 million (2015: EUR 99.5 million, of which EUR 11.9 million were non-operating effects), and thereby increasing faster than the average number of employees. This is mainly due to non-operating expenses as part

of the reorganisation implemented in 2016, as well as share-based compensation, but also a higher level of personnel expenses per FTE due to a change in the personnel structure, which takes into account the increased requirements of the Company. Due to the operating leverage, advertising expenses (EUR 50.6 million) and IT expenses (EUR 13.3 million) were largely stable year-on-year (2015: EUR 50.6 million and EUR 12.3 million), despite revenue growth in 2016.
Other operating expenses reduced by EUR 9.5 million or 11.4 %, compared with the 2015 financial year to a level of EUR 73.7 million (2015: EUR 83.2 million). This is mainly attributable to a lower level of consulting and other services, which in 2015 were burdened by non-operating IPO costs of EUR 10.5 million.

As a result of the aforementioned developments, earnings before interest, tax, depreciation and amortisation (EBITDA) grew by 23.9 % to EUR 206.8 million in the reporting period (2015: EUR 166.9 million).

Included in the EBITDA are EUR 17.8 million non-operating costs (previous year: EUR 22.6 million), which essentially consist of personnel expenses as well as costs in the context of M & A transactions. Personnel expenses include personnel expenses from share-based compensation for management equity programs (2014 program and 2015 program) totalling to EUR 4.1 million (previous year: EUR 3.6 million) as well as performance-based remuneration from share purchase agreements totalling to EUR 2.8 million (previous year: EUR 2.2 million). Ordinary operating EBITDA correspondingly increased by 18.4 % from EUR 189.6 million to EUR 224.5 million.

The reconciliation to ordinary operating EBITDA is as follows:

Reconciliation ordinary operating EBITDA

Group (in EUR million)	FY 2016	FY 2015
Ordinary operating EBITDA	**224.5**	**189.6**
Non-operating cost	(17.8)	(22.6)
of which personnel expenses	(15.3)	(11.9)
of which attributable to M&A transactions	(3.3)	0.0
of which IPO costs	0.0	(5.5)
of which other non-operating costs	0.8	(5.3)
EBITDA	**206.8**	**166.9**

IS24 (in EUR million)	FY 2016	FY 2015
Ordinary operating EBITDA	**179.2**	**159.2**
non-operating costs	(16.6)	(16.6)
of which personnel expenses	(9.6)	(5.4)
of which attributable to M&A transactions	(0.1)	(1.0)
of which other non-operating costs	0.7	(1.1)
of which Management Fee[55]	(7.5)	(3.8)
EBITDA	**162.6**	**147.9**

AS24 (in EUR million)	FY 2016	FY 2015
ordinary operating EBITDA	**64.2**	**43.8**
non-operating costs	(8.3)	(4.1)
of which personnel expenses	(1.5)	(2.0)
of which attributable to M&A transactions	(2.4)	(0.1)
of which other non-operating costs	(0.3)	(0.2)
of which Management Fee[56]	(4.1)	(1.7)
EBITDA	**55.9**	**39.7**

Depreciation, amortisation and impairment losses amounted to EUR 65.5 million, of which EUR 49.6 million was attributable to intangible assets arising from purchase price allocations (2015: EUR 65.6 million and EUR 48.8 million respectively).

The net financial expense stood at EUR 43.8 million in the 2016 financial year, compared with EUR 22.4 million in the 2015 financial year, whereby 2015 includes EUR 22.1 million of one-off income from the disposal of interests in companies accounted for using the equity method. The interest expense paid to third parties included in the net financial expense amounted to EUR 45.8 million in the 2016 financial year (2015: EUR 47.7 million). Due to the refinancing implemented at the end of 2016 financial year and early repayments over the course totalling to EUR 100.0 million on the previous syndicated loan, the net financial expense was burdened by EUR 14.4 million of one-off effects for the amortisation of debt acquisition cost.

Income tax expenses totalled EUR 31.6 million in the 2016 financial year, equivalent to a 32.1 % effective tax rate, compared with EUR 22.0 million of tax expenses in the 2015 financial year. Income tax expenses included offsetting effects from deferred taxes amounting to EUR 11.2 million, largely on the amortisation of assets deriving from purchase price allocations. Deferred tax income totalled EUR 10.1 million in the 2015 financial year.

[55,58] The Corporate segment charges IS24 and AS24 with a management fee for covering certain management services. This is part of the profit from ordinary operating activities in the Corporate segment, but not in the IS24 and AS24 segments, where it is shown as a non-operating effect and thus is not included in the ordinary operating EBITDA

In consequence, Scout24 reported EUR 66.9 million of consolidated earnings after tax for the 2016 financial year. This includes a EUR 0.3 million loss attributable to the shares of non-controlling shareholders. Consequently, earnings of EUR 67.2 million were attributable to the shareholders of the Company, resulting in earnings per share of EUR 0.62.

Financial position

Principles and objectives of financial management

The Group treasury function plans and manages the requirements and provision of liquid funds within the Scout24 Group. Based on annual financial planning and weekly rolling liquidity planning, the Group's financial flexibility and solvency is at all times ensured. The cash pooling procedure is additionally utilised for all relevant Group companies.

The current dividend policy is linked to the leverage ratio (ratio of net debt to ordinary operating EBITDA for the last 12 months). The target for the leverage ratio stands at 2.50:1 and is expected to be achieved by mid 2017. Taking this and the significant reduction in interest margin achieved as part of the refinancing by end of 2016 into account, we propose a dividend of EUR 0.30 per share entitled to dividend to the Supervisory Board for the year 2016. This corresponds to a pay-out of EUR 32.28 million. In relation to the share price at December 30, 2016, this represents a dividend yield of 0.9 %.

Capital resources and financing structure

Scout24 AG refinanced its debt at the end of the 2016 financial year and repaid its existing syndicated loan with a remaining liability of EUR 681.0 million as of 30 December 2016. As part of the new syndicated loan agreement (Facility Agreement, hereinafter abbreviated as "FA"), Scout24 AG had access to a total lending facility of EUR 800.0 million as of 31 December 2016. The unsecured syndicated loan consists of a EUR 600.0 million term loan as well as a revolving credit facility of EUR 200.0 million, of which EUR 80.0 million has been drawn down. A EUR 30.0 million of the term loan is to be repaid every year until maturity as of 29 December 2021, with the remaining amount, as well as the revolving credit facility, being due at maturity.

The interest rate for the facilities drawn under the syndicated loan is based on EURIBOR plus an interest margin tied to leverage. The new FA enabled interest margins to be reduced significantly, so the highest interest margin now stands at 2.0 % (before the refinancing: 4.25 %). EURIBOR is limited to a minimum of 0.0 % on the downside.

The covenant applicable as part of the FA refers to the ratio of net debt to ordinary operating EBITDA for the last twelve months (leverage ratio) and stands at 3.75:1.00 as of 31 December 2016. The covenant was complied with in the reporting period, with the EBITDA headroom amounting to 24.0 % on 31 December 2016.

Due to the good cash conversion rate[57], during the course of 2016 a total of EUR 100.0 million of the then existing loan was repaid voluntarily, of which EUR 40.0 million was repaid in April and EUR 60.0 million in September 2016.

Along with the liquid assets position of EUR 43.4 million (31 December 2015: EUR 70.6 million), the Group also has liquidity from the aforementioned revolving facility of EUR 120.0 million, which was not utilised as of 31 December 2016. Besides the FA a further lending agreement of EUR 0.4 million was concluded to secure the Company's guarantees

As of the balance sheet date, off-balance sheet liabilities totalled EUR 30.2 million, including EUR 13.1 million with a term of less than one year, EUR 15.2 million with a term between one and five years, and EUR 1.9 million with a term of more than five years. As of 31 December 2015, off-balance sheet liabilities amounted to EUR 36.2 million. The EUR 6.0 million reduction is mainly due to shortening the residual rental duration for office spaces due to time-delimited rental contracts.

Leases and other obligations ↘page 162

Liquidity and investment analysis

Scout24 generated EUR 154.9 million of cash flow from operating activities in the 2016 financial year, an increase of 24.4 % compared with EUR 124.5 million in the 2015 financial year. This mainly reflects EBITDA growth. Offsetting effects included cash outflows for income tax payments of EUR 43.0 million related to the 2016 financial year as well as the previous year.

The negative cash flow from investing activities of EUR 48.8 million arose mainly from the acquisition of AutoTrader.nl for EUR 29.5 million as well as investments in assets of EUR 19.5 million. Capital expenditures comprise EUR 17.1 million of investments in intangible assets and EUR 2.4 million of investments in property, plant and equipment. Capital expenditures on intangible assets mainly reflect the capitalisation of own and third-party development work, whereby a significant proportion is attributable to investments connected with the technology switch of the AS24 platform as well as the migration of some apps to the Cloud. Further developments include product innovations in the area of communication in the context of property searches as well as in the IS24 pay-per-ad business.

In the 2015 financial year, Scout24 generated EUR 36.2 million from net divestitures, mainly due to the disposal of the investment in PropertyGuru Pte. Ltd., Singapore. Capital expenditures amounted to EUR 19.3 million in 2015.

Cash flow from financing activities amounted to negative EUR 133.3 million in the reporting period. This includes voluntary repayments of the previous syndicated loan agreement of EUR 100.0 million as well as EUR 29.1 million of interest payments.

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[57] The cash conversion rate is defined as ordinary operating EBITDA less capital expenditure in relation to ordinary operating EBITDA.

In total, in the 2016 financial year cash and cash equivalents decreased by EUR 27.2 million from EUR 70.6 million as of 31 December 2015 to EUR 43.4 million as of 31 December 2016.

Net assets

The Group's consolidated total assets as of 31 December 2016 of EUR 2,130.9 million remained almost unchanged compared to the previous financial year-end (31 December 2015: EUR 2,173.2 million).

Non-current assets decreased by 1.0 %, or by EUR 20.8 million, to EUR 2,034.7 million (31 December 2015: EUR 2,055.5 million). This reflects mainly a reduction in other intangible assets of 16.1 %, or EUR 41.9 million, to EUR 217.6 million through amortisation from purchase price allocations. This was offset by a EUR 28.9 million increase due mainly to the acquisition of AutoTrader.nl.

Current assets diminished from EUR 117.7 million to EUR 96.2 million, with the item making the greatest contribution to this reduction being cash and cash equivalents, which were down from EUR 70.6 million to EUR 43.4 million.

Current liabilities rose from EUR 86.9 million to EUR 112.3 million in the reporting period, mainly due to an increase in financial liabilities. As part of the refinancing as of 30 December 2016, an annual mandatory repayment of EUR 30.0 million has been agreed upon, which is reported under current liabilities.

Non-current liabilities decreased from EUR 1,165.0 million as per 31 December 2016 to EUR 1,027.8 million as per 31 December 2015. This is primarily due to voluntary repayments of the syndicated loan agreement of EUR 100.0 million as well as the reclassification of EUR 30.0 million to current liabilities. Deferred tax liabilities, which were recognised primarily on temporary differences arising from purchase price allocation, reduced in line with intangible assets.

Equity grew from EUR 921.3 million to EUR 990.8 million. Correspondingly, the equity ratio now stands at 46.5 % as of 31 December 2016 compared with 42.4 % as of 31 December 2015.

Employees

As Scout24 operates in a fast-changing industry, a key competitive advantage is to attract and retain the “best and brightest” talents. The constructive use of diversity management and dealing with the social diversity of all employees is of great importance to Scout24. Scout24 stands for a respectful corporate culture, in which open and unprejudiced interaction forms a central aspect. Working for Scout24 are individuals with the most different convictions, cultural and occupation-related backgrounds, skills and values. Diversity is seen to be a strength – because it enables the Group to respond to the individual needs of customers and the challenges of a constantly changing market.

As of 31 December 2016, Scout24 employed 1,135 full-time equivalent employees ("FTE"), compared to 1,120 FTE as of 31 December 2015, excluding trainees, apprentices, short-term employees ("Aushilfen") interns, temporary agency employees ("Leiharbeitnehmer") and freelancers.

The following tables show the number of FTE – including members of the Management Board and the management – as of 31 December 2016, as well as of 31 December 2015, presented by segment and region:

FTE (end of period)	31/12/2016	31/12/2015
Group	1,135	1,120
IS24	653	681
AS24	378	379
Corporate	95	48
Other	9	12

FTE (end of period)	31/12/2016	31/12/2015
Group	1,135	1,120
Germany	994	993
Abroad	141	127

Overall statement

With overall very positive business development and growth during the reporting period, the Scout24 Group once again proved the success of its focus on sustainable and profitable growth. We have driven our revenue growth mainly organically, but also through targeted acquisitions that bolster our market position. Moreover, we continued to successfully advance the realignment of our organisation in 2016 and promoted the leveraging of synergies.

The trend in our ordinary operating EBITDA reflects the success of our strategy. Based on our margin quality, strong cash contribution,[58] solid balance sheet structure and good ratio of net debt to ordinary operating EBITDA for the past twelve months, we are in an outstanding position to progress the transformation of our Company from a provider of digital classifieds portals to a sector-leading provider of digital marketplaces, as well as to maintain and further boost our profitability.

[58] Cash contribution is defined as ordinary operating EBITDA less capital expenditure.

Risks and opportunities

The Scout24 Group is regularly confronted with risks and opportunities that can have both negative and positive effects on the Group's results of operations, financial position and net assets. The Scout24 Group deploys effective management and control systems to identify risks and opportunities at an early stage and manage them adequately. This report on risks and opportunities presents the most important risks and opportunities pertaining to the Scout24 Group.

Management's overall statement on the risk position

The overall risk position is maintained at a manageable level. An existence-threatening risk to the Group is currently not foreseeable.

The Internet business in Germany, Europe and worldwide remains on a growth track. Especially in the advertising business, business models are moving ever further from traditional offline offerings such as print media to corresponding online offerings. The entire market is subject to constant change and intense competition. At the same time, the creation of transparency in online marketplaces with relevant content and offerings for users represents a significant business potential for innovative marketing strategies for the offerings and their trading platforms. We are positioned well both operatively and strategically to benefit from this market dynamic, and to exploit it as a growth opportunity for the listings and advertising business. These trends together define the Scout24 Group's risks and opportunities profile.

Over the past years, we have consistently diversified our value chain relating to the listings business and made preparations to tap the future revenue growth potential that also lies outside the classic listings business of an online marketplace. We have positioned the Scout24 Group even more efficiently over recent months and further optimised our business portfolio. The Scout24 Group continues to stand on a solid foundation both financially and in terms of its balance sheet.

Accordingly, we assess the risks at the time of preparation of the management report as limited, overall risk is manageable. Compared to the reporting period as of 31 December 2015, no (fundamental) change has occurred to overall risk. No identifiable risks currently exist that either individually or together would lead to a significant and sustainable impairment of the Scout24 Group's results of operations, financial position and net assets.

Risk management system, compliance management system and internal control system

The basic design of the risk management system is based on the internationally recognised framework COSO Enterprise Risk Management Framework of the Committee of Sponsoring Organisations of the Treadway Commission. This framework links the Group-wide risk management with the internal control system ("ICS"), which is also based on the COSO framework. This integrated approach helps the Company direct management and monitoring activities towards the corporate objectives and their inherent risks.

The internal control system forms a significant component of the risk management system and comprises the entirety of the rules and measures, principles and procedures to achieve the Company's objectives. It is especially intended to ensure the security and efficiency of business processing, as well as the reliability of the financial reporting.

The risk management function has the goal of systematically recording and assessing risks, and aims for controlled handling of such risks. It should enable the Scout24 Group to identify unfavourable developments at an early stage in order to promptly take counteractive measures and monitor them.

Risk management in the reporting period concentrated predominantly on those activities that will substantially affect future profits (ordinary operating EBITDA, EBITDA, and EBIT) and are important for the Company's future prospects.

Scout24 classifies its risks according to external, financial, operational, strategic and compliance risks – so-called risk areas. The assessment of the risks is carried out, to the extent possible, according to quantitative parameters, likelihood of occurrence and the potential financial impact.

Objective of the risk and opportunity management is a holistic and integrated approach, which combines the governance components of risk management, the internal control system (ICS) and compliance, supplemented by supporting audit activities of the internal audit. The starting point and connecting factor in this connection are the requirements for the risk management and compliance management systems for capital market oriented companies.

Principles of risk and opportunity management at the Scout24 Group

The principles of a responsible corporate management at the Scout24 Group include the constant, responsible weighing of risks and opportunities that arise from business activity. The goal of the risk and opportunity management system is to develop a strategy and establish goals that create an optimal balance between growth and profitability on the one hand and the related risk on the other, and thereby systematically and sustainably increase shareholder value.

Risk characteristics that we have already taken into account in our financial planning are not explained as a consequence.

Scout24 reports on the risks and opportunities that are significant overall for the Group's corporate development comprehensively as part of the annual budget planning process. To derive the integrated financial planning in this context, the industry and competitive environment, as well as overall market trends are analysed and assessed according to the resultant opportunities and risks for the Company. This is complemented by the risk inventory prepared annually and updated quarterly, which provides for the risks and opportunities survey and assessment by an established method throughout the Company. The specific assessment of the opportunities and risks at the time of the budget preparation are re-verified during the year in additional revisions of the planning and the risk reporting, so a quarterly assessment of the opportunities and risks for the Scout24 Group is performed.

Above and beyond this, current risks and opportunities as well as their effects on the Company are discussed at bi-weekly Executive Leadership Team (ELT) meetings, in quarterly meetings with the Supervisory Board, and in regularly occurring budget, strategy and results meetings. In addition, the quarterly standardised reporting of the risk inventory to the Management Board as well as the half-yearly risk reporting to the Supervisory Board complete the risk management system of the Scout24 Group.

Organisational implementation of risk and opportunity management

Overall responsibility for the risk and opportunity management system of the Scout24 Group lies with the Management Board. To identify risks and opportunities at an early juncture, analyse them, manage them, monitor them and counter them through appropriate measures, the Management Board has set up the Risk Management & Compliance function to integrate and manage Group-wide the two risk and compliance management systems as well as the internal control system. This occurs in close cooperation with the individual risk officers in the (market) segments and central functions, who bear responsibility for implementing the risk and opportunity management system in the risk reporting units, in other words, the operating units.

In this connection, the effectiveness of the integrated risk management, compliance and internal control systems is controlled through random testing by a co-sourced internal audit function provided by an external consulting firm.

Significant features of the internal control and risk management system with respect to the Group accounting process

A significant component of the internal monitoring system of the Company is formed by the accounting-related risk management system as well as the internal control system. Through applying the aforementioned COSO framework, the effectiveness and efficiency of the operations as well as the completeness and reliability of the financial reporting is ensured through the effective interaction of the risk management system and the internal control system. In this connection, the accounting-related risk management and the internal control system include all organisational rules and measures for the identification and handling of risks emanating from financial reporting.

We view the following characteristics of the risk management system and the internal control system as significant:

- Process for the identification, assessment and documentation of all significant accounting-relevant Company processes and risk fields, including related key controls. These include processes of financial and accounting and operational Company processes that provide significant information for the preparation of the annual and consolidated financial statements, including the management report.
- Process-integrated controls (IT-supported controls and access limitations, authorisation concept, especially in the case of accounting-related IT systems, dual control system, and segregation of duties).
- Standardised and documented financial bookkeeping processes.
- Group financial accounting guidelines and reporting processes.
- Regular information to all consolidated companies regarding current developments relating to accounting and financial reporting and the preparation process for the financial statements, as well as reporting deadlines.

Risk prevention and ensuring compliance

Risk prevention is a significant element of the risk management system and an integral component of the ordinary business activities. Uniform Group standards to systematically handle risks and opportunities form the basis for successful risk prevention compliance in this context. The standards are set out in the Scout24 Group Governance, Risk & Compliance Handbook (GRC Handbook) and are put into force by the Management Board. The core GRC process it sets out – for which the Risk Management & Compliance department is responsible – ensures standardised processes to evaluate, analyse and report risk, as well as implement steering measures. The GRC core process offers consistent, comparable and transparent information, thereby supporting important decision-making processes.

Compliance with national and internationally recognised compliance requirements forms a fixed element of risk prevention. As part of this comprehensive integrated governance, risk and compliance approach, this also finds expression in the constant updating of corporate processes that are of relevance to risk and compliance to meet the requirements of the corporate structure and strategy.

Along with updating existing risk management and compliance guidelines and processes, this also includes the introduction of new and important regulations and standards, as well as the consistent promotion of our Code of Conduct and external whistleblower system. This was supplemented by a communication and training

Code of Conduct: Corporate Social Responsibility ↘page 53

concept newly introduced in the reporting year in relation to relevant risk and compliance information for all Company units, to raise employee awareness accordingly and achieve a uniform Company-wide understanding of our risk management and compliance standards. In November 2016, this training concept was distinguished by the "Outstanding Security Performance Awards" (OSPAs) in the "Outstanding Initiative for Security Training" category. The Scout24 Group thereby operates a system of rules, processes including preventative trainings, and internal controls, with which help potential deficits within the Company are identified at an early stage, allowing them to be minimised through corresponding measures.

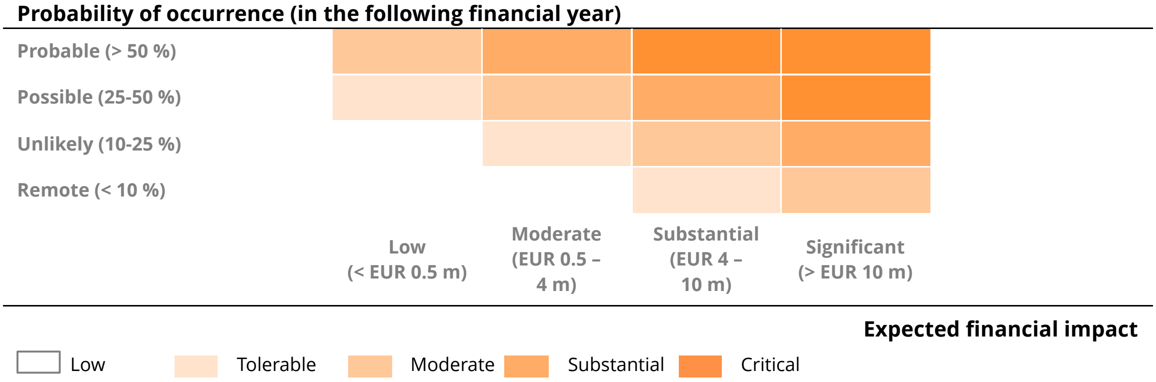
Development of the risk assessment

Identifying significant risks represents the start of the process. In this connection, risks that exceed a certain materiality threshold or represent a subjective urgency are brought to the Management Board's attention on an ad hoc basis by the risk owner, or via the Vice President Risk Management. Interim reporting is oriented towards specific characteristics, and is based on presented risk assessments and respective regular updates by the departments. Quarterly changes to the risk inventory are utilised as early warning indicators. An expansion of the early warning system to include automated fraud indicators (so-called "fraud risk red flags") for key processes is planned for the 2017 financial year.

The risk assessment is performed taking into consideration the anticipated effects on the financial position and performance, as well estimated probabilities of occurrence as "unlikely", "tolerable", "moderate", "substantial" or "critical". Risk assessment is based on quantitative parameters, in other words, the probability of a risk materialising in percent (event risk) and the potential level of loss in euros. The quantification in this connection is primarily to make clear the relevance of the reported risk. The assessment of the monetary extent of damages is the responsibility of the business units. The time horizon for estimating risks amounts to 1 year for the probability of occurrence and approximately 2-3 years for the potential loss level.

The identified risks are measured applying the gross/net method. In the gross observation, the loss level and probability of occurrence are initially measured excluding any measures put in place to reduce the loss level or probability of occurrence. The aim of the gross measurement is to reflect the entire extent of potential loss, to thereby prevent an erroneous estimate that can arise from overestimating the impact from existing risk management measures. In a second step, the net appraisal takes into any account risk management measures that have been put in place, by contrast. The objective of the gross/net method is to gauge the economic efficiency of the prevention expense deployed.

Here, risks are presented by their net expected value of loss, in other words, on a basis of a net view of their expected financial impact regarding the likelihood of occurance of all risks aggregated in the risk clusters. The risk-reducing measures that have been implemented are therefore considered in the risk classification. The scales for measuring the assessment magnitudes (probability of occurrence and expected financial impact) as well as the resulting risk classification matrix are presented in the following table.



Analysing causes and interactions also forms part of the risk evaluation. Opportunities are not included in the measurement, but are instead covered as part of the planning account.

The third step finally consists of the risk management. Given the existence of certain risk indicators in relation to the defined materiality thresholds, countermeasures are developed and launched. The defined measures and risks are updated in connection with interim reporting to management.

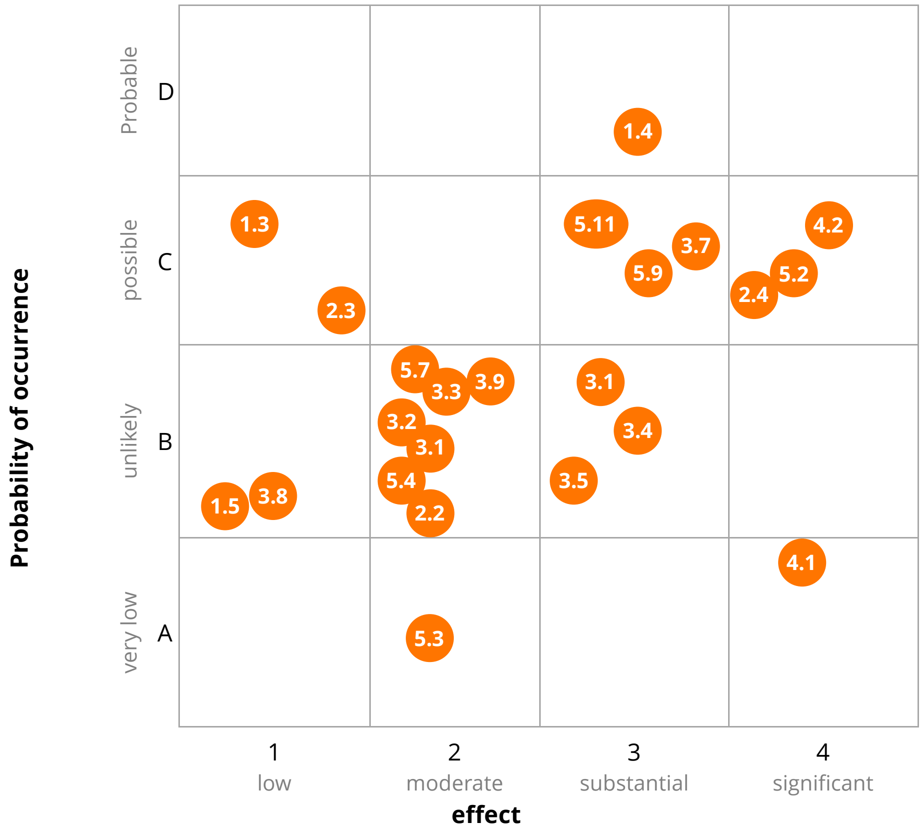
Decentralised risk managers in the various corporate units are responsible for risk recording and reporting. The managers categorise the risks according to a catalogue valid across the Group and document their results on a quarterly basis – or on an ad hoc basis – in a database.

Overall risk situation, risk clusters and risk fields

The overall risk situation (net) is determined by assessing the risk clusters as the result of a consolidated consideration: The year-on-year changes are as follows:

		Probability of occurrence		Quantitative effect		Change
1	**External risks**					
1.1	Economic risks	very low	↓	low	↓	↓
1.2	Regional and specific country risks	very low	=	low	=	=
1.3	Legal environment	possible	↓	low	↓	↓
1.4	Competition & market	probable	↑	substantial	↓	↓
1.5	Suppliers	unlikely	↑	low	↑	↑
1.6	Labour market	very low	=	low	=	=
1.7	General public	very low	=	low	=	=
1.8	Nature and the environment	very low	=	low	=	=
2	**Financial risks**					
2.1	Organisation & quality, financial accounting	very low	=	low	=	=
2.2	Financial management	unlikely	↓	moderate	↓	↗↙
2.3	Financial figures	possible	↑	low	↑	↑
2.4	Financial accounting	possible	↑	significant	↑	↑
3	**Operational risks**					
3.1	Human resources	unlikely	↙↗	substantial	↓	↗↙
3.2	Advertising and brand	unlikely	=	moderate	=	=
3.3	Service providers, other business partners	unlikely	↙↗	moderate	↓	↓
3.4	Customers	unlikely	↗↙	substantial	↓	↗↙
3.5	Management & administration	unlikely	↓	substantial	↓	↓
3.6	Purchasing	very low	=	low	=	=
3.7	IT risks	possible	↓	substantial	↓	↓
3.8	Project management	unlikely	↑	low	↑	↑
3.9	Product management & processes	unlikely	↓	moderate	↓	↓
3.10	Communication	unlikely	↓	moderate	↓	↓
4	**Strategic risks**					
4.1	Strategic orientation	very low	=	significant	↓	↗↙
4.2	Sales, marketing & brand	possible	↓	significant	↓	↗↙
5	**Compliance Risks**					
5.1	Code of Conduct	very low	↓	low	↓	↓
5.2	Data protection & data security	possible	↓	significant	↓	↗↙
5.3	Corruption & fraud	very low	↓	moderate	↓	↗↙
5.4	Law relating to resource offences	unlikely	↑	moderate	↓	↗↙
5.5	Competition law	very low	=	low	=	=
5.6	Intangible assets law	very low	=	low	=	=
5.7	Labour and social security law	unlikely	↗↙	moderate	↓	↓
5.8	Money laundering	very low	↑	low	↑	↑
5.9	Know-how drain	possible	↑	substantial	↓	↓
5.10	Environmental law	very low	=	low	=	=
5.11	Documentation obligations	possible	↗↙	substantial	↓	↗↙

↓ Decrease ↑ Increase
= Unchanged ↙↗ Immaterial change



The preceding graphic only shows risk clusters having a net expected value of loss higher than 500,000 EUR with a weighted likelihood of occurrence over 10 percent.

Risk clusters that from today's perspective could significantly affect the Scout24 Group's financial position and performance are presented below. In this context, all the risks that are included in the "significant" and "critical" fields in the underlying risk classification matrix are considered substantial. These are not necessarily the only risks to which the Company is exposed. Further risks that could affect our operations are currently not foreseen, or we appraise them as not substantial.

We assess the overall risk situation for the Group and its business units to be manageable.

External risks

1.3 Legal environment

Along with operational and financial risks, our business activities generate a wide range of legal risks, which we nevertheless currently gauge as tolerable both individually and together. Due to the relative importance of this risk factor, despite the fact that, in our opinion, it is currently not a substantial risk and thus below the reporting threshold, we have nevertheless decided to outline the most important legal and regulatory factors influencing our business.

By way of precaution, we draw attention to the fact that the results of any litigation and legal processes can inflict significant damage on our business, our reputation and our brands, and cause high costs.

We are also subject to a variety of laws and regulations, many of which are not yet firmly established or are still developing. These also include the legal areas of consumer protection, data protection, e-commerce and competition, some areas of which prove highly effective in attracting general public attention. Antitrust and competition claims or investigations may also require changes in our business operation.

On 1 June 2015, a new statutory regulation came into force in Germany that now requires property owners, as landlords, to bear the costs of the agent they mandate ("Bestellerprinzip"). This has led to a structural shift in rentals via agents to a greater level of private rentals, and also considerably reduced the agent commission for rental properties. Partly as a consequence of this, the number of agents in Germany has reduced. An extension of the "Bestellerprinzip" to real estate sales is currently being discussed, and whether it will be implemented is still open. For properties for sale, too, this new regulation could lead to a structural shift from listings by agents to private listings, as well as a reduction in the agent commission.

German legislation introduced a draft law that tightens the professional requirements for real estate agents, to ensure a common quality standard. Under the new agent certification regime, agents would have to fulfil certain professional minimum requirements, such as providing proof of their expertise. This can also lead to a reduction in the number of agents. In consequence, this may reduce the customer base of IS24 and the number of listings, which may negatively impact revenues from professional customers, from which IS24 derives the major share of revenues. Further, sold and leased properties are subject to energy efficiency regulations, under which sellers and landlords are obliged to obtain an energy performance certificate (Energieausweis). The requirements of such energy efficiency regulation may be tightened and adversely altered in the future, as already occurred in 2014. More stringent regulation may have consequences on listings volumes, as for example the introduction of the energy efficiency legislation led to a temporary drop in listings.

Similarly, the Energy Consumption Labelling Ordinance ("Energieverbrauchskennzeichnungsverordnung") requires sellers of goods that consume energy resources and produce carbon dioxide emissions, such as cars, to provide certain information regarding emissions and performance. Failure to provide such information when listing cars on Scout24 platforms might therefore result in administrative or legal proceedings against customers by regulatory agencies or environmental organisations. As a result, customers might refrain from listing cars on digital listing platforms such as AS24 in general, or, in the case of administrative or legal proceedings regarding a listing on AS24, might attribute any legal consequences to Scout24 platforms. As a consequence, AS24 might incur churn and/or risk a damage to its reputation.

Also, any changes to the ability of Scout24 to utilise user and member data in its systems, or share data, could impact its revenues. For example, offering value-added services, such as valuation, would be impeded if the Company were prevented, either by law or on a regulatory basis, from utilising the transaction database. Likewise, Scout24 relies on e-mail and messaging services in its marketing efforts. Restrictions in the ability to contact its customers and consumers could therefore adversely affect its business.

The risk of negative consequences from the discontinuation of the EU Safe Harbour in international data transfer cannot yet be gauged effectively. Although the so-called Privacy Shield has now come into force, general legal uncertainty remains. Following in-depth examination of all significant IT-services contracts and, coupled with this, of the application of EU standardised clauses recommended by the EU commission, we consider this risk as tolerable at present.

Any risks arising from changes to the legal environment are counteracted by internal and external law experts by a thorough examination of all contractual and regulatory matters. We endeavour to fulfil all our obligations by continuous supervision and avoid conflicts arising from the violation of third parties' rights or breach of regulatory provisions.

Litigation risks – in other words, pending court or regulatory procedures against the companies of the Scout24 Group – that could lead to significant claims, or which probably could not be fulfilled, do not exist.

Overall, we currently gauge the risk of experiencing restrictions with effects on our business model as a result of legal or regulatory changes as tolerable and thus manageable.

1.4 Competition & market

Our profitability depends crucially on whether we can maintain our leading market position, especially the leading position of the ImmobilienScout24 segment in Germany. If we are unable to maintain these market positions, our pricing could be jeopardised, and our sales could reduce, impairing our business as a consequence.

We operate in an intensely competitive environment. Our business model is vulnerable to short-term changes in the competitive dynamic. Competitors following other business models or pricing could be able to encourage our customers to use other platforms than ours. In particular, general classifieds portals encompassing very different product categories could penetrate the real estate or car classifieds markets, or intensify their activities in them, or even large companies operating on the Internet (such as search engines and social networks) could exploit their big user bases and data to establish strong customer bases at comparatively low cost.

We are dependent upon the fact that our target group, our portals and our services are preferred over those of our competitors, which may require additional capital expenditure.

Technological changes could disrupt our business and the markets in which we operate and result in higher expenses or the loss of customers. For example, competitors might introduce new products and services at any time, which would make our products and services or our business model uncompetitive or even redundant. To keep pace with technological progress, higher expenditures could be needed to develop and improve our technology.

AS24 derives a significant amount of revenues from the European automotive market, especially from original equipment manufacturers ("OEMs"). Recent developments in the automotive industry might negatively affect OEMs' advertising budgets long-term.

We are dependent on our systems, employees and certain business partners. Failures can substantially affect our operations.

Overall, risks emanating from competition and the market represent in aggregate a critical risk component for us, which is also reflected in the importance of the controls and measures deployed for this purpose. When observing such risks at individual risk level, however, we gauge them as tolerable to moderate. Above and beyond this, competition and market risks also rank for us as general business risks.

Due to our leading market position, our brands' name recognition and our constant analytical market observation, including technological advances, we assess these risks as manageable overall.

Financial risks

2.4 Financial accounting

The Scout24 Group capitalised around EUR 1.2 billion of intangible assets as of the balance sheet date. The extent to which such assets retain their value is subject to constant testing for potential impairment, in other words, circumstances that can negatively affect long-term value and necessitate the application of extraordinary write-downs in the form of impairment losses. Given this, the risk exists that the valuation of such capitalised intangible assets, such as contractual customer relationships, are subject to devaluation due to declining customer numbers, including those partly caused by statutory changes. Considering the quantitative effects and probability of occurrence, we gauge this risk as critical at individual risk level.

Due to our continuous monitoring of our capitalised intangible assets for potential impairment, we nevertheless gauge the risk of having inappropriately valued such assets as of the reporting date as low.

Operational risks

3.7. IT risks

The security of customer information that we store, or the functioning of our portals and our general systems, can be jeopardised. Scout24 business segments are connected to geographically separated and redundant data centres to ensure our systems' security and stability. The operation of the platforms is under permanent monitoring so as to quickly initiate appropriate countermeasures in case of failure. Additionally, a comprehensive multi-stage protection of our systems as well as personalised, role-based access controls guarantee protection against unauthorised access and external attacks. To align our measures in the cyber security area to current benchmarks and best practices, in the first quarter of 2016 we conducted a comprehensive external IT/cyber security audit, and supplemented it with ongoing intensive penetration tests. From this, we consistently derive new, risk-reducing measures to secure both our platform as well as internal and external access to our business data against unauthorised access.

Due to the importance of our data for our business, we gauge this risk as substantial, despite existing and effective risk-reducing measures.

Strategic risks

4.2. Sales, marketing & brand

Our decision not to place conventional print or TV advertising, and to focus instead on online marketing, together with overall reduced expenditures in the brand marketing area, can result in the value of the brand being negatively affected by diminishing brand recognition. This can lead to our losing our leading market positions in recognition among our users.

Such an effect could be bolstered by negative consequences from the "mobile first" strategy, as regular revenues, conversion, display advertising revenues and the general visibility of our products, along with individual features, have to be transferred from the desktop to a small display, to take into account the general trend to mobility and full-time reachability and accessibility.

Finally, the strategic decision to adapt our price model to regional differences generates various risks relating to design and implementation, with potential negative effects on revenue and customer satisfaction.

Overall, the strategic risks have critical significance for us, as they characterise the orientation of our business model medium- to long-term. We nevertheless regard such risk as manageable due to our intensive market research and detailed analysis.

5.2. Data protection & data security

We receive and process data from customers and users as part of our operating activities. The users of our platforms entrust us not only with data required for registration, but also information about their personal life circumstances (such as the ImmobilienScout24 applicants package). Customer confidence in the security of our platforms deriving from IT security and data protection must be justified.

The products are developed and set up with a view to data protection and the IT security of data. Regular training sessions ensure that data handling in line with data protection regulations is firmly anchored in staff awareness. New products and procedures are examined in defined processes to ensure they are compatible with data protection and data security.

Data storage and processing in this context always occurs within the context of statutory regulations, and we always protect all data and information from unauthorised access. Unauthorised publication by unauthorised third parties is consequently a high risk relating to the confidence of our customers and users and the transfer of their data. The same is true for the unauthorised transmission to third parties by unauthorised individuals or without corresponding approval. In particular, the utilisation of new third-party technologies of relevance to competition bears the risk – in the context of EU data protection regulations – of being partly non-compliant with statutory requirements.

We counter such risks through securing the customer and user data that are entrusted to us using current technologies and security concepts, as well as corresponding internal regulations and processes. Despite extensive security precautions, however, our data can be spied upon, sold, deleted, published or compromised in another manner both internally and externally by illegally gained criminal access.

Due to the key significance of data for our business model, we gauge risks connected with data protection and data security as critical, despite our extensive technical security measures, internal regulations and processes.

5.9. Know-how drain

For the successful maintenance of our operating infrastructure we will continue to require qualified technical and managerial personnel. Our future success depends on the extent to which we are successful in training, hiring, integrating and sustainably securing the loyalty of appropriately qualified employees. In order to ensure a proper staffing to meet the growth challenges and to enhance our attractiveness as employer we conduct a strategic personnel planning which implies a comprehensive recruiting.

Particular risks are seen in the loss of know-how and a lack of transfer of knowledge due to the departure of employees. A working time organisation adapted to employee needs and material incentive systems are designed to keep Scout24 competitive as an attractive employer. We are dependent on the availability and the performance of experts at our management level and other personnel, and also on preserving a flexible corporate culture. We classify this risk as significant.

5.11 Documentation obligations

A functioning contract management system is an important precondition for the smooth processing of all supply and performance relationships. Due to the high number of individual contracts, especially with customers and suppliers, and including as part of our online business, the risk generally exists that disadvantageous obligations or disadvantageous contractual consolations can arise in specific cases. We utilise both standardised purchasing, sale and supply contracts as well as standardised general terms and conditions of business to avoid such risks relating to individual contracts structures. Though, this increases the risk that such contractual conditions are invalid, and unenforceable as a result.

Due to the large number of contracts concluded, within the online business, we see in aggregate the risk of insufficiently documented contractual components, including requisite internal approvals, as significant generally.

The regular involvement of our legal department as well as the purchasing department in the context of our internal (purchasing) processes is absolutely mandatory to avoid such risks. From 2017, new underwriting guidelines also help reduce overall risk.

Given this, we classify this risk as manageable.

Opportunities

Overall statement on opportunities from the viewpoint of management

The Internet business continues on a growth track in Germany, Europe and worldwide. In particular, business models in the advertising business are shifting from offline offerings such as print media to online offerings. Online advertising expenditures accounted for a 31.6 % share in 2016, for example, and is expected to reach 36.6 % by 2019.[59] It is precisely this change that generates growth potential for the Scout24 business models.

Through its brand recognition and large number of users, the Scout24 Group has continued to achieve an excellent positioning in all significant business segments. For this reason, we see all Scout24 companies operating in the market continuing on a growth path overall.

[59] ZenithOptimedia, Advertising Expenditure Forecasts, December 2016

From the Management Board's perspective, Scout24 AG is overall well positioned for the systematic identification and exploitation of opportunities that arise from the significant trends in its markets.

Significant opportunities

Potential for further income growth at ImmobilienScout24
ImmobilienScout24 is Germany's largest online real estate advertising portal with supported brand recognition of 84 %.[60] Today, almost 70 % of customers already use our services via mobile devices. Such services can be utilised across all devices. Our own apps have already been downloaded more than 14 million times[61], which underscores the attractiveness of the platform.

We are convinced that we are well positioned to seize various opportunities for revenue growth, which will extend beyond this structural market shift in connection with real estate advertising budgets (both with respect to classifieds as well as general advertising). The advantageous network effect in this sector should work in our favour, and we believe it will lead to a disproportionately high share of advertisements and visitors (measured by access numbers, reach and visitor activity) on our marketplace. In the case of our commercial real estate providers, especially regarding the larger ones, we see substantial potential to increase our share of their advertising expenditures ("share of wallet").

Our average revenues per core agent ("ARPU") have room for growth, since they are lower than those of comparable market-leading companies in other countries where the shift from offline media to online advertising portals is already further advanced.

We believe our ARPU can be significantly increased, since we are constantly increasing the added value for our customers, and the market is continuously shifting from print products to online offerings. This development should lead in the medium term to an increase in the ordinary operating EBITDA margin in the ImmobilienScout24 segment.

Largest EU-wide online automobile advertising portal with potential for increased performance
AS24 operates the leading digital car classifieds portal in Europe and is market leader in Italy, Belgium (including Luxembourg), the Netherlands and Austria – measured in terms of the total number of classifieds – and ranked second in Germany.[62]

AS24 benefits from a Europe-wide presence through fixed-cost digression effects. The Europe-wide presence allows it to allocate costs for parts of the business, especially the fixed costs for development and the operation of our Internet sites and the

[60] GfK Brand & Communication Research, January 2017
[61] Management estimate
[62] Autobiz, December 2016

mobile apps to the markets. Furthermore, the pan-European reach enables us to provide regional car dealers with access to demand in the European market, thereby expanding their target group of potential buyers. With a view to the cross-border sales of automobiles in Europe, this offers substantial added value.

The similarities in the sales processes and listing placements for automobiles and real estate allow us to use our expertise and our tried and tested practices for both areas and optimise the processes. Especially with respect to our new developments for mobile products, such as the refurbished app for mobile phones, we can accelerate the mobile access to our offering and improve user friendliness for our customers in our AutoScout24 segment. In parallel, we are endeavouring to constantly deliver growing added value to our dealer customers through product innovation, thereby improving our position compared to our main competitor. As a result, we expect an increase of the ordinary operating EBITDA margin of our AutoScout24 segment in the medium term.

Good starting position for further expansion of our online portal and development of further market opportunities along the value chain in the real estate and automobile sectors

The leading position of our IS24 portal by access numbers and user activity[63] in Germany, and of AS24 at a European level, provides us with strong and far-reaching access to customers who are ready to buy, and should enable us to generate additional income from our reach, for example, through fee-based services along the value chain. We have already successfully introduced the first added-value service offerings, which should serve to support customers through the entire real estate sales or letting process.

At the same time, the pan-European presence of AS24 enables additional income to be generated through the large number of individuals seeking cars, online advertising sales and lead models along bordering segments of the automobile value chain. We intend to establish AutoScout24 as the "go-to" online portal for automotive manufacturers (OEMs), loan and insurance agents, replacement parts and accessory dealers and repair shops.

Stable business model with constant revenue growth, strong margins and higher cash flow generation

From 2013 to 2016, our external revenues have grown at a compound annual growth rate of 12.5 %, and reached a total of EUR 442.1 million in the reporting period. Our revenues are not directly dependent on the market prices of real estate and automobiles or the number of real estate transaction or auto sales, but instead on the number and display duration of the classifieds placed by our customers. Through our recently introduced more individual pricing arrangement, especially through the newly introduced membership model with which our customers can offer their entire

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[63] Based on visitor numbers (Unique Monthly Visitors, "UMV") and user activity, comScore December 2015 (desktop PC for visitor numbers, desktop PC and mobile devices regarding user activity)

real estate portfolio, we are additionally tailoring our pricing arrangement to the specific advertising quotas of our customers.

Our marketplace model and our leading market position make us highly profitable. In the reporting period, our Group generated ordinary operating EBITDA of EUR 224.5 million, and consequently an ordinary operating EBITDA margin of 50.8 %. We believe, however, that our ordinary operating EBITDA margin can be improved even further. The relatively small investment requirements of our business model lead to a significant generation of cash flows.

Benefiting from user interest overlap in our digital marketplaces

Scout24 Media was established in 2015 as a Group-wide function to advance the generation of leads and sale of listings Group-wide, and helps position Scout24 as a leading data-based premium supplier in Germany and Europe. Scout24 Media combines Group-wide product marketing capabilities and resources as well as third party and agency sales teams. Based on the intensive usage of our portals and the significant synergies across IS24 and AS24, the Management Board believes Scout24 is positioned well to deliver value-added services and products extending beyond classifieds advertising. Management estimates that approximately 30 % of AS24 users in Germany are also interested in real estate and approximately 43 % of IS24 users in Germany are also interested in cars. This significant user base overlap allows the Group to offer relevant products and services to its consumers and to effectively offer targeted, data-driven advertising and lead-generation solutions to companies interested in reaching the large and qualified base of approximately 16 million monthly individual users.[64]

[64] AGOF digital facts 2016-10

Outlook

Market and sector expectations

As described in the section "Macroeconomic and sector-specific environment", Scout24 is expecting favourable tailwinds in the stable macroeconomic backdrop, as well as in the German real estate and European automotive markets.

Scout24 is well positioned to benefit from those tailwinds, given its leading market positions, high brand recognition and significant audience reach in the German and European market.

Company expectations

Scout24 reported a successful financial year in 2016 with 12.3 % revenue growth and an ordinary operating EBITDA margin of 50.8 %, which demonstrates our continued focus on sustainable and profitable revenue growth.

The online advertising outlook in Germany and Europe remains positive as both consumers and customers become increasingly digital. Scout24 is well positioned to benefit from this structural shift due to the market leading positions of our ImmobilienScout24 and AutoScout24 platforms, with both divisions benefiting from the shift of marketing budgets from traditional marketing channels to online. Our profitable growth is especially driven by revenues from our core agent and core dealer partners and by increasing consumer monetization along the value chain of real estate or automotive.

We are confident that this momentum will continue in 2017, and expect group revenue to record a growth rate in the high single-digit area. Reflecting the scalable nature of our business model, our total cost base should grow at a disproportionately lower rate than revenues and we therefore expect the ordinary operating EBITDA margin to increase by around one percentage point.

For 2017, we expect total non-operating costs to amount to approximately EUR 10.0 million. This will include approximately EUR 3.0 million of share-based compensation and around EUR 3.0 million from a share purchase agreement. Approximately EUR 0.6 million of share-based compensation relate to an accounting effect of the existing Management Equity program, and another around EUR 2.4million to a virtual management equity program launched in 2015. We expect a non-recurring charge for reorganisation of approximately EUR 4.0 million.

Finally, we expect capital expenditure to be on a comparable level to 2016.

ImmobilienScout24
For 2017, we expect IS24 to achieve a mid-single-digit percentage revenue growth rate. Revenue growth will be weighted towards the second half, where we expect an acceleration to a mid to high single-digit percentage rate. As in previous years, underlying costs are expected to grow at a disproportionately lower rate than revenues. However, we are stepping up investment in marketing and product innovation for both, our customers and consumers. We expect these investments to have a positive impact on our top line growth, starting in the second half of 2017. As a result, we expect ordinary operating EBITDA margin on a slightly lower to similar level than in 2016.

Revenues from core agents increased by 4.9 % in 2016 compared to 2015, in the fourth quarter 2016 revenues from core agents increased by 2.6 % compared to the fourth quarter 2015. From an operational perspective, we saw a successful development of the most important performance indicators: IS24 increased its listings market share versus its closest competitor (from 1.4x to 1.6x) and it maintained a strong competitive lead in consumer traffic and engagement (2.7 the next closest competitor) while growing traffic and leads for its agent customers. In addition, 86.9 % of IS24 customers were migrated to the new membership model. The migration should be completed by end of 2017, as the package based products are expiring. The number of core agents as of December 2016 declined by 10.0 % compared to December 2015 with a stabilization of agent numbers in the fourth quarter 2016, mainly in line with the general market development.

For 2017, the operational focus for the core agent business will be to maintain or grow its listings market share. In addition, we will continue to drive penetration of our visibility products in order to achieve an ARPU increase in the high-single- to low-double-digit percentage. ARPU growth will be weighted towards the second half of 2017, where we expect measures taken throughout 2016 to kick in. Core Agent numbers are assumed to remain stable excluding any potential impact of agents leaving the business as a result of prevailing market conditions throughout the year. As a result, we expect revenues from core agents to increase by a low single-digit percentage rate with an accelerated growth rate in the second half of 2017.

Revenues from other agents are estimated to grow by a low single digit percentage.

Other revenues are expected to grow by a low teens percentage rate, largely driven by strong growth opportunities in the consumer monetization segment.

AutoScout24
For 2017, we expect AS24 to grow revenues by a mid-teens percentage growth rate and for ordinary operating EBITDA margin to expand further by at least five percentage points.

We do anticipate a more moderate growth in the number of core dealers in Germany versus the previous year, given our already high market penetration. We expect AS24 revenues from core dealers in Germany to grow to at least in the mid-teens, driven by ARPU growth through the ongoing penetration of the visibility products.

2017 revenues from core dealers in Benelux and Italy should grow at levels similar to revenues from core dealers in Germany.

We expect a positive development for revenues from other dealers and other revenues both with an increase in the low teens percentage.

Other disclosures

Dependency Report

Closing statement of the Management Board report concerning relations to associated companies pursuant to Section 312 of the German Stock Corporation Act (AktG)
Scout24 AG was a company dependent on Willis Lux Holdings 2 S.à r.l. i.L., Luxembourg, during the 2016 financial year. As no control agreement exists with Willis Lux Holdings 2 S.à r.l. i.L., pursuant to Section 312 of the German Stock Corporation Act (AktG) the Management Board of Scout24 AG is obliged to compile a report on the relationships to other affiliated companies. This report comprises information on the relationship to the controlling company and to other companies affiliated to the controlling company, as well as to companies of the Scout24 Group for the 2016 financial year.

The Management Board, in accordance with Section 312 (3) of the German Stock Corporation Act (AktG), declares the following:

> "Our company received an appropriate compensation for any legal transactions specified in this report concerning the relationships with affiliated companies, based on the circumstances of which we were aware at the time when the legal transactions were carried out. No other measures were concluded in the financial year 2016 at the instigation or in the interests of the affiliated companies."

Takeover-relevant information pursuant to Sections 289 (4) and 315 (4) of the German Commercial Code (HGB)

The following presents information according to Sections 289 (4) and 315 (4) of the German Commercial Code (HGB) as of 31 December 2016.

Composition of subscribed share capital
The subscribed share capital of Scout24 AG amounts to EUR 107.6 million. It is divided into 107,600,000 registered ordinary no-par value shares (individual share certificates) with a proportional interest in the share capital of EUR 1.00 per share. The shares are deposited in the form of a global share certificate. The right to demand issuance of individual share certificates is excluded. Each no-par value share grants the same rights and carries one vote at the Company's annual shareholders' meeting. All registered shares are fully paid in.

Restrictions affecting the voting shares or share transfers
The independent Supervisory Board members entered into a commitment to the Company to re-invest a certain part of their Supervisory Board compensation in shares. Those shares are to be held for the duration of their terms of their Supervisory Board membership at Scout24 AG.

Direct or indirect equity investments exceeding 10 % of voting rights

As of 31 December 2016, the Company is aware of the following equity investments representing more than 10 % of voting rights: Willis Lux Holdings 2 S.à r.l. i.L., Luxembourg, 24.92 %, and Deutsche Telekom AG, Bonn, 10.10 %.

Shares endowed with special rights

All shares grant the same rights. No classes of shares exist that are endowed with special control rights.

Control of voting rights for equity investments of employees

No provisions exist for control of voting rights if employees participate in the share capital without directly exercising their voting rights.

Appointment and dismissal of Management Board members, amendments to the articles

Pursuant to Section 6 (2) of the articles of incorporation of Scout24 AG, the Management Board members are to be appointed, and their appointments are to be revoked, by the Supervisory Board. Further provisions are set out in the Sections 84 and 85 of the German Stock Corporation Act (AktG). Any amendment to the articles of incorporation shall require a majority of at least three quarters of the attending share capital at the General Meeting of Shareholders. The provisions of Sections 179 et seq. of the German Stock Corporation Act (AktG) are applicable. Pursuant to Section 10 (4) of the articles of incorporation, the Supervisory Board shall be entitled to amend the articles solely relating to their wording. In particular, the Supervisory Board is authorised to amend the wording of the articles of incorporation after complete or partial implementation of the increase of the share capital out of the Authorised Capital 2015 stipulated in Section 4 (6) of the articles or after the expiry of the authorised period in accordance with the amount of the capital increase out of Authorised Capital 2015.

Authorisation of the Management Board to issue new shares or repurchase shares

The Management Board is authorised to increase the Company's share capital with the approval of the Supervisory Board in one or several tranches until 3 September 2020, by issuing new no-par value registered shares against cash or non-cash capital contributions, by an amount of up to EUR 50.0 million in total (Authorised Capital 2015). Shareholders are to be granted subscription rights in this context. Pursuant to Section 186 (5) of the German Stock Corporation Act (AktG), the new shares can also be transferred to a bank or enterprise operating pursuant to Section 53 (1) Clause 1 or Section 53b (1) Clause 1 or Section 53b (7) of the German Banking Act (KWG), with the obligation to offer them to the shareholders for subscription (indirect subscription right). The Management Board, with Supervisory Board approval, is authorised to exclude shareholders' subscription rights in whole or in part in the following cases:

- in case of a capital increase against cash capital contributions if the issue price of the new shares is not substantially (in the meaning of Section 186 (3) Clause 4 AktG) lower than the stock exchange price of shares of the Company carrying the same rights, and the shares issued by excluding the subscription right in accordance with Section 186 (3) Clause 4 AktG, in aggregate do not exceed ten percent (10 %) of the share capital, either at the time of this authorisation entering into effect or at the time of exercise of this authorisation. Those shares must be taken into account with regard to this limit that have been issued or sold subject to exclusion of the shareholder subscription rights during the time when this authorisation is in effect up to the time of exercise of the respective authorisation in direct or corresponding application of Section 186 (3) Clause 4 AktG. Those shares must also be taken into account that have been issued or can still be issued by the Company on the basis of convertible bonds/bonds with warrants issued as of the point in time of the respective exercise of the authorisation if the convertible bonds/bonds with warrants were issued by the Company or Group companies subject to exclusion of the subscription right of the shareholders in direct or corresponding application of Section 186 (3) Clause 4 AktG after this authorisation takes effect;

- in case of capital increases against non-cash capital contributions, in particular for the purpose of acquiring companies, parts of companies or interests in companies; for the purpose of excluding fractional amounts from the shareholders' subscription rights;
- for fractional amounts;
- for issuance of shares to employees of the Company and employees and board members of subordinated affiliated companies, and, in addition, with regard to employees in accordance with the requirements of Section 204 (3) AktG;
- for the purpose of granting subscription rights to holders of conversion or option rights related to bonds to be issued by the Company or an affiliated company.

Altogether, the portion of the share capital that is attributable to shares being issued on the basis of the Authorised Capital 2015 with the shareholders' subscription rights being excluded shall not exceed 10 % of the share capital, either at the time of that authorisation taking effect or at the time when the authorisation is exercised. The shares issued or to be issued to service bonds with conversion or warrant rights or an obligation to convert them shall count towards the aforementioned 10 % limitation if such bonds were issued during the term of this authorisation with the shareholders' subscription rights being excluded.

The Management Board is authorised to determine the further details of the capital increase and its implementation, in particular the content of the share-related rights and the terms and conditions of the share issue, with the approval of the Supervisory Board.

In the course of the initial public offering this authorisation was partly used to an amount of EUR 7.6 million.

By resolution of the Extraordinary Meeting of Shareholders of Scout24 AG on 17 September 2015, and in accordance with Section 71 (1) No. 8 of the German Stock Corporation Act (AktG), the Management Board is authorised to purchase its own shares representing an amount of up to 10 % of the lesser of the share capital at the time of the authorisation or the share capital at the time of the respective exercise of the authorisation. The share capital at the time of the authorisation amounted to EUR 100,000,000. This authorisation can be exercised in full, or in part, once, or on several occasions and is valid until 16 September 2020. The shares may be purchased (1) on the stock market or (2) by way of a public offer to all shareholders made by the Company or (3) by way of a public invitation to submit offers for sale or (4) by granting rights to tender to the shareholders.

Material agreements of the Company that take effect in the event of a change of control following a takeover bid

The Facility Agreement signed on 19 December 2016 represents a significant Group agreement subject to a change of control. In the case of a change of control and under additional preconditions, this enables individual lenders to claim their share of the loan within a set timeframe.

Compensation agreements with the Management Board members or with employees in the event of a takeover bid

No such agreements exist.

Corporate Governance Declaration according to Articles 289a, 315 (5) of the German Commercial Code (HGB)

The Corporate Governance Declaration forms part of the corporate governance report, and is available in the Investor Relations/Corporate Governance section of our corporate website.

www.scout24.com

Additional disclosures for the individual financial statements of Scout24 AG

The management report for Scout24 AG and the Group management report for the Scout24 Group have been combined. The following statements refer exclusively to the separate annual financial statements of Scout24 AG prepared according to the statutory accounting regulations of Sections 242 et seq. and Sections 264 et seq. of the German Commercial Code and the supplementary regulations of Sections 150 et seq. of the German Stock Corporation Act (AktG).

The consolidated management report was prepared in accordance with International Financial Reporting Standards (IFRS). Differences in the measurement provisions, of fixed assets and financial instruments were the main differences to arise in this context.

Business activity of Scout24 AG

Scout24 AG as the parent entity and its direct and indirect subsidiaries together form the Scout24 Group, a leading operator of digital marketplaces with a focus on real estate and automotive in Germany and other selected European countries.

The object of the Company is to acquire and hold participating interests in other companies as well as to provide management services to direct and indirect subsidiaries in the meaning of the "OneScout24" approach. In this function, it is responsible for the management and strategic focus of the Group's business segments.

Scout24 AG provides finance, accounting, controlling, internal auditing, risk management & compliance, business development and corporate strategy, communication, investor relations, human resources and legal services within the Group.

Scout24 AG also renders services as part of the Scout24 Media business. Scout24 Media, as a Group-wide function, undertakes activities in listings sales, and bundles all activities in the field of services for consumers. The latter means that services along the value chain of selling and renting property and the automotive market respectively, are provided. These services include for example property financing, property valuation, information on potential borrowers' credit standing (schufa) and automobile financing. As part of Scout24 Media, Scout24 AG combines Group-wide marketing competences and resources with third-party providers and sales partners.

The members of the Management Board of Scout24 AG are responsible for the operational management.

The individual subsidiaries and business areas of Scout24 AG are managed through effective controlling of the Company's participating interests, a function that monitors activities continuously. In the course of monthly analyses, the planned targets are compared with the actual figures and arising differences are analysed.

Scout24 AG measures the performance of its subsidiaries and business areas applying the management metrics of revenue and ordinary operating EBITDA margin. These are supplemented by capital expenditures in property, plant and equipment and intangible assets ("capex") as well as further segment-specific auxiliary indicators.

From the management's perspective Scout24 AG is not controlled in a considerably independent way. The main focus in management lies on the subsidiaries. Scout24 Media is not managed independently but within the subsidiaries of Scout24 AG.

Results of operations, financial position and net assets of Scout24 AG

In the financial year under review, the financial position of Scout24 AG was especially determined by the further growth of the subsidiaries, expanding the support services in the Scout24 Media field, and the refinancing of the syndicated loan, and can be described as very positive overall.

Results of operations

The revenue position and results of operations of Scout24 AG are presented in the following condensed income statement:

Income statement (condensed)

(EUR thousands)	FY 2016	FY 2015	+/-	+/- in %
Revenues	37,659	12,975	24,684	190.2
Other operating income	3,065	9,815	(6,750)	(68.8)
Material costs	(18,664)	(2,143)	(16,521)	770.9
Personnel expenses	(18,370)	(7,910)	(10,460)	132.3
Amortizations and depreciation	(57)	(23)	(34)	147.8
Other operating expenses	(14,068)	(42,486)	28,418	(66.9)
Income from profit transfer agreements	129,852	127,571	2,281	1.8
Income from financial asset lendings	32,623	35,536	(2,913)	(8.2)
Other interest and similar income	2,211	4,561	(2,350)	(51.5)
Interest and similar expenses	(34,383)	(37,007)	2,624	(7.1)
Taxes on income and on revenue	(35,539)	(26,861)	(8,678)	32.3
Earnings after tax	84,329	74,028	10,301	13.9
Other taxes	135	(48)	183	(381.3)
Annual net profit	84,464	73,980	10,484	14.2

Revenues increased year-on-year by EUR 24.7 million, from EUR 13.0 million to EUR 37.7 million. This arises, firstly, from invoiced services (increase by EUR 16.8 million) that Scout24 AG receives from its subsidiaries as part of the Scout24 Media business, and, secondly, from an increase in management services charged out to subsidiaries (increase by EUR 9.2 million).

Other operating income reduced by 68.8 % compared with the previous year, from EUR 9.8 million to EUR 3.0 million. This is mainly attributable to income from passing on EUR 5.0 million of the IPO costs to the shareholders in 2015, as well as a reduction in income relating to other accounting periods. This was offset by the release of the provision for pending losses for the measurement of the interest floor in an amount of EUR 1.8 million.

The material costs rose from EUR 2.1 million in 2015 to EUR 18.7 million in the financial year under review. One reason for this increase is the assumption of the services of the Scout24 Media area by Scout24 AG (increase by EUR 16.8 million) and corresponds to the revenue growth.

Personnel expenses rose from EUR 7.9 million in 2015 to EUR 18.4 million in 2016 in line with the higher number of employees as well as the employee structure. In the 2016 financial year, Scout24 AG employed a year-average of 72 staff members excluding the Management Board members (previous year: 20).

Other operating expenses reduced by 66.9 % to EUR 14.1 million compared with the previous year (EUR 42.5 million). In the previous year, these expenses were burdened by legal and advisory costs connected with the IPO. In the financial year under review, these expenses include, among other items, general legal and advisory costs, rental expenses, and expenses for marketing, advertising and PR.

Income from profit transfer agreements amounted to EUR 129.9 million in the financial year under review (previous year: EUR 127.6 million), representing 1.8 % growth. The income arises from the profit transfer agreement with Scout24 Holding GmbH, Munich (hereinafter also referred to as "Scout24 Holding").

Due to the improved earnings situation of the subsidiaries and Scout24 AG, taxes on income and revenue amounted to EUR 35.5 million in the 2016 financial year (previous year: EUR 26.9 million), representing an increase of EUR 8.6 million (32.3 %). The disproportionately high increase in taxes compared to the increase in earnings arises from other internal effects such as a lower possibility of tax deductions compared to the previous year and the carry forward of losses from mergers in 2015, which could not be recognized in the previous financial year.

Earnings after tax rose by 13.9 % from EUR 74.0 million to EUR 84.3 million.

As a consequence, the net profit for the year grew by a total of 14.2 % to EUR 84.5 million, compared with EUR 74.0 million in the previous year.

Financial position and net assets

Scout24 AG manages the Group's liquidity through its financial management function. Scout24 AG provides for sufficient liquidity in order to meet its payment obligations at all times. This is performed on the basis of a multi-year financial planning and monthly rolling liquidity planning.

The financial position of Scout24 AG is presented by the following condensed balance sheet:

Balance sheet (condensed)

(EUR thousands)	31/12/2016	31/12/2015	+/-	+/- in %
Intangible assets	865	-	865	100.0
Property, plant and equipment	283	229	54	23.6
Financial assets	1,561,930	1,561,929	1	0.0
Fixed assets	**1,563,078**	**1,562,158**	**920**	**0.1**
Trade receivables	5,022	506	4,516	892.5
Receivables from affiliated companies	188,997	201,841	(12,844)	(6.4)
Other assets	263	2,087	(1,824)	(87.4)
Cash holdings and bank credit balances	143	30	113	376.7
Liquid assets	**194,425**	**204,464**	**(10,039)**	**(4.9)**
Deferred expense	2,953	2,562	391	15.3
Total assets	**1,760,456**	**1,769,184**	**(8,728)**	**(0.5)**
Subscribed share capital	107,600	107,600	0	0.0
Nominal value of treasury shares	(13)	0	(13)	-
Capital reserve	423,170	423,892	(722)	(0.2)
Reserves for treasury shares	13	0	13	-
Retained earnings	53,800	53,800	0	0.0
Balance sheet profit	454,608	370,144	84,464	22.8
Equity	**1,039,178**	**955,436**	**83,742**	**8.8**
Provisions	**33,512**	**20,295**	**13,217**	**65.1**
Liabilities	**686,383**	**791,929**	**(105,546)**	**(13.3)**
Deferred income	1,383	1,524	(141)	(9.3)
Total liabilities and equity	**1,760,456**	**1,769,184**	**(8,728)**	**(0.5)**

The increase in intangible assets arises mainly from prepayments rendered for software purchased from third parties.

Trade receivables rose by EUR 4.5 million year-on-year to EUR 5.0 million. This increase is in line with the revenue growth.

Receivables due from affiliated companies comprise mainly receivables from the profit transfer agreement with Scout24 Holding as well as receivables from the cash pooling. The reduction in receivables in 2016 from EUR 201.8 million to EUR 189.0 million arises chiefly from the decrease in cash pooling receivables.

Equity changed by EUR 83.7 million, from EUR 955.4 million in the previous year to EUR 1,039.2 million. This effect is mainly attributable to the net profit. The subscribed share capital includes the deduction of EUR 13 thousand treasury shares from the share capital of EUR 107.6 million.

Share-based payments, ↘page 171

The capital reserve also reduced by EUR 0.7 million. The purchase of treasury shares and subsequent issuing of shares to managers as part of the stock option program entailed withdrawing EUR 1.6 million from the capital reserve. A total of EUR 3.8 million was also provisioned for shares yet to be repurchased.

Moreover, personnel expenses of EUR 4.7 million were recognised in the capital reserve in connection with share-based compensation.

Above and beyond this, the capital reserve was reduced by EUR 13 thousand through forming the reserve for treasury shares.

We kindly advise to consider additional information on treasury shares in the notes of the annual financial statements.

The equity ratio improved by 5.0 percentage points to 59.0 % (previous year: 54.0 %).

Provisions rose by EUR 13.2 million from EUR 20.3 million to EUR 33.5 million, mainly due to the higher level of provisions for outstanding invoices connected with the Scout24 Media business, as well as due to the anticipated repurchase of treasury shares from the employee participation programs. Adverse effects arose from the reversal of a provision for contingent losses at an amount of EUR 1.8 million.

Liabilities are characterised by EUR 680.0 million of bank borrowings (previous year: EUR 780.8 million). The reduction EUR 100.8 million in bank borrowings arises chiefly from the repayment of the original loan (Senior Facility Agreement) and the conclusion of a new lending agreement for a Term Loan of EUR 600.0 million as well as a revolving credit line of EUR 200.0 million, of which EUR 80.0 million was drawn as of 31 December 2016.

Risk and opportunities report of Scout24 AG

The business development of Scout24 AG is shaped by the economic performance of the individual subsidiary. For this reason, the risks and opportunities taken by the subsidiaries are also pertinent to Scout24 AG. The statements concerning the risk and opportunities situation of the Scout24 Group may be deemed as a summary of the risk situation of Scout24 AG.

The description pursuant to Section 289 (5) of the German Commercial Code (HGB) referring to the essential features of the internal control and risk management system in relation to the financial reporting process for the Scout24 AG is included in the risk and opportunities report of the Group.

Forecast report for Scout24 AG

Due to the interdependence between Scout24 AG and its subsidiaries, the results of Scout24 AG are almost completely determined by its subsidiaries. For this reason, Scout24 AG endeavours to support its subsidiaries to ensure and further develop their market success.

In general, the statements made in the forecast report of the Scout24 Group on the development of the market, sales and results apply to Scout24 AG accordingly. The forecast increase in revenue as well as the ordinary operating EBITDA margin of the Scout24 Group will contribute correspondingly to positive business growth at Scout24 AG.

Scout24 Media is not managed independently but within the subsidiaries of Scout24 AG. Therefore, we do not provide a forecast report on Scout24 Media.

Munich, 16 March 2017
Scout24 AG

The Management Board

Gregory Ellis

Christian Gisy

Consolidated financial statements

Consolidated income statement

Notes to the consolidated income statement ↘page 135

(EUR '000)	Note	2016	2015
Revenues	3.2	442,110	393,580
Own work capitalised	3.3	11,654	10,615
Other operating income	3.4	2,594	8,468
Total operating performance		**456,358**	412,663
Personnel expenses	3.5	(112,000)	(99,547)
Advertising expenses	3.6	(50,563)	(50,648)
IT expenses	3.7	(13,310)	(12,320)
Other operating expenses	3.8	(73,727)	(83,216)
EBITDA (earnings before interest, tax, depreciation and amortisation)		**206,758**	**166,932**
Depreciation, amortisation and impairment losses	4.5; 4.6	(65,457)	(65,614)
EBIT (earnings before interest and tax)		**141,301**	**101,318**
Results from investments accounted for using the equity method	3.9	17	(805)
Profit from disposal of investments accounted for using the equity method	3.9	-	22,098
Financial income	3.10	2,999	4,808
Financial expenses	3.11	(45,858)	(48,541)
Net financial result		**(42,842)**	**(22,440)**
Earnings before tax		**98,459**	**78,878**
Income taxes	3.12	(31,560)	(22,009)
Earnings after tax		**66,899**	**56,869**
of which attributable to:			
Non-controlling interests		(253)	(571)
Shareholders of the parent company		67,152	57,440

Earnings per share

(in EUR)	Note	2016	2015
Basic earnings per share	3.13		
Earnings per share after tax		**0.62**	**0.56**
Diluted earnings per share	3.13		
Earnings per share after tax		**0.62**	**0.56**

Accompanying notes form an integral part of the consolidated financial statements

Consolidated statement of comprehensive income

(EUR '000)	Note	2016	2015
Earnings after tax		66,899	56,869
Items that cannot be reclassified to consolidated income statement:			
Measurement of pension obligations – before tax	4.13	(19)	191
Deferred taxes on remeasurement of pension obligations	4.13	(2)	(30)
Measurement of pension obligations – after tax	4.13	(21)	161
	4.13	(21)	161
Items that are reclassified subsequently to consolidated income statement:			
Currency translation differences		10	69
Share of currency translation differences from investments accounted for using the equity method		-	(37)
Reclassification of currency translation differences due to disposal of investments accounted for using the equity method		-	17
		10	49
Other comprehensive income, after tax		**(11)**	**210**
Total comprehensive income		**66,888**	**57,079**
of which attributable to:			
Non-controlling interests		(253)	(571)
Shareholders of the parent company		67,141	57,650
Total comprehensive income		**66,888**	**57,079**

Accompanying notes form an integral part of the consolidated financial statements

Consolidated balance sheet

Notes to the consolidated balance sheet ↘page 144

Assets

(EUR '000)	Note	31/12/2016	31/12/2015
Current assets		**96,175**	**117,669**
Cash and cash equivalents	4.1	43,441	70,639
Trade receivables	4.2	43,275	37,817
Financial assets	4.3	406	333
Income tax receivables	3.12	1,249	285
Other assets	4.4	7,804	8,595
Non-current assets		**2,034,722**	**2,055,521**
Goodwill	4.5	816,231	787,283
Trademarks	4.5	983,523	983,685
Other intangible assets	4.5	217,560	259,454
Property, plant and equipment	4.6	9,953	12,994
Investments accounted for using the equity method	4.7	1,666	1,648
Financial assets	4.3	535	795
Deferred tax assets	3.12	3,482	6,746
Other assets	4.4	1,772	2,916
Total assets		**2,130,897**	**2,173,190**

Equity and liabilities

(EUR '000)	Note	31/12/2016	31/12/2015
Current liabilities		**112,300**	**86,887**
Trade payables	4.8	27,897	25,642
Financial liabilities	4.9	31,835	5,966
Other provisions	4.10	4,027	4,662
Income tax liabilities	3.12	15,870	15,295
Other liabilities	4.12	32,671	35,322
Non-current liabilities		**1,027,827**	**1,164,973**
Financial liabilities	4.9	645,539	767,913
Pension and similar obligations	4.13	443	527
Other provisions	4.10	632	882
Income tax liabilities	3.12	29	29
Deferred tax liabilities	3.12	378,579	392,961
Other liabilities	4.12	2,605	2,661
Equity	**4.14**	**990,770**	**921,330**
Subscribed share capital		107,600	107,600
Capital reserve		427,570	424,120
Retained earnings		455,041	387,889
Measurement of pension obligations		(85)	(64)
Other reserves		1,107	1,098
Treasury shares (13,400 and 0 shares respectively)		(463)	-
Equity attributable to shareholders of parent company		990,770	920,643
Non-controlling interests		-	687
Total equity and liabilities		**2,130,897**	**2,173,190**

Accompanying notes form an integral part of the consolidated financial statements

Consolidated statement of changes in equity

(EUR '000)	Note	Subscribed share capital	Capital reserve	Retained earnings	Measurement of pension obligations	Other reserves	Treasury shares	Equity attributable to shareholders of parent company	Non-controlling interests	Total equity
Balance on 01/01/2015		**2,000**	**304,104**	**752,036**	**(225)**	**1,049**	**-**	**1,058,964**	**1,258**	**1,060,222**
Measurement of pension obligations	4.13	-	-	-	161	-	-	161	-	161
Currency translation differences		-	-	-	-	49	-	49	-	49
Earnings after tax		-	-	57,440	-	-	-	57,440	(571)	56,869
Total comprehensive income		**-**	**-**	**57,440**	**161**	**49**	**-**	**57,650**	**(571)**	**57,079**
Capital increase	4.14	7,600	214,447	-	-	-	-	222,047	-	222,047
Capital increase from company funds	4.14	98,000	(98,000)	-	-	-	-	-	-	-
Share-based payments	5.5	-	3,569	-	-	-	-	3,569	-	3,569
Dividend payment	4.14	-	-	(421,588)	-	-	-	(421,588)	-	(421,588)
Balance on 31/12/2015 and 01/01/2016		**107,600**	**424,120**	**387,889**	**(64)**	**1,098**	**-**	**920,643**	**687**	**921,330**
Measurement of pension obligations	4.13	-	-	-	(21)	-	-	(21)	-	(21)
Currency translation differences		-	-	-	-	10	-	10	-	10
Earnings after tax		-	-	67,152	-	-	-	67,152	(253)	66,899
Total comprehensive income		**-**	**-**	**67,152**	**(21)**	**10**	**-**	**67,141**	**(253)**	**66,888**
Share-based payments	5.5	-	4,573	-	-	-	-	4,573	-	4,573
Purchase of treasury shares		-	-	-	-	-	(1,077)	(1,077)	-	(1,077)
Issue of treasury shares		-	(1,123)	-	-	-	614	(509)	-	(509)
Change in consolidation scope	2.3	-	-	-	-	-	-	-	(435)	(435)
Balance on 31/12/2016		**107,600**	**427,570**	**455,041**	**(85)**	**1,107**	**(463)**	**990,770**	**-**	**990,770**

Accompanying notes form an integral part of the consolidated financial statements

Consolidated cash flow statement

Notes to the consolidated cash flow statement ↘page 162

(EUR '000)	Note	2016	2015
Earnings after tax		**66,899**	**56,869**
Depreciation, amortisation and impairment losses		65,457	65,613
Income tax expense/(income)		31,560	22,009
Financial income[1]		(2,999)	(4,808)
Financial expenses[1]		45,858	48,541
Result from investments accounted for using the equity method		(17)	805
Result on disposal of investments accounted for using the equity method		-	(22,098)
Result on disposal of intangible assets and property, plant and equipment		(67)	25
Other non-cash transactions		2,930	3,686
Change in other assets not attributable to investing or financing activities		(4,297)	(4,244)
Change in other liabilities not attributable to investing or financing activities		(6,345)	(4,155)
Change in provisions		(1,051)	(6,360)
Income tax paid		(43,043)	(31,402)
Cash flow from operating activities	**5.1**	**154,885**	**124,481**
Purchases of intangible assets	4.5	(17,156)	(16,231)
Purchases of property, plant and equipment	4.6	(2,352)	(3,036)
Proceeds from disposal of intangible assets and property, plant and equipment		93	129
Payments made for investments in financial assets		(88)	(111)
Proceeds from sale of financial assets		10	2,716
Payments made to acquire subsidiaries	2.1	(29,509)	(9,525)
Proceeds from disposal of investments accounted for using the equity method		-	59,880
Payments made in connection with disposal of investments accounted for using the equity method		-	(2,082)
Interest received		225	239
Proceeds from disposal of discontinued activities		-	4,240
Cash flow from investing activities	**5.1**	**(48,777)**	**36,219**

continued on next page...

1 The previous year's figures has been adjusted: the previously separately reported interest income and interest expense figures as well as the other financial result are now shown as part of financial income and expenses.

...continuation

(EUR '000)	Note	2016	2015
Drawing down of short-term financial liabilities		30,002	-
Repayment of short-term financial liabilities		(2,990)	(145)
Drawing down of medium- and long-term finan-cial liabilities		650,850	400,000
Repayment of long-term financial liabilities		(781,000)	(264,183)
Payments for costs of debt acquisition		-	(7,726)
Payments for acquisition of derivative financial instruments		-	(55)
Proceeds from capital increases less transaction costs		-	219,674
Interest paid		(29,101)	(37,610)
Dividends paid		-	(421,588)
Payments for purchases of treasury shares		(1,077)	-
Cash flow from financing activities	**5.1**	**(133,316)**	**(111,633)**
Effect of foreign exchange rate changes on cash and cash equivalents		10	163
Change in cash and cash equivalents		**(27,198)**	**49,230**
Cash and cash equivalents at beginning of period		**70,639**	**21,409**
Cash and cash equivalents at end of period	**4.1**	**43,441**	**70,639**

Accompanying notes form an integral part of the consolidated financial statements

Notes to the consolidated financial statements

1 Information about the Company and basis for preparing the financial statements

1.1 Information about the Company

Scout24 AG is a listed public stock corporation with its registered office in Munich, Germany. The business address is: Dingolfinger Str. 1-15, 81673 Munich. Scout24 AG is registered at the Munich District Court (company register sheet number 220 696).

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The shares of Scout24 AG (hereinafter also referred to as the "Company") have been listed on the Frankfurt Stock Exchange since 1 October 2015. Scout24 AG has been included in the SDAX since 21 December 2015.

As of 22 February 2016, the indirect parent company of Asa NewCo was Asa HoldCo GmbH (Asa HoldCo). As of this date, Asa HoldCo was merged with its parent company Willis Lux Holdings 2 S.à r.l. (in liquidation), Luxembourg. The afore-mentioned company, in turn, is controlled indirectly by various funds of Hellman & Friedman LLC (H&F). The next highest entity that publishes consolidated financial statements in which Scout24 AG is included is Luxembourg-based Willis Lux Holdings S.à r.l. These financial statements are published in the "Registre de Commerce et des Sociétés" (RCS). Further important shareholders of Scout24 AG include Deutsche Telekom AG (DTAG) and management participation companies. Scout24 AG as the parent entity forms together with its direct and indirect subsidiaries the Scout24 Group (hereinafter also referred to as "Scout24" or the "Group").

The Scout24 Group is a group of companies with online marketplaces in Germany and other selected European countries in the business areas of real estate, mobility and financial services.

With its digital marketplaces, Scout24 is represented in a total of eight countries and offers private and business customers possibilities for placing classifieds. The Company also provides supplemental classifieds services, online advertising space, and acts as a generator for business contacts (leads). These services are also available to other online platforms. Furthermore, the Company operates websites in ten additional language versions.

The most well-known marketplaces of Scout24 are ImmobilienScout24, AutoScout24 and FinanceScout24.

1.2 Basis of preparation

Scout24 AG prepares its consolidated financial statements in accordance with the rules of the International Accounting Standards Board (IASB), London, applicable on the balance sheet date. It complies with the International Financial Reporting Standards (IFRS) as well as the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC), as adopted by the European Union, as well as with the supplementary commercial law regulations of Article 315a (1) of the German Commercial Code (HGB).

As of 31 December 2016, Scout24 implemented all mandatorily applicable accounting standards. For information about the application of new or amended standards and interpretations, please refer to Section 1.3 New accounting regulations.

The annual financial statements of the companies included in the Group are based on uniform accounting policies according to IFRS, as adopted by the EU.

The financial year for all of the companies included in the Group corresponds to the calendar year. All companies including associates and joint ventures (companies accounted for using the equity method) are included on the basis of the financial statements that they prepare as of 31 December 2016 for the 1 January to 31 December 2016 period. According to IFRS 10, the accounts of the companies acquired during the financial year are consolidated from the date on which control is acquired.

The consolidated financial statements are prepared based on historical costs, limited by the fair value of available-for-sale financial assets and by the recognition of financial assets and financial liabilities (including derivative financial instruments) measured at fair value through profit or loss. The balance sheet presentation distinguishes between current and non-current assets and liabilities. The consolidated income statement is structured applying to the nature of cost method. The consolidated financial statements are prepared in the euro, which is the reporting currency. Unless otherwise indicated, figures are generally presented in thousands of euros. The tables and information presented can contain differences due to rounding.

1.3 New accounting regulations

i. Standards, interpretations and amendments that required first-time mandatory application in the financial year elapsed

In addition to the previous standards, all of the accounting standards adopted by the EU and requiring application as of 1 January 2016 by Scout24 were implemented. No material effects arose from initial application. The standards applicable beginning as of 1 January 2016 are presented in the following table:

Standards/Interpretations	Effects
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception	Not relevant
Amendments to IFRS 11: Acquisition of an Interest in a Joint Operation	Not relevant
Amendments to IAS 1: Disclosure Initiative	No effects[1]
Amendments to IAS 16, IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	No effects
Amendments to IAS 16, IAS 41: Agriculture	Not relevant
Amendments to IAS 19: Employee Benefits – Employee Contributions	No significant effects[2]
Amendments to IAS 27: Equity Method in Separate Financial Statements	Not relevant
Improvements to the International Financial Reporting Standards, 2012-2014 Cycle	Not relevant or no significant effects
Improvements to the International Financial Reporting Standards, 2010-2012 Cycle	Not relevant or no significant effects

1 No effects arise for the financial position and performance; the amendments relate to disclosure requirements, especially including the structure of the notes to the financial statements.

2 Voluntary early application occurred in the 2014 financial year.

ii. Standards, interpretations and amendments requiring mandatory application in future reporting periods (published standards not yet requiring mandatory application)

The following new or revised accounting standards already issued by the IASB were not applied to the consolidated financial statements for the 2016 financial year as application was not yet mandatory. Some of the effects of the new or amended standards on the financial statements are still being analysed.

Standards/Interpretations		Mandatory application according to EU for financial years beginning on or after[1]:	Effects
IFRS 9	Financial Instruments	01/01/2018	See remarks below
IFRS 15	Revenue from Contracts with Customers	01/01/2018	See remarks below
IFRS 15	Revenue from Contracts with Customers	EU endorsement outstanding	See remarks below
IFRS 16	Leases	EU endorsement outstanding	See remarks below
IFRS 2	Amendments to IFRS 2: Share-based compensation	EU endorsement outstanding	Still being analysed
IFRS 4	Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	EU endorsement outstanding	Not relevant
IFRS 10, IAS 28	Amendments to IFRS 10, IAS 28: Sale or contribution of assets between an investor and its associate or joint venture	EU endorsement outstanding	Not relevant
IAS 7	Amendments to IAS 7: Disclosure Initiative	EU endorsement outstanding	Still being analysed
IAS 12	Amendments to IAS 12: Clarification connected with deferred tax assets	EU endorsement outstanding	Still being analysed
IAS 40	Amendments to IAS 40: Investment Property	EU endorsement outstanding	Not relevant
	Improvements to the International Financial Reporting Standards, 2014-2016 Cycle	EU endorsement outstanding	Not relevant or only disclosure requirement
IFRIC 22	IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration	EU endorsement outstanding	Still being analysed

1 Status as of 21 February 2017

IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board published the final version of IFRS 9 Financial Instruments.

IFRS 9 is to be applied initially for the first reporting period of the financial year beginning on or after 1 January 2018, whereby early application is permitted. The Group currently intends to apply IFRS 9 for the first time as of 1 January 2018.

The actual effects of applying IFRS 9 to the consolidated financial statements in 2018 are not known and cannot be estimated reliably, as they depend on the financial instruments the Group holds and economic conditions at that time, as well as on its future selection of accounting policies and discretionary decisions. The new standard requires the Group to adjust its financial accounting processes and internal controls connected with the presentation of financial instruments, whereby such adjustments have not yet been concluded. The Group has nevertheless conducted a preliminary assessment of the potential effects of applying IFRS 9, based on its balance sheet items as of 31 December 2016.

i. Classification – financial assets

IFRS 9 comprises a new classification and measurement approach for financial assets reflecting the business model in whose context the assets are held, as well as the characteristics of their cash flows.

IFRS 9 includes three important classification categories for financial assets: measured at amortised cost, measured at fair value through profit or loss (FVTPL), and measured at fair value through other comprehensive income (FVOCI). This standard eliminates the existing IAS 39 categories: held-to-maturity, loans and receivables, and available-for-sale.

Pursuant to IFRS 9, derivatives embedded in contracts based on a financial asset that falls into the standard's application scope are never recognised separately. Instead, the hybrid financial instrument is assessed overall in relation to the classification.

Based on its preliminary evaluation, the Group is not of the opinion that the new classification requirements – to the extent they are applied as of 31 December 2016 – would have significant effects on the recognition of its trade receivables and other financial assets. As of 31 December 2016, the Group held participating interests classified as available-for-sale with a carrying amount of EUR 180 thousand. As the available-for-sale category no longer exists pursuant to IFRS 9, this asset would prospectively fall into the FVTPL category. A detailed analysis of this has not yet been concluded, whereby the Group does not anticipate significant effects to arise.

ii. Impairment – financial assets and contractual assets
IFRS 9 replaces the "incurred losses" of IAS 39 with the future-based model of "expected credit losses". This requires considerable discretionary judgements about the extent to which expected credit losses are affected by changes in economic factors. This estimate is calculated on the basis of weighted probabilities.

The new impairment model is to be applied to financial assets that are measured at amortised cost or FVOCI – except equity investments – as well as contractual assets.

Pursuant to IFRS 9, valuation adjustments are applied on one of the following bases:

- 12-month credit losses: These relate to expected credit losses due to potential default events within twelve months after the reporting date.
- lifetime credit losses: These relate to expected credit losses due to potential default events during the expected term of a financial instrument.

Measurement applying the lifetime credit loss concept is to be applied if the credit risk of a financial asset on the reporting date has risen significantly since initial recognition; otherwise, measurement applying the 12-month credit loss concept is to be applied. The Company can determine that the credit risk of a financial asset has not risen significantly if the asset exhibits low credit risk on the reporting date. Measurement applying the lifetime credit loss concept is nevertheless always to be applied to trade receivables and contractual assets without significant financing components; an entity can also apply this method for trade receivables and contractual assets with a significant financing component.

Valuation allowances are currently applied to trade receivables based on past empirical values. Moreover, high percentage rate valuation allowances are applied to receivables older than 12 months. The Group is of the opinion that impairment losses for assets in the application scope of the IFRS 9 impairment model will probably rise and become more volatile. The Group has not yet finally determined the impairment methods to be applied pursuant to IFRS 9, however.

iii. Classification – financial liabilities
IFRS 9 largely retains existing IAS 39 requirements for the classification of financial liabilities.

Pursuant to IAS 39, however, all fair value changes for liabilities designated as measured at fair value through profit or loss are recognising profit or loss, whereas such fair value changes pursuant to IFRS 9 are to be presented as follows, as a matter of principle:

- Fair value changes attributable to changes in the liability's credit risk are reported in other comprehensive income.
- The remaining fair value change is reported in profit or loss.

The Group has not designated any financial liabilities as measured at fair value through profit or loss, and also does not intend to do so at present. The preliminary assessment by the Group showed no significant effects on applying IFRS 9 requirements relating to classifying financial liabilities as of 31 December 2016, which exist mainly of loans and derivative financial liabilities (floor) on that date.

iv. Disclosures
IFRS 9 requires significant new disclosures, especially relating to the recognition of hedges, credit risk and expected credit losses.
The preliminary assessment by the Group included an analysis to identify whether data gaps exist in relation to its current procedure; the Group intends to introduce system and control modifications it believes necessary for the requisite data gathering.

v. Transition
Amendments to accounting principles due to applying IFRS 9 are to be applied retrospectively, as a matter of principle. The Group has not yet decided whether to use the exception not to adjust comparable information for preceding periods concerning modifications to classification and measurement (including impairment).

The following assessments are to be made based on facts and circumstances prevailing on the first-time application date:

- Determining the business model in whose context a financial asset is held
- Determination and revocation of previous provisions relating to certain financial assets and financial liabilities measured as FVTPL.

<u>IFRS 15 Revenue from Contracts with Customers, including clarification of IFRS 15</u>
IFRS 15 Revenue from Contracts with Customers provides an extensive framework to determine whether, at what level and at what time revenue is recognised. It replaces existing revenue recognition guidelines, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is to be applied for the first time in financial years beginning on or after 1 January 2018. Earlier application is permitted, but the Company does not yet intend to do so.

The Scout24 Group generates its revenues by rendering services. Revenues of the "core services" comprise revenues from the placement of online classifieds, the provision of advertising space, and the generation of business contacts ("leads"). Revenue recognition pursuant to IFRS 15 occurs when the performance obligation is fulfilled, or when control is transferred. The Scout24 services to be assessed relate for the greater part to time-delimited performance obligations that are recognised pro rata temporis. The examination of the effects of applying IFRS 15 has not yet been concluded for the special case relating to "multicomponent transactions". The Scout24 Group offers services in a bundle (for example online classifieds, combined with placement of corporate logo and providing market information), but these did relate exclusively to services. To this extent, no significant effects are expected from such circumstances, as they are billed over the same period – even if separable services exist.

In relation to determining the consideration to the (individual) performance obligations, it is found that variability exists in the form of staggered prices depending on volumes procured. Billing currently also already occurs on the basis of actual consumption, using a consistent individual price. For this reason, these circumstances are not anticipated to give rise to any significant effects.

The Scout24 Group has not yet decided which of the available transition methods and simplifications to use.

IFRS 16 Leasing

IFRS 16 introduces a standard accounting model for recognising leases on the lessee's balance sheet. A lessee recognises a right-of-use asset that represents its right to utilise the underlying asset, as well as a liability from the lease that represents its obligation to render lease payments. Exception regulations exist for short-term leases and leases for low-value assets. Accounting at the lessor is comparable with the current situation – in other words, the lessor continues to classify leases as either finance leases or operating leases.

IFRS 16 replaces existing guidelines on leases, including IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases – Incentives, and SIC-27 Evaluating the Substance of Transactions in the Legal Form of a Lease.

Subject to adoption into EU law, this standard is to be applied for the first time in the first reporting period of a financial year beginning on or after 1 January 2019. Early application is permissible for companies that apply IFRS 15 Revenue from Contracts with Customers as of the first-time application date of IFRS 16 or previously.

The Group has not yet started to assess the potential effects of applying IFRS 16 to its consolidated financial statements.

1.4 Consolidation principles

Scope of consolidation

Subsidiaries are companies that Scout24 AG controls either directly or indirectly. Control exists if, and only if, Scout24 AG has the possibility, directly or indirectly, to determine the financial and business policy in such a way that the Group companies benefit from the activities of these companies.

The existence or effect of substantial potential voting rights that can be exercised or converted at present, including potential voting rights held by other Group companies, are taken into account when assessing whether a company is controlled. All domestic and foreign subsidiaries where Scout24 exercises direct or indirect control, and which are not of subordinate importance, are included in the consolidated financial statements of Scout24 according to the principles of full consolidation.

Joint arrangements where two or more parties exercise joint management of an activity are to be classified either as joint operations or as joint ventures.

A joint operation is characterised by the fact that the parties involved in joint management (joint operators) have rights to the assets attributable to the arrangement, or obligations for their liabilities. A joint operator recognises the assets, liabilities, income and expenses that are attributable to it, as well as its interest in the joint assets, liabilities, income and expenses.

In a joint venture, by contrast, the parties involved in joint management (partner entities) possess rights to the Company's net assets.

Associates are companies over which Scout24 AG exercises significant influence, and which are neither subsidiaries nor joint ventures. Both associates and joint ventures are included in the consolidated financial statements applying the equity method. Their results are reported under net finance costs.

Number	2016	2015
Scout24 AG and fully-consolidated subsidiaries		
Germany	10	11
Foreign	12	10
Investments accounted for using the equity method		
Germany	1	1
Foreign	1	1
Non-consolidated companies		
Germany	-	-
Foreign	-	-
Total	**24**	**23**

During the 2016 financial year, easyautosale GmbH, Munich, was merged with AutoScout24 GmbH, Munich. The merger was realised at carrying amounts. In 2016 in Germany, my-next-home GmbH, Saarbrücken, was added and Stuffle GmbH, Berlin, was sold. Abroad, European AutoTrader B.V., Amsterdam, and AGIRE Handels- und Werbegesellschaft mbH, Wien, were added.

A complete list of the shareholdings of Scout24 AG can be found in Section 5.11.

Consolidation methods

Subsidiaries are fully consolidated applying the acquisition method as of the date control is acquired, and deconsolidated as of the date control is lost.

The capital is consolidated by offsetting carrying amount of the investment against the corresponding portion of equity of subsidiary. In accordance with IFRS 3 first-time consolidation is based on the purchase method by offsetting of the acquisition costs of the shareholdings with the acquired assets and liabilities identifiable, including those at the acquired Company not reported on the balance sheet. The positive difference between the acquisition price and the share of the net fair value is reported as goodwill (for subsequent measurement see Section 1.6).

Intercompany transactions are eliminated. Receivable and liability balances between Group companies as well as unrealised gains and losses on transactions between Group companies are eliminated on consolidation.

When a subsidiary is sold, the assets and liabilities that have been included until that date, as well as goodwill allocable to the subsidiary, are offset with the disposal proceeds.

Investments in associates and joint ventures are included in the consolidated financial statements applying the equity method according to IAS 28, and initially recognised at cost. After the acquisition date, the cost is increased or decreased annually by the pro rata comprehensive result. Dividends paid by the associate accordingly reduce the acquisition cost at the date of distribution. At each reporting date, the Group examines whether there are indications that an impairment loss must be recognised with respect to investments in associates or joint ventures. In such a case, the difference between the carrying amount and the recoverable amount is recognised as an impairment charge in the income statement. Dilution gains and losses resulting from investments in companies accounted for using the equity method are recognised in profit or loss. Other changes in the equity of associates or joint ventures are not taken into consideration.

Foreign currency translation

The financial statements of subsidiaries and companies accounted for using the equity method, which are outside of the euro area are translated according to the concept of functional currency. The functional currency of the subsidiaries depends on the primary economic environment in which the respective operations are carried out. The functional currency of all Scout24 Group companies is the respective local currency. The reporting currency of the consolidated financial statements is the euro (EUR).

Transactions in foreign currencies are converted at the relevant exchange rate at the date of the transaction. In subsequent periods, monetary assets and liabilities are measured at the closing rate, and exchange differences are recognised through profit or loss. Non-monetary items, which were measured at historical cost are converted at the rate on the day of the transaction. In addition, non-monetary items that are measured at their fair value in a foreign currency are converted at the rate effective as of the date of the measurement at fair value.

Financial statements of foreign subsidiaries whose functional currency is not the euro are translated into euros using the modified reporting date method. In this connection, items in the income statement are translated at the annual average rate. Equity is translated at historical rates and asset and liability items are translated at the closing rate as of the balance sheet date. All exchange rate differences resulting from the translation of financial statements prepared in foreign currencies are recognised in other reserves within equity. These translation differences are only recognised in the income statement on the sale of the relevant subsidiary.

The underlying exchange rates for currency translation are presented below:

One euro in foreign currency unit	31/12/2016	31/12/2015
Switzerland		
Spot rate CHF	1.0739	1.0835
Average rate CHF	1.0902	1.0679

1.5 Accounting estimates and judgements

Discretionary decisions are relevant in two aspects when preparing consolidated financial statements: Firstly, uncertain terms and rules have to be interpreted. Secondly, the management is required to make (forward-looking) assumptions and estimates that can affect the financial position and performance.

Discretionary decisions relating to interpreting regulations were made especially in connection with classifying share-based payment schemes and/or regarding the disclosure of the term structure of loans.

Material (forward-looking) assumptions and estimates are made for purchase price allocations, uniform Group useful lives of non-current assets, the recoverability of receivables, the recognition and measurement of provisions and recognition of deferred taxes. The actual results arising later may deviate from these estimates.

The assumptions and estimates that give rise to the risk that a material adjustment of the carrying amounts of assets and liabilities may be necessary in future reporting periods are described as follows:

Purchase price allocation

For the purchase price allocation in connection with business combinations, assumptions are to be made regarding the recognition and measurement of assets and liabilities. The determination of the fair value of the acquired assets and assumed liabilities on the acquisition date, as well as the useful lives of the acquired intangible assets and property, plant and equipment, requires the use of assumptions. The measurement of intangible assets is based to a large extent on forecast cash flows and discount rates. The actual cash flows can significantly deviate from the cash flows which underlie the determination of the fair value, which can lead to other values and impairment losses. In the financial year under review, goodwill of EUR 27,423 thousand (previous year: EUR 5,325 thousand), identifiable other intangible assets of EUR 3,059 thousand (previous year: EUR 4,941 thousand) and contingent purchase price liabilities of EUR 0 thousand (previous year: EUR 3,769 thousand) were recognised on initial consolidation as part of purchase price allocation. More detailed disclosures are presented in Section 2.1 Corporate acquisitions.

Impairment of goodwill

In accordance with the accounting policy presented below, goodwill is subject to an impairment test at least once annually and additionally when indications exist for a potential impairment. In this connection, goodwill is first assigned to a cash generating unit and tested for impairment based on forward-looking assumptions. This requires an estimate of the recoverable amount of the cash generating units to which the goodwill has been allocated. For the determination of the recoverable amount, the expected future cash flows of the cash generating units are estimated and an appropriate discount rate is applied. Future changes in the expected cash flows and discount rates can lead to impairment losses in the future. In the financial year under review, the consolidated balance sheet of Scout24 reports goodwill of EUR 816,231 thousand (previous year: EUR 787,283 thousand), which is described in more detail in Section 4.5 Intangible assets.

Trademarks

Indefinite useful lives are used for major trademarks, as it is assumed that these will generate cash flows over an indefinite period. For this reason, a brand is not amortised until its useful life is determined to be of definite nature. Trademarks are subject to an impairment test at least once annually and additionally when indications exist for a potential impairment. The consolidated balance sheet of Scout24 as of 31 December 2016 reports a trademark at EUR 983,523 thousand (previous year: EUR 983,685 thousand). More detailed disclosures are presented in Section 4.5 Tangible assets.

Contractual customer relationships

The fair value of acquired customer contracts on the acquisition date is calculated based on the estimated future benefit, especially based on future expected cash flow surpluses discounted applying an appropriate interest rate, and amortised over the prospective useful life reflecting an imputed annual customer churn rate. In the financial year under review, the consolidated balance sheet of Scout24 reports contractual customer relationships of EUR 168,194 thousand (previous year: EUR 195,390 thousand), which are listed in Section 4.5 Intangible assets.

As mentioned in the Group Management Report, amongst other things the introduction of the "Mietrechtsnovellierungsgesetz" (German Rental Law Amendment Act [MietNovG], also known as "Bestellerprinzip") has led to a decrease in the number of core agents in 2015 and 2016 exceeding initial expectations. For this purpose, an impairment test for contractual customer relationships was carried out but did not lead to any result. Due to the decrease of the number of customers, the time horizon for economic benefit is reduced and consequently the useful life of the base of contractual customer relationships of ImmobilienScout24 is reduced from 6.2 years to five years, from the 2017 financial year. The residual amortisation amounts over the residual useful life will changes as follows:

(EUR '000)	2017	2018	2019	2020	2021	2022	2023	Total
Initial Amount of depreciation	24,733	24,733	24,733	24,733	24,733	24,733	2,946	151,344
New Amount of depreciation	30,269	30,269	30,269	30,269	30,269	-	-	151,344
Difference	5,536	5,536	5,536	5,536	5,536	(24,733)	(2,946)	-

Deferred tax assets

The recognition of deferred tax assets is dependent on the expected future earnings development. Scout24 reports deferred tax assets of EUR 3,482 thousand as of the balance sheet date (previous year: EUR 6,746 thousand). For detailed information regarding the development of deferred tax assets as well as total income taxes please refer to 3.12 Income Taxes.

1.6 Accounting policies

The material accounting policies are presented below.

Business combinations

Business combinations are accounted for applying the acquisition method. The assets, liabilities and contingent liabilities identified in accordance with the requirements of IFRS 3 are measured at their fair value at the time of acquisition and compared to the cost of the acquisition. Goodwill is determined as the excess of the acquisition costs over the fair value of the recognisable assets and liabilities. Any difference arising from the remeasurement of equity interests already held by Scout24 is recognised through profit or loss.

If the sum of the acquisition costs, the amount of non-controlling interests and the fair value of the equity interest, held by Scout24, before the acquisition date (step acquisition) is less than the fair value of the recognisable assets and liabilities in the event of a favourable acquisition, following a further review of the valuations of the assets and liabilities the difference is recognised in profit or loss.

Goodwill is tested for impairment at least once annually and if additional triggering events occur. Any impairment write-down is recognised through profit or loss. The impairment test is performed in accordance with IAS 36.

Acquisition-related costs are recognised through profit or loss.

Contingent purchase price obligations are measured at their fair value at the date of acquisition. Subsequent changes to the value are recognised in accordance with IAS 39 either through profit or loss or directly in equity. If contingent purchase price obligations qualify as equity, no remeasurement is made. At the date of settlement, it is accounted for within equity.

Financial instruments

Classification

Classification as the basis for measuring financial instruments is performed in accordance with IAS 39. Classification is based on the purpose for which financial assets were acquired, or financial liabilities were assumed. Possible categories of financial instruments include:

a. Assets

- Financial assets measured at fair value through profit or loss, whereby a differentiation is made between those that (i) are classified as such on initial recognition and those financial assets measured at fair value through profit or loss [FVTPL] and those which (ii) pursuant to IAS 39 are categorised as held for trading (trading assets, FAHfT);
- Held-to-maturity investments (HTM);
- Loans and receivables (LaR);
- Available-for-sale financial assets (AfS).

b. Liabilities

- Financial liabilities measured at fair value through profit or loss, whereby a differentiation is made between those that (i) are categorised as such on initial recognition, and those financial liabilities measured at fair value through profit or loss [FVTPL], and those which (ii) pursuant to IAS 39 are categorised as held-for-trading (FLHfT);
- Available-for-sale financial assets (AfS);
- Financial liabilities measured at amortised cost (FLAC).

Initial recognition and measurement

Depending on accounting method, a regular way purchase or sale of financial assets can be recognised or derecognised as of the trade date or the settlement date. The method applied is to be applied consistently for all purchases or sales of financial assets that belong to the same category of financial assets. Scout24 applies the trade date accounting method. The trade date is the date on which Scout24 commits itself to a purchase or sale.

Financial assets and liabilities are initially recognised at fair value. Transaction costs for financial instruments measured at fair value through profit or loss are expensed. For all other financial instruments, initial measurement is at fair value plus transaction costs.

Subsequent measurement

Depending on the classification of the financial instruments, subsequent measurement is at i) amortised cost or ii) fair value; as far as fair value changes are concerned, a distinction continues to be made between value changes recognised in profit or loss, and value changes recognised in other comprehensive income.

i) Amortised cost

- Held-to-maturity investments
- Loans and receivables
- Financial liabilities measured at amortised cost

ii) Fair value

- Financial assets measured at fair value through profit or loss; recognised in the income statement under other operating income (expenses)
- Available-for-sale financial instruments; fair value changes carried directly to other comprehensive income
- Financial liabilities measured at fair value through profit or loss; fair value changes recognised in the income statement

The individual categories existing at Scout24 can be specified as follows:

Category: Financial assets/ liabilities at fair value through profit or loss;

Financial instruments measured at fair value through profit or loss are financial instruments held for trading. A financial instrument is assigned to this category if it was acquired with the intention of being resold soon. Derivatives are also assigned to this category if they are not designated as a hedging instrument. To date, Scout24 has not made use of the option to designate financial instruments on initial recognition as assets or liabilities measured at fair value through profit or loss (fair value option).

Category: Loans and receivables

Loans and receivables are non-derivative financial instruments issued or acquired by the Company with fixed or determinable payments, which are not quoted in an active market.

Category: Available-for-sale financial assets

Available-for-sale financial assets are all non-derivatives which either were so designated or are not assigned to the other categories.

Category: Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost comprise mainly trade payables, liabilities to financial institutions and other financial liabilities. After initial recognition, the liabilities are measured at amortised cost, applying the effective interest-rate method.

Impairment

Based on various types of evidence, Scout24 is required to assess on each reporting date whether objective indications exist that a financial asset has become impaired. Any impairment of a financial instrument is equivalent to the difference between the carrying amount of a financial asset and the present value of its future cash flows. Discounting is based on the original effective interest rate. Impairment losses are expensed, as a matter of principle. The available-for-sale financial instruments category comprises an exception to this. Related fair value changes are recognised in equity, and are not recognised in profit or loss until the financial instrument is sold. If impairment losses are reversed in subsequent periods, such reversals are to be to no more than the amortised cost.

Deciding whether a default risk is to be reflected through a valuation allowance account or by directly derecognising the receivable depends how high the probability of default is estimated to be. In the case of receivables categorised as uncollectible, Scout24 recognises the default risk through derecognising the impaired receivable, or any amount in the valuation allowance account. If the reasons for an originally recognised impairment no longer exist, we perform a corresponding impairment loss reversal through profit or loss.

Dividend income

Dividend income from financial assets is recognised through profit or loss under other operating income when the Group's legal right to the income arises.

Offsetting and derecognition

Financial assets and liabilities are only offset and presented on a net basis in the balance sheet if a legal right exists to offset, and if the intent exists to either settle on a net basis or to realise the asset and settle the related liability simultaneously.

Financial assets are derecognised when the rights to payments from the financial assets have expired or have been transferred, and the Group has transferred substantially all the risks and rewards of ownership.

As of the reporting date, Scout24 has no involvement in financial assets that were transferred but not fully derecognised.

Cash and cash equivalents
Cash and cash equivalents include bank balances, cheques, cash on hand and short-term deposits with residual terms of not more than three months calculated from the acquisition date. They are measured at nominal values, which correspond to their fair values by virtue of their short-term maturity.

Trade receivables and other financial assets
Trade receivables and other financial assets which are classified as current assets are recognised at their fair value, plus transaction costs. For non-current receivables and other non-current financial assets, the fair value is calculated as the present value of the future cash flows, discounted using the market interest rate on the closing date. They are subsequently measured at amortised cost applying the effective interest method.

At every reporting date an assessment is made as to whether objective evidence exists for the impairment of a financial asset or a group of financial assets.

A financial asset or a group of financial assets is impaired and a respective write-down is to be recognised if objective evidence for impairment exists as the result of one or more events subsequent to the time of the initial recognition of the financial asset. Furthermore, events leading to impairment must have reliably estimable effects on the assumed future cash flows of the financial asset or group of financial assets. Valuation allowances are recorded for all doubtful receivables. Such valuation allowances are determined based on an individual risk assessment and depending on the ageing structure of overdue receivables. A valuation allowance based on previous experience is calculated on a portfolio basis.

The decision to recognise impairment adjustments either in a separate valuation allowance account or as a direct write-down of the receivable depends on the degree of reliability of the risk assessment. Due to the different operating segments and local circumstances, this judgement lies with the respective individual responsible for the portfolio.

Available-for-sale financial assets
Equity investments and non-consolidated shares in affiliated companies are classified as available-for-sale financial assets and recognised at fair value. Changes in the fair value are recognised in other comprehensive income. In the case of an impairment or a sale of securities which are classified as held for sale, all changes in the fair value that were originally recognised in equity are reclassified to the income statement and are shown under gains and losses on investments. Interest and dividend payments from securities classified as held for sale are presented in the income statement under financial income.

At the end of the respective reporting period the Group investigates whether objective evidence exists of an impairment of individual or of a group of financial assets. To assess regarding the existence of an impairment of debt instruments, the same criteria are applied as described above for loans and other financial assets.

A significant or sustained decline in the fair value of equity instruments classified as held for sale below their acquisition cost can also comprise evidence of impairment. If such evidence exists for financial assets held for sale, the cumulative loss, as the difference between the purchase price and the fair value less impairment losses, is to be reclassified from equity to profit or loss.

Reversals of impairment write-downs of equity instruments, whose previous impairment was recognised in the Group income statement, are not recognised in the Group profit or loss. In the case of an impairment reversal in subsequent periods after the occurrence of an impairment of a financial instrument classified as held for sale, and this can be objectively attributed to an event after the occurrence of the impairment, then the impairment loss is reversed through the Group profit or loss.

Financial liabilities

Financial liabilities and other liabilities are recognised at fair value using the effective interest method less transaction costs. The price is determined either by reference to an active market or at fair value using valuation methods. In subsequent periods, financial liabilities are measured at amortised cost using the effective interest method. Any difference between the net loan amount and the repayment value is amortised over the term of the financial liabilities and recognised in the income statement.

Investments accounted for using the equity method

Associates and joint ventures included in the consolidated financial statements are recognised using the equity method.

When applying the equity method the cost of the shareholding is adjusted by the share of the change in net assets attributable to Scout24. Prorated losses that exceed the value of the Group's equity interest in an entity accounted for using the equity method, taking into account any attributable non-current loans, are not recognised. Recognised goodwill is presented in the carrying amount of the entity accounted for using the equity method. Unrealised intercompany profits and losses from transactions with companies accounted for using the equity method are eliminated proportionately during consolidation if the underlying transactions are material.

During impairment testing, the carrying amount of an entity accounted for using the equity method is compared with its recoverable amount. If the carrying amount exceeds the recoverable amount, the difference must be recognised as an impairment. If the reasons for a previously recognised impairment no longer exist, a corresponding reversal of the impairment is recognised through profit or loss.

The financial statements of equity investments accounted for using the equity method are generally prepared based on uniform Group accounting policies.

Intangible assets (excluding goodwill)

Intangible assets (acquired; excluding goodwill) are recognised at historical cost less accumulated amortisation (except assets with indefinite useful economic lives) and impairment losses.

Internally-generated intangible assets are capitalised if all of the requirements of IAS 38 are satisfied. The following criteria are relevant in this respect:

A The technical feasibility of completing the intangible asset exists so that it will be available for use or sale.

B The Group intends to complete the intangible asset and use or sell it.

C The Group is able to use or sell the intangible asset.

D The manner in which the intangible asset will generate probable future economic benefits can be demonstrated; the Group can, among other things, demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.

E The Group has adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

F The Group is able to reliably measure the expenditure attributable to the intangible asset during its development.

The useful lives and amortisation methods of intangible assets are reviewed at least at each period-end reporting date.

If current expectations deviate from the previous estimates, appropriate adjustments are recognised as changes in accounting estimates pursuant to IAS 8.

Intangible assets with indefinite useful lives are not subject to scheduled amortisation. Instead, they are tested for impairment both annually as well as when there are indications of impairment.

The expected economic useful lives are as follows:

Trademarks	Indefinite*
Contractual customer relationships	8-15 years
Internally-generated intangible assets	3-5 years
Purchased software	2-5 years
Other concessions, rights and licenses	2-10 years

* The value of trademarks with a definite useful life is not material and is therefore amortised over a period of between two and five years.

Scout24 separates trademarks into two categories: (1) trademarks with a definite useful life and scheduled amortisation and (2) trademarks with an indefinite useful life without scheduled amortisation. Scout24 determines the useful life of trademarks based on specific factors and circumstances. In determining the useful life, Scout24 considers the contractual agreement underlying the asset, the historical development of the asset, the long-term corporate strategy for this asset, all statutory or other local regulations which could have an effect on the useful life of the asset as well as the competitive situation and specific market conditions.

If trademarks with an indefinite useful life totalling EUR 984 million were instead recognised with a useful life of ten years, amortisation would be EUR 98.4 million per year over the next ten years.

Contractual customer relationships include existing subscribers, in particular commercial customers such as real estate agents and car dealerships. These customer relationships represent ongoing business with an assumed useful life of eight to 15 years.

Purchased software, other concessions, rights and licenses are presented as technology-based intangible assets in the purchase price allocation (see Section 2 Changes in the consolidation scope).

Goodwill

Goodwill arises from the acquisition of subsidiaries and represents the difference amount between the purchase price and the fair value of the assumed identifiable assets, liabilities and contingent liabilities.

For purposes of the impairment test, goodwill is assigned to the cash generating unit or group of cash generating units which are expected to benefit from synergies arising from the acquisition. The cash generating units represent the lowest level within the Company at which the goodwill is monitored for internal management purposes.

Goodwill is not amortised on a scheduled basis, but is tested for impairment on an annual basis and additionally if there are any indications of potential impairment. Goodwill is tested for impairment by comparing the carrying amount of the cash generating unit or units with its/their recoverable amount. The recoverable amount corresponds to the higher of the two amounts: fair value less cost to sell and value in use.

If the carrying amount exceeds the recoverable amount, an impairment exists and the carrying amount is written down to the recoverable amount. If the fair value less costs to sell is greater than the carrying amount it is not necessary to calculate the value in use; the asset is not impaired. An appropriate valuation technique is used to determine the fair value less costs to sell. This technique is based on discounted cash flow valuation techniques or other available indicators of fair value. A subsequent reversal of an impairment loss on goodwill, recognised in a previous financial year or interim reporting period, due to the reasons for the impairment no longer applying, is not permitted. Goodwill is recognised in the currency of the acquired company.

Property, plant and equipment

Property, plant and equipment is measured at purchase or production cost, less scheduled straight-line depreciation and any impairments. Cost includes the cost directly allocable to the acquisition as well as borrowing costs if the recognition criteria are satisfied.

The depreciation periods are based on the expected economic useful life and are uniform throughout the Group as follows:

Leasehold improvements	5 years
Other equipment, operating and office equipment	2-13 years

In case of leasing depreciation is recognised over the lease term or if shorter, over the useful life of the asset.

Repair and maintenance expenses are expensed when incurred.

The residual carrying amounts and economic useful lives are reviewed at each period end and adjusted if necessary. Property, plant and equipment is tested for impairment testing if events or changed circumstances indicate that an impairment may have occurred. In such cases, the impairment is tested pursuant to IAS 36. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The remaining useful life is adjusted accordingly, if necessary.

If the reasons for a previously recognised impairment no longer exist, these assets are written up through profit or loss, whereby such a reversal of a n impairment loss may not result in a carrying amount exceeding the one that would have resulted had no impairment been recognised in previous periods.

Gains and losses on disposals of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amounts of the property, plant and equipment and are recognised in the income statement in "other operating income" in the case of a gain and in "other operating expenses" in the case of a loss.

Provisions

Provisions are recognised if the Group has a current obligation due to a past event and it is probable this will lead to an outflow of resources embodying economic benefits and this outflow of resources can be estimated reliably. The amount of the provision corresponds to the best estimate of the settlement amount of the present obligation as of the reporting date, whereby expected reimbursements from third parties are not offset but rather recognised as a separate asset if realisation is virtually certain. If the time value of money is significant, the provision is discounted using the risk-equivalent market interest rate.

Pensions and other post-employment obligations

The Group has both defined benefit and defined contribution pension plans.

A defined contribution plan is a pension scheme under which the Group pays fixed contributions to a non-Group company (fund). The Group has no legal or constructive obligation to make additional contributions if the fund does not have sufficient assets to settle the pension entitlements of all employees from the current and previous fiscal years. In contrast, defined benefit plans typically specify an amount of pension benefits that an employee will receive upon retirement, which as a rule is dependent on one or more factors such as age, length of service in the Company and salary.

The provision for the defined benefit pension provisions is calculated annually by an independent actuary based on the projected unit credit method.

Contingent liabilities and off-balance sheet contractual obligations

Contingent liabilities and off-balance sheet contractual obligations are not recognised as liabilities in the consolidated financial statements until utilisation is probable.

In the context of a business combination, however, contingent liabilities are accounted for in accordance with IFRS 3 if their present value can be reliably determined.

Contingent assets

Contingent assets arise from unplanned or unexpected events from which an inflow of economic benefits to the Company is possible. Contingent assets are not recognised in the financial statements until the flow of economic benefits is virtually certain. Contingent assets are disclosed in the notes to the financial statements if the inflow of the economic benefit is probable.

Equity

Transaction costs in connection with equity transactions are accounted for as a deduction from equity, net of tax. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and capital reserves.

Treasury shares

The repurchases of ordinary shares implemented by the Company in connection with share-based payments are disclosed as a separate item under equity under the "treasury shares" item on the balance sheet. The costs of purchasing shares reissued as part of exercising share-based payments as well as the wage tax incurred on the exercise reduce the capital reserve.

Income taxes

Income taxes comprise both current as well as deferred taxes.

Current taxes on income are calculated on the basis of the local tax regulations in effect or adopted as of the balance sheet date in which the respective company operates and generates taxable income.

Deferred taxes are recognised for temporary differences between the amounts recognised in the IFRS balance sheets of the Group companies and the tax accounts as well as for tax loss carry-forwards. No deferred taxes are recognised if these result from the first-time recognition of an asset or liability in connection with a transaction not representing a business combination and whereby neither the IFRS result (before income taxes) nor the result under tax provisions are affected. Additionally, deferred taxes are not recognised on the first-time recognition of an IFRS goodwill amount. Deferred taxes are calculated using the tax regulations in effect or adopted at the end of the reporting period and which are expected to be in effect at the time of reversal or realisation of the temporary difference.

Deferred tax assets are only recognised if it is probable that a taxable profit will be available against which the deductible temporary differences can be used.

Deferred tax liabilities are also recognised for temporary differences from investments in subsidiaries and companies accounted for using the equity method, except if the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Taxes on income are recognised in profit or loss with the exception of those which relate to matters which are offset in other comprehensive income or directly in equity. Taxes on income that relate to such matters are also recognised in the other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if an enforceable right exists to set off deferred taxes and these deferred taxes are in connection with taxes on income which are assessed by the same tax authority on either the same taxable entity or different entities which intend to settle the amounts on a net basis.

Share-based compensation

Pursuant to IFRS 2 "Share-based Payment", the Company's Management Equity Programs are recognised as equity-settled share-based payments. IFRS 2 requires the implications of share-based compensation to be accounted for in the Company's results and assets and financial position. This also includes expenses incurred to grant equity instruments to employees. Accordingly, the fair value of the work performed by employees is to be recognised as consideration for the equity instruments thereby granted both as expenses through profit or loss and as an increase in equity. As the fair value of the work performed by employees cannot be reliably determined, however, reference is made for measurement purposes to the fair value of the equity instruments at the time at which they are granted.

Leases

Pursuant to IAS 17, leases where a substantial portion of the risks and opportunities associated with economic ownership remain with the lessor are to be treated as operating leases by the lessee. All other leases represent finance leases from the lessee's point of view.

At the beginning of a finance lease, from the lessee's point of view the asset in question as well as a corresponding liability are recognised in the amount of the fair value of the asset, or if lower, in the amount of the present value of the minimum lease payments. For subsequent measurement, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. In addition, depreciation and possible impairment losses for the asset are considered. Depreciation is recognised over the lease term, or if shorter, over the useful life of the asset.

The lease payments from operating leases are recognised on a straight-line basis over the term of the corresponding contracts in the income statement.

Principles underlying revenue recognition

Revenue is realised and recognised when the service or delivery is performed and/or the risk of ownership has been transferred to the recipient of the service or the buyer and it is probable that the economic benefits of the transaction will flow to the Company and the amount of the revenues can be measured reliably. Revenues are shown net of sales taxes, sales reductions and credits. The underlying estimates of the Group are based on historical amounts taking into consideration the nature of the customer, the transaction and particular features of the agreement. The measurement of revenues arising from barter transactions is performed on the basis of the fair value of the services rendered, if the fair value can be determined reliably.

Revenues arising from barter transactions are recognised in accordance with SIC-31. Pursuant to SIC-31, the revenue generated from advertising services performed within a barter transaction cannot be reliably measured as the fair value of the advertising service received. The seller, in this case Scout24, can in specific circumstances nevertheless reliably measure the revenue at the fair value of the advertising service it performs within a barter transaction if exclusive reference for comparison is made to transactions that do not constitute barter transactions and that:

a. Relate to advertising comparable to the advertising of the barter transaction to be assessed;
b. Occur frequently;
c. Predominate in terms of their number and value as a proportion of all advertising transactions concluded;
d. Are settled by cash or using another means of settlement whose fair value can be reliably determined; and
e. Are not concluded with the same contractual partner as the barter transaction to be assessed.

Revenues from online classifieds and from generating business contacts ("leads") are recognised on a straight-line basis over the period of the contract. Revenues from online classifieds, depending on the nature of the advertising contract, are recognised in the period in which the advertising is placed. In cases where invoicing occurs in advance, revenue, including discounts and trial periods, is initially recorded under deferred revenues and is then recognised through profit or loss at the time of the rendering of services based on the contract.

Revenues realised from the granting of temporary rights of use of software licenses are recognised on a pro rata basis over the period of the license. If the features are predominantly those of a sale, revenues are recognised immediately. Revenues from the maintenance business are recognised on a pro rata basis over the period of the rendering of services. Revenues from service contracts which are invoiced based on hours worked are recognised when the services are performed.

Finance income and finance costs

Finance income and finance costs comprise interest income and expenses as well as foreign currency gains and losses. Finance income and costs are recognised using the effective interest method.

Earnings per share

Basic earnings per share are calculated as the consolidated net result for the year which is attributable to owners of the parent company, divided by the weighted average outstanding common shares. Treasury shares reduce the number of ordinary shares outstanding. To calculate diluted earnings per share, the average number of shares issued is adjusted to reflect the maximum number of all potentially dilutive shares. This dilution effect is based solely on potential shares arising from share-based payment programs.

2 Changes to the consolidation scope

2.1 Corporate acquisitions in the reporting period

The consolidation scope changed as follows during the reporting period due to corporate acquisitions:

On 1 February 2016, AutoScout24 Nederland B.V., Amsterdam, acquired a 100 % equity interest in European AutoTrader B.V., Amsterdam (hereinafter also referred to as "European AutoTrader").

The purchase price for the acquisition of the 100 % interest in European AutoTrader by AutoScout24 Nederland B.V., Amsterdam, on 1 February 2016 amounted to EUR 27,745 thousand, and was paid in cash. Scout24 AG, Munich, has exercised control over European AutoTrader since 1 February 2016. European AutoTrader operates the AutoTrader.nl automotive classifieds website in the Netherlands. Its familiar brand and established market position make AutoTrader.nl an attractive portal for potential car buyers.

With AutoScout24.nl, Scout24 already operates the leading automotive classifieds portal in the Netherlands. The company will further expand its leading market position through the takeover of AutoTrader.nl. The company is assigned to the AutoScout24 segment.

The EUR 25,025 thousand of goodwill from the transaction derives from the strategically complementary business model and the Company's staff. The goodwill is not deductible for tax purposes.

The following table summarises the consideration paid for European AutoTrader as well as the fair value of the assets and liabilities acquired:

(EUR '000)	**01/02/2016**
Consideration	
Cash	27,745
Total consideration transferred	**27,745**
Recognised fair value amounts of identifiable assets acquired and liabilities assumed as of the acquisition date	
Identifiable tradename	635
Development costs	751
Contractual customer relationships	1,673
Trade and other receivables	431
Cash and cash equivalents	585
Deferred tax liabilities	(765)
Trade payables and other liabilities	(590)
Total identifiable net assets	**2,720**
Goodwill	25,025
Total	**27,745**

The gross amounts of contractual receivables correspond to the fair value of trade receivables and other receivables. The fair value amounts to EUR 431 thousand in this context and is regarded in its entirety as collectable.

Acquisition-related costs in the amount of EUR 298 thousand were recognised as expense in other operating expenses.

Since the first consolidation, European AutoTrader has contributed EUR 5,522 thousand of revenues and a result after taxes of EUR (435) thousand to the income statement. If European AutoTrader had already been consolidated since 1 January 2016, the company would have contributed EUR 6,086 thousand to revenues, and a loss of EUR 218 thousand to earnings after tax.

On 3 June 2016, Immobilien Scout GmbH, Berlin, acquired a 100 % interest in my-next-home GmbH, Saarbrücken (“my-next-home”). The purchase price in the amount of EUR 1,935 thousand was paid in cash. Scout24 AG, Munich, has exercised control over the company my-next-home since 3 June 2016. The company my-next-home is a regionally focused real estate classifieds portal in Germany with a leading position in the Saarland region. The company is assigned to the ImmobilienScout24 segment.

The goodwill of EUR 1,668 thousand arising from the acquisition is based on the strategically complementary business model. The goodwill is not deductible for tax purposes.

The following table summarises the consideration paid for my-next-home as well as the fair value of the assets and liabilities acquired:

(EUR '000)	**03/06/2016**
Consideration	
Cash	1,935
Total consideration	**1,935**
Recognised fair value amounts of identifiable assets acquired and liabilities assumed as of the acquisition date	
Other intangible assets	4
Property, plant and equipment	23
Trade and other receivables	48
Cash	223
Income tax receivables and deferred tax assets	30
Provisions	0
Deferred tax liabilities	(2)
Trade payables and other liabilities	(59)
Total identifiable net assets	**267**
Goodwill	1,668
Total	**1,935**

In this connection, the fair value of the trade receivables and other assets amounts to EUR 48 thousand. The entire fair value is regarded as recoverable.

Acquisition-related costs in the amount of EUR 35 thousand were recognised as expense in other operating expenses.

Since the first consolidation, my-next-home has contributed EUR 236 thousand of revenues and a result after taxes of EUR (13) thousand to the income statement. If my-next-home had already been consolidated since 1 January 2016, the company would have contributed EUR 404 thousand to revenues, and a loss of EUR 19 thousand to earnings after tax.

On 6 June 2016, Immobilien Scout Österreich GmbH, Vienna, acquired a 100 % interest in Agire Handels-und Werbe- Gesellschaft m.b.H., Vienna (also referred to below as "Agire"). The purchase price amounted to EUR 1,202 thousand. Of this, an amount of EUR 1,098 thousand was paid in cash and an amount of EUR 104 thousand was agreed as a contingent purchase price. The contingent purchase price in this context depended on tax credits to be recouped from the tax authority and on the selling-on of the Media business area, and was settled in full in the 2016 financial year.

Scout24 AG, Munich, has exercised control over Agire since 6 June 2016. Agire operates the immodirekt.at real estate portal in Austria, which has been established for several years. The company is assigned to the ImmobilienScout24 segment.

The goodwill of EUR 730 thousand arising from the acquisition is based on the strategically complementary business model. The goodwill is not deductible for tax purposes.

The following table summarises the consideration paid for Agire as well as the fair value of the assets and liabilities acquired:

(EUR '000)	**06/06/2016**
Consideration	
Cash	1,098
Contingent consideration	104
Total consideration transferred	**1,202**
Recognised fair value amounts of identifiable assets acquired and liabilities assumed as of the acquisition date	
Other intangible assets	8
Property, plant and equipment	25
Trade and other receivables	225
Cash	564
Income tax receivables and deferred tax assets	75
Provisions	(41)
Income tax liabilities	(10)
Trade payables and other liabilities	(374)
Total identifiable net assets	**472**
Goodwill	730
Total	**1,202**

In this connection, the fair value of the trade receivables and other assets amounts to EUR 225 thousand. The entire fair value is regarded as recoverable.

Acquisition-related costs in the amount of EUR 123 thousand were recognised as expense in other operating expenses.

Since the first consolidation, Agire has contributed EUR 526 thousand of revenues and a result after taxes of EUR (29) thousand to the income statement. If Agire had already been consolidated since 1 January 2016, the company would have contributed EUR 1,391 thousand to revenues, and a gain of EUR 15 thousand to earnings after tax.

2.2 Corporate acquisitions in the prior period

On 16 April 2015, AutoScout24 GmbH, Munich, acquired 100 % of the shares in easyautosale GmbH, Munich (referred to as "easyautosale"). Provisional amounts pursuant to IFRS 3.45 formed the basis for the previous accounting recognition. This preliminary purchase price allocation has been adjusted on the basis of subsequent better information becoming available during the measurement period (one year from the acquisition date). The better information relates – in a manner that clarifies valuation – to facts and circumstances that existed on the acquisition date. This relates particularly to anticipated customer acceptance and the sustainability of customer relationships, leading to slower than expected revenue growth.

The following table shows the consideration paid for easyautosale as well as the fair value of the acquired assets and liabilities on the acquisition date:

(EUR '000)	**Updated as per IFRS 3.49**	Preliminary
Consideration		
Cash	6,522	6,522
Total consideration transferred	**6,522**	**6,522**
Recognised fair value amounts of identifiable assets acquired and liabilities assumed as of the acquisition date		
Identifiable tradename	298	819
Development costs	2,296	2,296
Contractual customer relationships	-	1,701
Other intangible assets	7	7
Property, plant and equipment	44	44
Trade and other receivables	141	141
Cash	964	964
Provisions	(9)	(9)
Deferred tax liabilities	(815)	(1,512)
Trade payables and other liabilities	(1,038)	(1,038)
Total identifiable net assets	**1,888**	**3,413**
Goodwill	4,634	3,109
Total	**6,522**	**6,522**

The above adjustments were not applied retrospectively in the previous year pursuant to IFRS 3.49, but instead in the current set of accounts in 2016 due to their immateriality. The effect of eliminating deferred tax income and amortisation of the contractual customer relationships and the brand that would arise given a retrospective adjustment for the 2015 financial year amounts to EUR 177 thousand, which consequently improves the results of Scout24 in 2016.

2.3 Corporate disposals in the reporting period

On 6 December 2016, the shares in Stuffle GmbH, Berlin, a company in which Immobilien Scout GmbH, Berlin, held a 50.02 % interest, were sold. The disposal occurred through transferring all shares previously held by the Company to the acquirer. The purchase price amounts to EUR 1.

(EUR '000)	**06/12/2016**
Non-current assets	21
Trade and other receivables	20
Cash	65
Provisions	(8)
Trade payables and other liabilities	(10)
Financial liabilities	(516)
Total identifiable net assets	**(428)**

The deconsolidation of the company generated a gain of EUR 863 thousand, reported under "financial income".

3 Notes to the consolidated income statement

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3.1. Modification of the reporting structure

To standardise the internal and external reporting and to improve the steering structure, the consolidated income statement was modified from the cost of sales method to the nature of expense method as of 1 January 2016. This conversion to the nature of expense method represents a voluntary modification of accounting policies and reporting methods in the meaning of IAS 8.14b. To ensure comparability with the previous year's accounting periods, the corresponding figures were restated retrospectively.

3.2. Revenue

Revenues comprise those of the core services in the amount of EUR 420,901 thousand (previous year: EUR 374,280 thousand) as well as other revenues in the amount of EUR 21,209 thousand (previous year: EUR 19,300 thousand). Core service revenues are generated through rendering services. These comprise revenues from the sale of online classifieds, the provision of advertising space, and the generation of business contacts (referred to as "leads"). Revenue also includes revenue from barter transactions entailing services in an amount of EUR 1,217 thousand (previous year: EUR 1,689 thousand). The other revenues mainly arise from the activities of the companies acquired in the financial year under review and at the end of the previous year, and which do not comprise core services of Scout24 AG (including CRM software for real estate agents). This relates to revenue from royalties of EUR 1,019 thousand (previous year: EUR 1,410 thousand) and revenue from rendering services in an amount of EUR 20,190 thousand (previous year: EUR 17,890 thousand).

3.3. Own work capitalised

Software that the Company has produced itself is capitalised under this item. The total amount of EUR 11,654 thousand (previous year: EUR 10,615 thousand) includes mainly capitalisations at Immobilien Scout GmbH in an amount of EUR 7,946 thousand (previous year: EUR 6,838 thousand), at AutoScout24 GmbH in an amount of EUR 2,047 thousand (previous year: EUR 2,521 thousand) and at FlowFact GmbH in an amount of EUR 1,378 thousand (previous year: EUR 1,176 thousand). The total amount of research and development costs expensed in the financial year under review stands at EUR 17,038 thousand (previous year: EUR 13,507 thousand).

3.4. Other operating income

Other operating income comprises the following:

(EUR '000)	2016	2015
Proceeds from written off trade receivables	599	689
Proceeds from reversal of allowances	200	938
Proceeds from disposal of fixed and intangible assets	79	69
Damages	52	21
Reimbursements from charge-outs	-	5,116
Other	1,664	1,635
Total	**2,594**	**8,468**

Of the reimbursement from costs charged out, an amount of EUR 5,023 thousand in the previous year related to offsetting the costs of the IPO to shareholders for Scout24 AG. The "Other" item comprises, among other items, income from the release of contingent purchase price liabilities connected with corporate acquisitions as well as refunds of levies from social security institutions and other outlays.

3.5. Personnel expenses and number of employees

Personnel expenses are composed as follows:

(EUR '000)	2016	2015
Wages and salaries	(93,160)	(83,058)
Social security costs	(13,130)	(12,091)
Pension costs and other post-employment benefits	(1,137)	(829)
Share-based payments	(4,573)	(3,569)
Total	**(112,000)**	**(99,547)**

The average number of employees breaks down as follows:

Number of employees	2016	2015
Executives	6	6
Other employees	1,185	1,111
Total	**1,191**	**1,117**

3.6. Advertising expenses

Advertising expenses are composed as follows:

(EUR '000)	2016	2015
Advertising expenses – online	(41,735)	(40,607)
Advertising expenses – offline	(8,828)	(10,041)
Total	**(50,563)**	**(50,648)**

3.7. IT expenses

IT expenses are composed as follows:

(EUR '000)	2016	2015
Data transfer, network cost	(593)	(1,122)
EDV Services	(7,663)	(7,000)
Other EDV expenses	(5,054)	(4,198)
Total	**(13,310)**	**(12,320)**

3.8. Other operating expenses

Other operating expenses comprise the following:

(EUR '000)	2016	2015
Consulting and other services	(20,885)	(29,968)
Purchased services	(9,611)	(3,029)
Sales commissions	(9,014)	(12,474)
Other staff-related expenses	(7,775)	(8,751)
Rent and related expenses	(6,955)	(7,001)
Allowances for doubtful receivables	(3,799)	(4,079)
Travel expenses	(3,319)	(3,128)
Maintenance costs	(2,881)	(3,448)
Car costs	(2,546)	(2,303)
Other	(6,942)	(9,035)
Total	**(73,727)**	**(83,216)**

3.9. Result from investments accounted for using the equity method

The results from investments accounted for using the equity method comprise the

(EUR '000)	2016	2015
Energieausweis48 GmbH, Germany	17	16
PropertyGuru Pte. Ltd., Singapore	-	(821)
Total	**17**	**(805)**

The interest in PropertyGuru Pte. Ltd., Singapore, was sold on 22 June 2015 with disposal proceeds of EUR 22,098 thousand.

3.10. Financial income

Financial income comprises the following:

(EUR '000)	2016	2015
Gains on derivative instruments	1,818	1,461
Gains on disposals of subsidiaries	895	2,540
Interest income from third parties	222	142
Gains from financing	61	566
Interest income from associates	3	99
Total	**2,999**	**4,808**

Income from derivative financial instruments relates to the measurement of the interest floor in connection with the facilities under the Senior Facility Agreement ("SFA"). For more information see Section 4.9 Financial liabilities.

Gains on the disposals of subsidiaries relate mainly to the disposal of the interest in Stuffle GmbH. For more information, please refer to Section 2.3 Corporate disposals in the reporting period.

3.11. Financial expenses

Financial expenses comprise the following:

(EUR '000)	2016	2015
Interest expense to third parties	(45,777)	(47,687)
Losses from financing	(59)	(686)
Expenses from derivative instruments	-	(119)
Other	(22)	(49)
Total	**(45,858)**	**(48,541)**

The interest expense to third parties arises almost exclusively from the credit lines taken out under the "Senior Facility Agreement" (hereinafter: "SFA"). For details see Section 4.9 Financial liabilities.

3.12. Income taxes

Effective as of 1 April 2014, a profit and loss transfer agreement was concluded between Scout24 AG and Scout24 Holding GmbH. Since 2007 or 2008, profit transfer agreements exist between Scout24 Holding GmbH and its domestic subsidiaries AutoScout24 GmbH, Scout24 Services GmbH, FMPP GmbH i.L. (all based in Munich), and Immobilien Scout GmbH (based in Berlin). The profit transfer agreement of FMPP GmbH was terminated with effect as of 31 December 2015. Since 1 January 2015, a profit transfer agreement also exists between Immobilien Scout GmbH and FlowFact GmbH, Cologne.

All of the aforementioned companies are in a consolidated tax group for income tax purposes, with Scout24 AG as the controlling company. Scout24 AG is consequently liable for income taxes for the entire tax consolidation group. Tax allocations were not made to the tax group subsidiaries.

The current taxes paid or owed in the individual countries as well as deferred taxes are shown as income tax expense.

(EUR '000)	31/12/2016	31/12/2015
Current tax on earnings of the period	(48,081)	(32,000)
Current tax/ adjustments in respect of prior years	5,344	(81)
Total current tax expense	**(42,737)**	**(32,081)**
Deferred tax income from changes in tax rates	1,338	
Deferred tax income from temporary differences	13,835	13,413
Deferred tax of tax deductible IPO-costs recorded in equity	-	(2,374)
Deferred tax from tax losses carried forward	(3,995)	(967)
Total deferred tax income	**11,177**	**10,072**
Total income tax	**(31,560)**	**(22,009)**

Taxes on income in this context comprise trade tax, corporation tax and the solidarity surcharge, as well as corresponding foreign taxes on income. The corporate income tax rate in Germany amounted, as in the previous year, to 15.0 % for the 2016 assessment period, with the solidarity charge to be applied with this amounting to 5.5 %. The trade tax rate changed to 15.5 % due to changes to trade tax breakdown amounts (previous year: 15.6 %). This generates a Group tax rate of 31.3 % for 2016 (previous year: 31.4 %).

The reasons for the difference between the expected and the reported tax expense within the Group as follows:

(EUR '000)	2016	2015
Earnings before tax	**98,459**	**78,878**
Expected tax expense 2016: 31.33 % (2015: 31.44 %)	(30,847)	(24,796)
Adjustments in respect of prior periods	2,676	3,194
Income not subject to tax	-	7,408
Expenses not deductible for tax purposes	(1,866)	(881)
Permanent differences	94	(33)
Tax effects from loss carry-forwards (current loss carry-forwards not retaining value)	(228)	(3,694)
Adjustment to domestic tax rates applicable to profit (losses) in the respective countries	(1,490)	(1,189)
National tax rates differing from Group tax rate	5	369
Other	95	(2,386)
	(31,560)	**(22,009)**
Effective Group income tax rate	**(32.1) %**	**(27.9) %**

The tax effects from prior years result mainly from the change in the average Group tax rate compared to the previous period, and tax payments/refunds for previous years. The non-deductible expenses arise mainly from expenses for the share-based payments of EUR 4,572 thousand and the five percent non-deductible operating expenses for the EUR 390 thousand dividend for AutoScout24 Italia S.R.L.. The permanent differences of EUR 94 thousand are based mainly on changes to participating interests (especially on the basis of profit transfers that are too high or too low from a tax perspective during periods both before and after the formation of a fiscal unit). The effects relating to the local taxes are predominantly due to the trade tax addition of remuneration for liabilities of Scout24 AG.

As part of measuring pension obligations, actuarial losses of EUR 107 thousand (previous year: EUR 88 thousand) were recognised in OCI as well as EUR 23 thousand of deferred tax assets attributable to them (previous year: EUR 24 thousand).

The tax receivables and tax liabilities are presented as of the balance sheet date as follows:

(EUR '000)	31/12/2016	31/12/2015
Income tax receivables (current)	1,249	285
Income tax receivables	**1,249**	**285**
Income tax liabilities (current)	15,870	15,295
Income tax liabilities (non-current)	29	29
Income tax liabilities	**15,899**	**15,324**

The deferred tax assets report the following changes:

(EUR '000)	31/12/2016	31/12/2015
Opening balance	**6,746**	**6,206**
Change in consolidation scope / reorganisation/ recognised in equity	-	-
Recognised in consolidated income statement	(3,262)	540
Recognised in other comprehensive income	(2)	-
Closing balance	**3,482**	**6,746**

The deferred tax liabilities report the following changes:

(EUR '000)	31/12/2016	31/12/2015
Opening balance	**392,961**	**402,590**
Change in consolidation scope / reorganisation/ recognised in equity	56	2,250
Recognised in consolidated income statement	(14,438)	(11,904)
Recognised in other comprehensive income	-	25
Closing balance	**378,579**	**392,961**

The deferred tax liabilities result mainly from purchase price allocations at Group level. Deferred tax liabilities were recognised taking into consideration depreciation and amortisation as of 31 December 2016 in the amount of EUR 363,480 thousand (previous year: EUR 380,187 thousand), of which EUR 324,966 thousand (previous year: EUR 337,963 thousand) relate to Immobilien Scout GmbH, including its investments, and EUR 38,513 thousand (previous year: EUR 42,214 thousand) relate to AutoScout24 GmbH including its participating interests, and EUR 1 thousand (previous year: EUR 10 thousand) to Scout24 Holding GmbH.

Deferred tax assets and liabilities on timing differences and tax loss carry-forwards in the Group can be allocated to the following items:

(EUR '000)	31/12/2016		31/12/2015	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Trademarks	0	308,086	143	309,349
Other intangible assets	398	66,280	1,224	80,097
Property, plant and equipment	1,045	10	1,275	107
Financial assets	0	0	0	0
Other assets	189	1,600	186	1,556
Non-current assets	**1,631**	**375,977**	**2,829**	**391,109**
Other liabilities	3,173	2	2,158	-
Current liabilities	**3,173**	**2**	**2,158**	**-**
Pensions and similar obligations	77	26	74	26
Other provisions	47	1,206	472	-
Other liabilities	10	2,944	7	4,735
Non-current liabilities	**134**	**4,176**	**553**	**4,761**
Losses carried forward / interest carried forward	**120**	**-**	**4,115**	**-**
Total	**5,058**	**380,154**	**9,655**	**395,870**
Offsetting	(1,575)	(1,575)	(2,909)	(2,909)
Amount recognised	**3,482**	**378,579**	**6,746**	**392,961**

Of the overall change in deferred taxes of EUR 11,118 thousand (previous year: EUR 10,168 thousand), income of EUR 11,177 thousand (previous year: EUR 12,444 thousand) was recognised in the income statement, EUR (2) thousand (previous year: EUR (25) thousand was recognised in OCI. In connection with the accounting for corporate acquisitions EUR (56) thousand (previous year: EUR 2,250 thousand) were recognised directly in equity. In the previous year, deferred tax expenses in connection with expenses of the IPO of EUR 2,374 thousand were recognised with the effect of increasing equity.

The deferred tax assets from tax loss carry-forwards outlined below are not recognised or adjusted after recognition insofar as the realisation of the respective tax benefits is not, or is no longer, expected in the medium term or because they are tax loss carry-forwards prior to the formation of the fiscal unit, which cannot be utilised for the fiscal unit's duration of existence. No intention exists to wind up the fiscal unit in the medium term.

Corporate income tax loss carry-forwards of EUR 4,709 thousand (previous year: EUR 9,744 thousand) in Germany, EUR 4,709 thousand (previous year: EUR 9,744 thousand) were not recognised for deferred tax purposes.

Of the trade tax loss carry-forwards of EUR 5,069 thousand (previous year: EUR 10,104 thousand) in Germany, EUR 5,069 thousand (previous year: EUR 10,104 thousand) were not recognised for deferred tax purposes.

Of the corporation income tax loss carry-forwards of EUR 17,695 thousand (previous year: EUR 17,080 thousand) abroad – which according to the current status of knowledge are not subject to any time delimitation – EUR 17,326 thousand (previous year: EUR 16,573 thousand) were not recognised for deferred tax purposes.

Of the trade tax loss carry-forwards of EUR 482 thousand (previous year: EUR 400 thousand) abroad – which according to the current status of knowledge are not subject to any time delimitation – EUR 482 thousand (previous year: EUR 400 thousand) were not recognised for deferred tax purposes.

At Scout24 AG in 2015, recognised deferred tax assets on interest carried forward in an amount of EUR 3,953 thousand were released in their entirety in 2016. In the context of calculating provisions in 2014, all financing-related costs were subject to the "Zinsschranke" – a cap on the tax-deductibility of borrowing costs under German corporate tax law. Such costs were reduced by one-off charges in the tax statements. The tax authority concurred with the tax expense recognised as part of the cap on tax deductible borrowing costs in the 2014 tax statement, so after receiving the tax assessments for 2014 in 2016, the tax provisions for the 2015 financial year were adjusted, and the deferred tax assets on the interest carry-forward were released.

No deferred tax liabilities were recognised on temporary differences in connection with investments in subsidiaries amounting to EUR 5,167 thousand (previous year: EUR 4,756 thousand), because it is not probable that these temporary differences will reverse in the foreseeable future.

The temporary differences arise due to subsidiaries' undistributed profits. Such income would be 95 % tax-free were the participating interest to pay a dividend or be sold.

3.13. Earnings per share

The following table shows the calculation of undiluted (basic) and diluted earnings per share attributable to parent company shareholders:

		2016	2015
Result attributable to owners of the parent	(EUR '000)	67,152	57,440
Weighted average number of shares to calculate earnings per share			
Undiluted (basic)	Number	107,599,927	101,978,082
Diluted	Number	107,702,233	101,981,188
Earnings per share			
Undiluted (basic)	EUR	0.62	0.56
Diluted	EUR	0.62	0.56

The dilution is based solely on potential shares deriving from share-based compensation.

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4 Notes to the consolidated balance sheet

4.1 Cash and cash equivalents

Cash and cash equivalents include bank balances and cash in hand in the amount of EUR 43,441 thousand (prior year: EUR 70,639 thousand).

4.2 Trade receivables

Trade and other receivables consist of the following:

(EUR '000)	31/12/2016	31/12/2015
Trade receivable due from third parties	43,216	36,312
Receivables due from associates	59	-
Receivables due from other related companies	-	1,505
Total	**43,275**	**37,817**

The allowances on trade receivables report the following changes:

(EUR '000)	
Balance on 01/01/2015	**(1,493)**
Change in consolidation scope	(30)
Addition	(2,321)
Utilisation	510
Reversal	313
Currency translation differences	1
Balance on 31/12/2015 and 01/01/2016	**(3,020)**
Change in consolidation scope	(71)
Additions	(1,776)
Utilisation	356
Reversal	50
Currency translation differences	(1)
Balance on 31/12/2016	**(4,463)**

The additions to and reversals of bad debt allowances for impaired receivables are presented under other operating expenses and other operating income. Utilisation covers the derecognition of former written down receivables.

The following table shows the maturity structure of trade receivables that were not impaired as of the closing date:

(EUR '000)	31/12/2016	31/12/2015
Net Value	**43,275**	**37,817**
Allowances for doubtful accounts	**(4,463)**	**(3,020)**
Gross value	**47,738**	**40,837**
Doubtful trade receivables before impairment	**8,281**	**7,553**
Neither past due nor impaired	**22,108**	**16,196**
Not impaired and past due within the following time periods		
less than 30 days	13,565	12,734
30 to 90 days	3,272	3,257
more than 90 days	512	1,097

Where trade receivables are neither impaired nor past due, there are no indications as of the closing date that the debtors would not meet their payment obligations.

With regard to the trade receivables that were past due as of the reporting date but not impaired, based on the customers' credit history and current credit rating, there are no indications that they are not able to meet their obligations.

4.3 Financial assets

The financial assets as of the respective closing dates are comprised of the following:

(EUR '000)	31/12/2016	31/12/2015
Current		
Creditors with debit accounts	273	231
Receivables due from associates	86	94
Receivables due from other related companies	-	8
Other	47	-
Total	**406**	**333**
Non-current		
Refund claims	350	600
Investments	180	180
Other	5	15
Total	**535**	**795**

The refund claim contains a receivable due from the previous shareholders of FlowFact GmbH, which is offset in an equivalent amount by a provision arising from tax risks connected with the corporate acquisition.

The participating interests item relates to the non-controlling interest in Salz & Brot Internet GmbH that was acquired in the previous year.

Receivables due from associated companies arise mainly from short-term loans to Energieausweis48 GmbH.

No objective indications existed as of the reporting date that the recognised financial assets might be impaired.

4.4 Other assets

The other assets as of the respective closing dates are composed of the following:

(EUR '000)	31/12/2016	31/12/2015
Current		
Prepaid expenses and deferred charges	5,095	4,899
Payments in advance	1,114	83
Rent deposit	799	798
Taxes other than income taxes	467	2,010
Deferred revenues from services	-	420
Other	329	385
Total	**7,804**	**8,595**
Non-current		
Prepaid expenses and accrued income	1,663	2,831
Other	109	85
Total	**1,772**	**2,916**

The prepaid expenses and accrued income item (current) in the reporting period includes EUR 0 thousand of prepaid expenses and accrued income in respect of other related companies (previous period: EUR 33 thousand).

The increase in advance payments arises mainly from mandating an IT consulting firm.

In the reporting period, as well as in the previous period, taxes that do represent income taxes relate to value-added tax refund claims and prepayments.

The reduction in non-current prepaid expenses and deferred charges arises from releasing the discount for a revolving credit facility as part of the SFA (see Section 4.9 Financial liabilities), although this facility was not drawn upon during its term.

4.5 Intangible assets

(EUR '000)	Goodwill	Trademarks	Internally developed software	Conces-sions, rights and licences	Contractual customer relation-ships*	Intangible assets under develop-ment	Subtotal: Other intangible assets	Total
Total Cost								
Balance on 01/01/2015	**783,479**	**982,864**	**4,145**	**93,210**	**243,880**	**4,918**	**346,153**	**2,112,496**
Change in consolidation scope	5,325	1,323	-	3,562	2,302	-	5,864	12,512
Additions	-	-	1,241	562	-	14,488	16,291	16,291
Disposals	(1,521)	-	-	(5)	-	-	(5)	(1,526)
Reclassifications	-	-	8,154	187	-	(8,341)	-	-
Currency translation differ-ences	-	-	-	1	-	-	1	1
Balance on 31/12/2015 and 01/01/2016	**787,283**	**984,187**	**13,540**	**97,517**	**246,182**	**11,065**	**368,304**	**2,139,774**
Change in consolidation scope	27,423	634	-	635	1,673	-	2,308	30,365
Additions	-	-	1,378	160	-	15,617	17,155	17,155
Disposals	-	-	-	(12)	-	-	(12)	(12)
Reclassifications	1,525	(520)	7,812	167	(1,700)	(7,960)	(1,681)	(676)
Currency translation differ-ences	-	-	-	-	-	-		
Balance on 31/12/2016	**816,231**	**984,301**	**22,730**	**98,467**	**246,155**	**18,722**	**386,074**	**2,186,606**
Accumulated amortisation and impairment								
Balance on 01/01/2015	**-**	**(151)**	**(151)**	**(27,934)**	**(23,564)**	**-**	**(51,649)**	**(51,800)**
Change in consolidation scope	-	-	-	-	-	-	-	-
Additions (depreciation)	-	(351)	(612)	(29,361)	(27,228)	-	(57,201)	(57,552)
Additions (impairment)	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Balance on 31/12/2015 and 01/01/2016	**-**	**(502)**	**(763)**	**(57,295)**	**(50,792)**	**-**	**(108,850)**	**(109,352)**
Change in consolidation scope	-	-	-	108	-	-	108	108
Additions (depreciation)	-	(276)	(7,003)	(25,606)	(27,169)	-	(59,778)	(60,054)
Additions (impairment)	-	-	-	(4)	-	-	(4)	(4)
Disposals	-	-	-	10	-	-	10	10
Balance on 31/12/2016	**-**	**(778)**	**(7,766)**	**(82,787)**	**(77,961)**	**-**	**(168,514)**	**(169,292)**
Net carrying amount								
Balance on 31 December 2015	787,283	983,685	12,777	40,223	195,390	11,065	259,455	2,030,422
Balance on 31 December 2016	816,231	983,523	14,964	15,680	168,194*	18,722	217,560	2,017,314

* The contractual customer relationships have a residual useful life of 5-14 years

Borrowing costs for intangible assets under development were not capitalised because the Group's borrowing costs are not directly attributable to the development of the intangible assets.

The changes in goodwill per cash-generating unit can be seen in the following table:

(EUR '000)	CGU ImmobilienScout24	CGU AutoScout24	Total
Goodwill as at 31/12/2015	**686,159**	**101,125**	**787,283**
Adjustment within the one-year measurement period	-	1,525	1,525
Goodwill as of 01/01/2016, adjusted	**686,159**	**102,649**	**788,808**
Additions	2,398	25,025	27,423
Goodwill as at 31/12/2016	**688,557**	**127,674**	**816,231**

In the ImmobilienScout24 segment, the additions relate to the companies my-next-home GmbH and Agire Handels-und Werbe- Gesellschaft m.b.H., and at AutoScout24 to European AutoTrader B.V. (for details, please see section 2.1 "Corporate acquisitions in the reporting period").

The adjustment pursuant to IFRS 3.45 within the one-year measurement period relates to easyautosale GmbH (for details, please refer to Section 2.2 "Corporate acquisitions in the prior period").

Goodwill is not amortised, but is instead impairment-tested at least once annually pursuant to IAS 36 on the basis of the recoverable amount according to the approach described in Section 1.6 "Accounting policies". Fair value less costs to sell was calculated as the recoverable amount. On the basis of this impairment test according to IAS 36, no impairments were applied in either the current period or the prior year.

In performing the impairment test on goodwill, for the CGUs ImmobilienScout24 and AutoScout24 an after-tax WACC of 7.26 % (previous year: 7.30 %) was applied. The discounted rate is based on a basic interest rate of 0.80 % (previous year: 1.14 %) and a market risk premium of 7.0 % (previous year: 6.50 %). A beta factor derived from the peer group, a debt capital spread and a typified capital structure were also taken into consideration.

Furthermore, the management assumes revenue growth and rising EBITDA margins. The detailed planning period amounts to 4 years and for 2017 is subject to corporate planning approved by the management and the Supervisory Board. Assumptions relating to rising EBITDA margins are based on expectations about the rising profitability of services in line with revenue growth. For the revenue growth following the detailed planning period, a long-term growth rate of 2.00 % (previous year: 2.00 %) was assumed.

The need for an impairment write-down did not result for any of the CGUs, even when increasing the cost of capital rate to 9.00 % (previous year: 8.90 %). Given a revenue reduction of 10.0 % at the ImmobilienScout24 CGU, no impairment would arise until a 45.00 % EBITDA margin. Assuming a 10.00 % revenue reduction at the AutoScout24 CGU, no goodwill impairment loss would be required given a 7.50 % EBITDA margin.

The allocation of trademarks to the CGUs is presented as follows:

(EUR '000)	31/12/2016	31/12/2015
Total: CGU ImmobilienScout24	**873,533**	**873,620**
Trademarks with indefinite useful lives	873,323	873,323
Trademarks with definite useful lives	210	297
Total: CGU AutoScout24	**109,990**	**109,974**
Trademarks with indefinite useful lives	109,300	109,300
Trademarks with definite useful lives	690	674
Total: CGU Corporate	**-**	**90**
Trademarks with indefinite useful lives	-	-
Trademarks with definite useful lives	-	90
Total	**983,523**	**983,685**

The trademarks allocated to CGU Corporate as well as a trademark of the CGU ImmobilienScout24 and one trademark allocated to the CGU AutoScout24 (carrying amount as of 31 December 2016: EUR 900 thousand; previous year: EUR 1,062 thousand) were amortised over their respective specific useful lives for which positive cash flows are expected.

The additional trademarks allocated to the CGUs ImmobilienScout24 and AutoScout24 (carrying amounts as of 31 December 2016: EUR 982,623 thousand; previous year: EUR 982,623 thousand) were assigned indefinite useful lives, since it is expected that positive cash flows will result from these over an indefinite period. All of these trademarks are tested for impairment according to IAS 36 at least annually on the basis of their fair value less costs to sell of the respective CGU, analogously to the approach for goodwill described in Section 1.6 "Accounting policies". Based on this impairment test according to IAS 36 no impairments were recognised neither in the current period nor in the previous year.

The valuation is carried out according to the relief-from-royalty method and a valuation model with a detailed planning period of four years, i.e., it is calculated what license payments would have to be paid if the related intangible assets were not owned by the Scout24 Group. The value is then calculated as the present value of saved future royalty payments.

For all trademarks, a WACC after tax of 7.26 % (previous year: 7.30 %) and a long-term growth rate of 2.00 % (previous year: 2.00 %) were applied. For the ImmobilienScout24 trademark of the CGU ImmobilienScout24, a royalty of 30.00 % (previous year: 30.00 %) was assumed and of the CGU AutoScout24 of 10.00 % (10.00 %). Licensing fees of 6.00 % were imputed for the FlowFact trademark. Also, revenue growth was imputed.

All other characteristics of the assumptions for the impairment test correspond to those made under the disclosures relating to goodwill.

No requirement existed for impairment write-downs to be applied in the reporting period (previous year: EUR 0 thousand).

Even if the growth rate is reduced to 0.00 % (previous year: 0.00 %) and the cost of capital is increased to 9.30 % (previous year: 10.47 %), there is no impairment requirement for the ImmobilienScout24 trademark.

For the trademark AutoScout24, the growth rate could be reduced to 0.00 % (previous year 0.00 %) with a simultaneous increase in the WACC of 14.00 % (previous year: 12.85 %) without the need for an impairment.

No impairment requirement would arise for the FlowFact trademark given a reduction in the growth rate to 1.40 % with unchanged WACC at 7.26 %.

4.6 Property, plant and equipment

(EUR '000)	Leasehold improvements	Other equipment, operating and office equipment	Total
Cost			
Balance on 01/01/2015	**189**	**19,757**	**19,946**
Change in consolidation scope	-	58	58
Additions	-	4,020	4,020
Disposals	-	(1,788)	(1,788)
Currency translation differences	-	1	1
Balance on 31/12/2015 and 01/01/2016	**189**	**22,048**	**22,237**
Change in consolidation scope	-	11	11
Additions	-	2,352	2,352
Disposals	-	(95)	(95)
Reclassifications	-	40	40
Currency translation differences	-	-	-
Balance on 31/12/2016	**189**	**24,356**	**24,545**
Accumulated depreciation and impairment			
Balance on 01/01/2015	**(49)**	**(2,778)**	**(2,827)**
Additions (depreciation)	(52)	(6,760)	(6,812)
Additions (impairment)	-	(1,248)	(1,248)
Disposals	-	1,645	1,645
Currency translation differences	-	(1)	(1)
Balance on 31/12/2015 and 01/01/2016	**(101)**	**(9,142)**	**(9,243)**
Change in consolidation scope	-	18	18
Additions (depreciation)	(46)	(5,316)	(5,362)
Additions (impairment)	-	(36)	(36)
Disposals	-	31	31
Currency translation differences	-	-	-
Balance on 31/12/2016	**(147)**	**(14,445)**	**(14,592)**
Net carrying amount			
Balance on 31 December 2015	88	12,906	12,994
Balance on 31 December 2016	42	9,911	9,953

Procurement transactions have the normal retentions of title.

Included in operating and office equipment are the following amounts for a lease whereby the Group is the lessee:

(EUR '000)	31/12/2016	31/12/2015
Assets capitalised on finance leases	265	265
Accumulated depreciation	(120)	(94)
Net carrying amount	**145**	**171**

Scout24 rents various business assets in the area of operating and office equipment. The original contract period amounts to five years and eight months and ends on 1 September 2019. Scout24 AG is the economic owner of the assets.

4.7 Investments accounted for using the equity method

The associates and joint ventures included in the consolidated financial statements are recognised using the equity method at their pro rata shareholders' equity.

The following table presents an overview of associates and joint ventures as of 31 December 2016 and 31 December 2015:

				31/12/2016	31/12/2015
Company name	Registered office	ownership in %	Nature of participation	Valuation method	Valuation method
Energieausweis48 GmbH	Cologne, Germany	50.00 %	Joint venture	Equity	Equity
ASPM Holding B.V.	Amsterdam, Netherlands	49.00 %	Associated company	Equity	Equity

The carrying amount of all immaterial joint ventures stood at EUR 33 thousand (previous year: EUR 16 thousand). The carrying amount of all immaterial associates stood at EUR 1,632 thousand (previous year: EUR 1,632 thousand).

The summarised financial information of the immaterial joint venture, adjusted for the investment share held by Scout24, can be seen in the following table.

(EUR '000)	31/12/2016	31/12/2015
Net carrying amount for Energieausweis48 GmbH	33	16

(EUR '000)	2016	2015
Profit (loss) from continuing operations	17	23
Profit (loss) from discontinued operations	-	-
Other comprehensive income, after tax	-	-
Total comprehensive income	**17**	**23**

The cumulative unrecognised proportional gains (losses) from the equity consolidation of joint ventures amounted to EUR 33 thousand (previous year: EUR 16 thousand). The unrecognised proportional gains (losses) from the equity consolidation amounted to EUR 17 thousand in the reporting period (previous year: EUR 23 thousand). Decisions regarding Energieausweis48 GmbH can only be made jointly on the part of both partners.

The companies accounted for using the equity method employed 9 staff as of 31 December 2016 (previous year: 6).

Contingent liabilities do not exist with respect to the indirect shares of Scout24 in associates and joint ventures.

As in the previous year, in the financial year under review Scout24 AG received no dividend from ASPM Holding B.V., Amsterdam. This associated company will be liquidated prospectively within 2017.

4.8 Trade payables

(EUR '000)	31/12/2016	31/12/2015
Trade payables due to third parties	27,897	25,580
Liabilities to other related companies	-	62
Total	**27,897**	**25,642**

4.9 Financial liabilities

As of the balance sheet date, financial liabilities comprise the following:

(EUR '000)	31/12/2016	31/12/2015
Current		
Bank borrowings	30,062	-
Liabilities to associates	1,632	1,631
Finance leases	47	45
Accrued bank interest	31	278
Contingent purchase price liabilities	-	3,769
Other	63	243
Total	**31,835**	**5,966**
Non-current		
Bank borrowings	640,682	765,826
Derivative financial instruments	3,921	1,818
Financial liabilities to third parties	850	-
Finance leases	86	133
Interest liabilities to third parties	-	83
Other	-	53
Total	**645,539**	**767,913**

Up to 30 December 2016, in order to finance its operating activities, the Company concluded a Senior Facility Agreement (SFA) with an international banking syndicate. The SFA comprised Facility B and Facility C (previous year: Facility B and Facility C), and a revolving credit facility that was not drawn upon in the financial year under review.

On 5 April 2016, Scout24 AG made a partial voluntary repayment of EUR 40,000 thousand of Facility B in accordance with the lending conditions. Scout24 AG implemented a further voluntary partial repayment of Facility B of EUR 60,000 thousand on 12 September 2016.

On 19 December 2016, Scout24 AG signed a new lending agreement with a syndicate of eleven European banks (Term and Revolving Facilities Agreement – referred to below as "FA") with a term until December 2021. This lending agreement comprises a term loan of EUR 600,000 thousand and a revolving credit line of EUR 200,000 thousand.

A total amount of EUR 680,000 thousand was disbursed on 29 December 2016 while drawing an amount of EUR 80,000 thousand from the revolving credit facility. On 30 December 2016, the SFA was redeemed in full with a repayment amount of EUR 681,000 thousand.

Furthermore, Scout24 AG wound up a side loan agreement to the SFA with one bank. This agreement contained a revolving line for cash withdrawals in the maximum amount of EUR 3,750 thousand and a guarantee facility of up to EUR 1,500 thousand. The volume of the side loan agreement formed part of the total available volume of the revolving loan of the SFA. As part of redeeming the SFA, an independent guarantee credit was concluded concerning the guarantee line for rent collateral, of which EUR 417 thousand was drawn upon as of 31 December 2016 (previous year: EUR 421 thousand).

The interest rate for the facilities is based on the EURIBOR plus an interest margin tied to the ratio of ordinary operating EBITDA to net debt. As part of the SFA, EURIBOR is limited to 0.0 % on the downside. The interest margin has a range between 0.9 % and 2.0 % for the loan term. The range for the revolving credit facility lies between 0.5 % and 1.6 %.

Acquisition-related costs for the conclusion of the FA are deducted from the original fair value of the loan and amortised over the term of loan using the effective interest method. Also, the embedded interest-rate floor in connection with the term loan was deducted from its original fair value and is amortised through profit or loss over the term of the loan. This is reported under non-current derivative financial instruments.

No collateral was provided for the new FA.

The current financial liabilities to associates are to ASPM Holding B.V. because of outstanding capital contributions.

The financial liabilities to third parties of EUR 850 thousand relate to the providing of collateral as part of a cooperation agreement between a subsidiary and its customers.

Finance leases are composed as follows:

(EUR '000)	31/12/2016	31/12/2015
Gross liabilities from finance leasing – minimum lease payments		
up to 1 year	51	51
1-3 years	89	102
3-5 years	-	38
more than 5 years	-	-
	140	191
Future finance costs for finance leasing	(3)	(14)
Net present value of finance leasing	137	177

A contingent purchase price liability of EUR 3,769 thousand was recognised as of 31 December 2015. This was connected with the acquisition of 100 % of the shares in FlowFact AG (whose corporate name has meanwhile changed to FlowFact GmbH), Cologne, including its subsidiaries and participating interests. A contingent purchase price depending on the attainment of certain EBITDA figures was agreed in this context. An amount of EUR 2,712 thousand was settled during the course of the 2016 financial year, and an amount of EUR 1,057 thousand was released through profit or loss (reported under note 3.4 "Other operating income").

The distribution of the fair values is shown as follows:

(EUR '000)	31/12/2016	31/12/2015
up to 1 year	51	50
1-3 years	86	95
3-5 years		32
more than 5 years		
	137	177

4.10 Provisions for other liabilities and charges

(EUR '000)	Provisions for litigation risks	Provisions for anticipated losses / guarantees	Personnel provisions	Other provisions	Provisions for reorganisation	Provision for tax risks	Total
Balance on 01/01/2015	**549**	**700**	**147**	**517**	**8,976**	**600**	**11,489**
of which: current	127	-	-	116	8,847	-	9,090
Change in consolidation scope	-	-	-	12	-	-	12
Additions	1,064	-	38	46	2,240	50	3,438
Utilisation	(143)	(397)	-	(96)	(8,127)	(32)	(8,795)
Reclassification	-	-	(131)	-	-	-	(131)
Reversal	(25)	-	-	(171)	(281)	-	(477)
Interest	-	-	7	1	-	-	8
Balance on 31/12/2015 and 01/01/2016	**1,445**	**303**	**61**	**309**	**2,808**	**618**	**5,544**
of which: current	1,371	287	-	178	2,808	18	4,662
Change in consolidation scope	-	-	-	(7)	42	-	35
Additions	385	-	219	27	2,801	-	3,432
Utilisation	(776)	-	(227)	(18)	(2,390)	-	(3,411)
Reclassification	-	-	0	(22)	-	(18)	(40)
Reversal	(65)	(303)	-	(135)	(170)	(250)	(923)
Interest	-	0	22	0	-	-	22
Balance on 31/12/2016	**989**	**-**	**75**	**154**	**3,091**	**350**	**4,659**
of which: current	931	-	-	5	3,091	-	4,027

Provisions for litigation relate mainly to cases involving employees and cooperation partners. The differing uncertainties in relation to the level of this provision were measured sufficiently.

The reorganisation provisions of the reporting period as well as of the prior period relate to Group-wide reorganisation measures. For all underlying employment contracts termination agreements were completed, of which the major part will be executed in the following year.

The provisions for tax risks relate mainly to tax risks connected with the acquisition of FlowFact GmbH. A receivable due from the previous shareholders was recognised to the same level (indemnification asset).

Provisions that are not expected to lead to an outflow of resources in the subsequent year are carried at their discounted settlement amount on the balance sheet date. Provisions that were already disclosed in the previous year were unwound in the reporting period in accordance with their term. The discount factor is based on market interest rates.

The outflow is mainly expected within the next financial year – with the amount shown as "current" above. For the amount shown as non-current asset outflow of EUR 619 thousand (previous year: EUR 867 thousand) is expected within the next two to five years and EUR 38 thousand (previous year: EUR 39 thousand) for the period over five years.

4.11 Contingent liabilities

A contractual partner of the subsidiary Immobilien Scout GmbH has brought a civil lawsuit against the company due to alleged unauthorised data use. The amount in dispute stands at EUR 2 million. The company's legal representatives are of the opinion that this claim is largely unfounded. The company has formed a provision to an insignificant level that also includes the estimated costs for lawyers and legal proceedings. No provision has been recognised on the balance sheet for the element considered unfounded. No further disclosures in relation to this contingent liability are made pursuant to IAS 37.84-89 as per IAS 37.92 in order not to have a detrimental effect on the result of the proceedings and the company's interests.

4.12 Other liabilities

The other liabilities as of the respective closing dates were comprised of the following:

(EUR '000)	31/12/2016	31/12/2015
Current		
Liabilities to employees	16,674	16,941
Deferred revenues	9,071	8,826
Taxes other than income taxes	5,485	5,839
Liabilities to parent companies	66	915
Liabilities to other related companies	4	1,135
Other	1,371	1,666
Total	**32,671**	**35,322**
Non-current		
Liabilities to employees	370	-
Deferred revenues	1,618	1,279
Liabilities to parent companies	580	646
Liabilities to other related companies	37	736
Total	**2,605**	**2,661**

The liabilities to employees are essentially composed of liabilities arising from bonus agreements. The other deferred revenues comprise primarily deferred revenues for online listing sales.

4.13 Pension and similar obligations

The Group has retirement benefits in the form of defined contribution and defined benefit plans.

Defined contribution plans are in the form of retirement, disability and survivor benefits, the amount of which is based on length of employment and salary. The employer's contributions for the statutory pension insurance system to be paid in Germany are considered to comprise such defined contribution plans. The Group's payments to defined contribution pension plans are primarily contributions for the statutory pension insurance system in Germany and Switzerland. In the reporting period, the expenses relating to defined contribution pension plans were EUR 6,140 thousand (previous year: EUR 5,864 thousand).

The defined benefit obligations remaining as of 31 December 2016 relate exclusively to the company AutoScout24 Italia S.R.L. This is based on the regulations of the TRF (Trattamento di Fine Rapporto), which provides for capital payments upon retirement from the company. The basis is the Italian labour law (para 2120 codice civile). The entitlement to benefits is accrued annually in the amount of the respective pensionable salary and discounted according to the development of inflation. This plan has no plan assets. As of 31 December 2016, the pension obligations from defined benefit pension plans about EUR 443 thousand (previous year: EUR 527 thousand).

The defined benefit obligations connected with a Swiss company and reported at the start of the 2015 financial year no longer exists due to the change of employer: As part of the change of employer in the constellation of the professional pension scheme in Switzerland, the pension capital is offset by a state-controlled scheme set up for this purpose, with the employer's obligation thereby ceasing. As all staff in Switzerland left the Company 2015 and their pension capital transferred to the new employer's pension scheme, no obligation for Scout24 existed at the end of the 2015 financial year, and consequently no pension provision for the Swiss pensions.

For defined benefit plans, the obligation amount, the plan assets and the provision report the following changes:

(EUR '000)	Present value of obligation
Opening balance	527
Current service cost	68
Interest expenses	10
Gains (losses) on remeasurement	19
of which:	
– Experience gains (losses)	4
– Gains (losses) from change in financial assumptions	15
Payments	(181)
Balance on 31/12/2016	**443**

(EUR '000)	Present value of obligation	Fair value of plan assets	Provision
Opening balance	2,009	(1,020)	989
Current service cost	106	-	106
Interest expenses	22	(8)	14
Gains (losses) from remeasurement	(520)	-	(520)
of which:			
– Experience gains (losses)	(524)	-	(524)
– Gains (losses) from change in financial assumptions	4	-	4
Exchange rate differences	178	(126)	52
Contributions to plan assets	18	(53)	(35)
of which:			
– Employer contributions	18	(18)	-
– Employee contributions	-	(35)	(35)
Payments	(1,271)	1,192	(79)
Risk premiums	(15)	15	-
Balance on 31/12/2015	**527**	**0**	**527**

The following actuarial assumptions were used to determine the pension provision for Italy as of 31 December 2016: Actuarial interest rate: 1.40 % (previous year: 1.90 %); salary growth rate: 3.00 % (previous year: 3.00 %) and inflation 1.75 % (previous year: 2.00 %).

The pension obligations in Italy have a term of 9.23 years (previous year: 12.34 years).

In the 2017 financial year, payments of EUR 40 thousand will be made prospectively by the Company to the plan participants. In the previous year, payments of EUR 52 thousand were made by the Company to the plan participants.

4.14 Equity

Consolidated statement of changes in equity ↘page 105

Subscribed share capital

The subscribed share capital amounts to EUR 107,600 thousand as of 31 December 2016 (previous year: EUR 107,600 thousand), and is divided into 107,600,000 registered shares each with a notional interest in the share capital of EUR 1 per share. All registered shares are fully paid in.

With a shareholder resolution dated 28 August 2015, the subscribed share capital of Scout24 AG was increased by EUR 98,000 thousand, from EUR 2,000 thousand to EUR 100,000 thousand, through a conversion from the capital reserve. The resolution was notified to the commercial register and became effective when it was entered in the commercial register on 3 September 2015.

At the Extraordinary General Meeting of shareholders on 4 September 2015, Asa NewCo GmbH, Munich, was converted by way of change of company form into Scout24 AG, Munich, and the articles of incorporation of Scout24 AG were established. The entry in the commercial register occurred on 10 September 2015.

With a shareholder resolution dated 4 September 2015, and effective from 10 September 2015, all former preferred shares were converted on the basis of a fixed conversion ratio into voting shares with dividend-entitlement from 1 January 2015. This conversion ratio settled all preferential profit entitlements of the former holders of preferred shares.

With effect as of 28 September 2015, the subscribed share capital of Scout24 AG was increased by a further EUR 7,600 thousand against cash capital contributions. The related 7,600,000 shares are dividend-entitled from 1 January 2015. These shares were issued to the underwriter on the condition that the underwriter place these shares among a broad group of investors in the planned IPO, and pay to the Company a premium above nominal value less certain agreed costs. The subscribed share capital amounted to EUR 107,600 thousand as of 31 December 2016, which corresponds to 107,600,000 shares.

A total of 107,586,600 shares are outstanding as of the balance sheet date (previous year: 107,600,000), see section on "Treasury shares".

Number of shares outstanding	**Number of shares**
Opening balance (01/01/2016)	**107,600,000**
Purchase of treasury shares	(31,276)
Issue of treasury shares	17,876
Closing balance (31/12/2016)	**107,586,600**

Authorised Capital

Pursuant to the Company's articles, the Management Board of Scout24 AG, Munich, is authorised to increase the Company's share capital, with Supervisory Board approval, in one or several tranches up until (and including) 3 September 2020, by issuing new individual registered shares against contributions in cash and/or in kind, by an amount of up to EUR 50,000 thousand in total (Authorised Capital 2015). The shareholders shall generally be granted subscription rights in this context. The Management Board is nevertheless authorised, with Supervisory Board assent, to exclude such subscription rights in certain cases.

Treasury shares

The Management Board is authorised until 16 September 2020, to purchase treasury shares pursuant to Section 71 (1) Number 8 of the German Stock Corporation Act (AktG) for any permissible purpose within the context of statutory restrictions and under certain terms.

As part of a share-based compensation scheme, the Company repurchased its own treasury shares and transferred the shares to the participants during the financial year elapsed. Due to the related process, the Company held a total of 13,400 treasury shares as of the reporting date. These shares were acquired at a price of EUR 34.53 per share and consequently reduce the equity by EUR 463 thousand as of the reporting date.

Capital reserve

As part of the capital increase in the 2015 financial year, an amount of EUR 98,000 thousand was converted from the capital reserve to subscribed share capital.

As a result of the IPO on 1 October 2015, proceeds of EUR 228,000 thousand accrued to the Company, of which EUR 220,400 thousand were allocated to the capital reserve as a premium. Transaction costs connected with the IPO reduce the capital reserve by EUR 5,953 thousand (after deducting tax).

An amount of EUR 3,450 thousand was allocated to the capital reserve in connection with share-based compensation and its settlement in own shares (previous year: EUR 3,569 thousand).

Retained earnings

Retained earnings contain undistributed profits from previous financial years as well as the result for the financial year elapsed (31 December 2016: EUR 455,041 thousand; previous year: EUR 387,889 thousand).

Appropriated capital reserve

Under local legislation, the amount of EUR 800,000 thousand was withdrawn from the capital reserves as of 31 March 2014 and transferred to undistributed profits. The figures in the consolidated balance sheet have been disclosed separately in the previous year under the heading "Appropriated capital reserve". In the past financial years, the amount was reclassified as "retained earnings".

Valuation of pension obligations

Equity is reduced by EUR 85 thousand (previous year EUR 64 thousand) for actuarial losses from performance-related obligations.

Other reserves

Included in other reserves are primarily translation differences.

Dividend

Pursuant to a shareholder resolution, the Company paid dividends of EUR 421,588 thousand in the 2015 financial year to preference shareholders at that time. An amount of EUR 417,632 thousand was paid to the owners, and capital gains tax of EUR 3,956 thousand was deducted for the owners' account.

Non-controlling interests

The non-controlling interests of EUR 687 thousand as of 31 December 2015 related to the subsidiary Stuffle GmbH, Berlin, in which non-controlling interests held a 49.98 % interest. This company was deconsolidated in the 2016 financial year (see 2.3 "Corporate disposals in the reporting period"), with no non-controlling interests being reported as of 31 December 2016 as a consequence.

5 Other disclosures

Consolidated cash flow statement ↘page 106

5.1 Notes to the consolidated cash flow statement

The cash flow statement presents how cash and cash equivalents changed during the financial year. In accordance with IAS 7 Statement of Cash Flows a distinction is made between changes in cash from operating, investing and financing activities.

The cash funds presented in the cash flow statement comprise all cash and cash equivalents reported in the balance sheet.
The indirect method is used for operating cash flow and the direct method is used for cash flow from financing and investing activities. Effects from currency translations and changes in the scope of consolidation were eliminated during the calculation.

Cash flows from operating activities amounted to EUR 154,885 thousand in the reporting period (previous year: EUR 124,481 thousand). The other non-cash transactions include primarily amounts recognised in income from share-based payments.

Cash flow from investing activities (reporting period: EUR (48,777) thousand, previous year EUR 36,219 thousand) includes mainly outgoing payments for the purchase of non-current assets as well as for the acquisition of the subsidiaries European Auto-Trader B. V., my-next-home GmbH and AGIRE Handels- und Werbe-Gesellschaft m.b.H.

Cash flow from financing activities of EUR (133,316) thousand (previous year: EUR (111,633) thousand) comprises mainly the redemption of the SFA in an amount of EUR 781,000 thousand and of the contingent purchase price liability in an amount of EUR 2,712 thousand to the previous shareholders of FlowFact GmbH as well as the new drawing on the syndicated loan led by UniCredit Bank AG in an amount of EUR 680,000 thousand (for more information see 4.9 "Financial liabilities").

5.2 Disclosures on leases and other obligations

The obligations from operating leases and other obligations as of the closing dates are as follows:

	31/12/2016				31/12/2015			
(EUR '000)	Total	Residual term up to 1 year	Residual term more than 1 year	Residual term more than 5 years	Total	Residual term up to 1 year	Residual term more than 1 year	Residual term more than 5 years
Obligations from operating leases	23,225	6,428	14,916	1,881	28,830	6,364	16,501	5,965
Obligations on maintenance and service agreements	6,905	6,586	319	0	7,015	5,947	1,042	26
Other obligations	72	72	-	-	357	357	-	-
Total	**30,202**	**13,086**	**15,235**	**1,881**	**36,202**	**12,668**	**17,543**	**5,991**

Obligations on operating leases arise mainly from rental contracts for offices. Rental expenses in the amount of EUR 5,346 thousand (previous year: EUR 4,896 thousand) were paid during the fiscal year for operating leases. The obligations from maintenance and service agreements are with third parties for data processing centres and databases.

5.3 Disclosures on financial instruments

Carrying amounts and fair values

The following table presents the reconciliation of the balance sheet items and the categories pursuant to IAS 39, analysed in subsequent measurement by "measurement at amortised cost" and "measurement at fair value" as well as by category and fair value by classification.

Cash and cash equivalents, trade receivables as well as the other financial receivables and assets essentially have a short residual term. Therefore, their carrying amounts as of the end of the reporting period correspond approximately to the fair value.

The carrying amount of the current financial liabilities represents approximately the fair value as of the closing date. Liabilities are measured by means of the effective interest method. Measurement is performed by the Company's Group accounting function. There were no changes in measurement methods in the reporting period.

Long-term financial assets also comprise one investment in other companies' equity instruments that are not recognised according to the equity method. This is recognised at cost, since, due to the lack of an active market for these companies, their fair value and cash flows cannot be reliably determined. For this reason, no fair value is disclosed for this investment. No intention currently exists to sell this investment. These instruments comprise a participating interest in a start-up.

In accordance with IFRS 13, financial assets and liabilities measured at fair value must be allocated to the three levels of the fair value hierarchy. The individual levels of the fair value hierarchy are defined as follows:

- **Level 1**: application of unadjusted quoted prices in an active market for identical assets and liabilities, to which the Company has access on the date of valuation
- **Level 2:** application of strictly directly or indirectly observable significant inputs that are not assigned to Level 1
- **Level 3:** utilisation of at least one non-observable significant input.

For reclassification between the individual levels of the fair value hierarchy it is assumed that these are performed at the end of the period. In the reporting period, no reclassifications occurred between Levels 1 and 2 nor between Levels 2 and 3 in the measurements of fair values.

	Recognition approach pursuant to IAS 39						
(EUR '000)	Measurement category pursuant to IAS 39	Carrying amount on 31/12/2016	At amortised cost	At cost	At fair value through profit or loss	Fair value on 31/12/2016	Level in fair value hierarchy
Assets							
Cash and cash equivalents	LaR	43,441	43,441	-	-	n/a	
Trade receivables	LaR	43,275	43,275	-	-	n/a	
Other current financial assets	LaR	406	406	-	-	n/a	
Other non-current financial assets		535					
Available-for-sale financial assets	AfS	180	-	180	-	n/a	
Derivative financial instruments	FAHfT	-	-	-	-	-	2
Other non-current financial assets	LaR	355	355	-	-	350	2
Liabilities							
Trade payables	FLAC	27,897	27,897	-	-	n/a	
Current financial liabilities		31,835					
Finance leases	n/a	47	47	-	-	51	
Other current financial liabilities	FLAC	31,788	31,788	-	-	31,788	
Contingent purchase price liabilities	n/a	-	-	-	-	-	3
Other current liabilities		32,671					
Other current financial liabilities	FLAC	782	782	-	-	n/a	
Other current non-financial liabilities	n/a	31,889	31,889	-	-	n/a	
Non-current financial liabilities		645,539					
Derivative financial instruments	FLHfT	3,921	-	-	3,921	3,921	3
Finance leases	n/a	86	86	-	-	87	
Other non-current financial liabilities	FLAC	641,532	641,532	-	-	641,510	2
of which aggregated by IAS 39 categories							
Loans and receivables	LaR	87,477					
Available-for-sale financial assets	AfS	180					
Financial assets held for trading	FAHfT	0					
Financial liabilities held for trading	FLHfT	3,921					
Financial liabilities measured at amortised cost	FLAC	701,998					

Recognition approach pursuant to IAS 39

(EUR '000)	Measurement category pursuant to IAS 39	Carrying amount on 31/12/2015	At amortised cost	At cost	At fair value through profit or loss	Fair value on 31/12/2015	Level in fair value hierarchy
Assets							
Cash and cash equivalents	LaR	70,639	70,639	-	-	n/a	
Trade receivables	LaR	37,817	37,817	-	-	n/a	
Other current financial assets	LaR	333	333	-	-	n/a	
Other non-current financial assets		795					
Available-for-sale financial assets	AfS	180	-	180	-	n/a	
Derivative financial instruments	FAHfT	0	-	-	0	0	2
Other non-current financial assets	LaR	615	615	-	-	588	2
Equity and liabilities							
Trade payables	FLAC	25,642	25,642	-	-	n/a	
Current financial liabilities		5,966					
Finance leases	n/a	45	45	-	-	50	
Other current financial liabilities	FLAC	2,152	2,152	-	-	n/a	
Contingent purchase price liabilities	n/a	3,769	-	-	3,769	3,769	3
Other current liabilities		35,322		-			
Other current financial liabilities	FLAC	807	807	-	-	n/a	
Other current non-financial liabilities	n/a	34,515	34,515	-	-	n/a	
Non-current financial liabilities		767,913					
Derivative financial instruments	FLHfT	1,818	-	-	1,818	1,818	3
Finance leases	n/a	133	133	-	-	127	
Other non-current financial liabilities	FLAC	765,962	765,962	-	-	731,298	2
of which aggregated by IAS 39 categories							
Loans and receivables	LaR	109,404					
Available-for-sale financial assets	AfS	180					
Financial assets held for trading	FAHfT	0					
Financial liabilities held for trading	FLHfT	1,818					
Financial liabilities measured at amortised cost	FLAC	794,564					

The main balance sheet item "other non-current financial assets" largely comprises a receivable of EUR 350 thousand (previous year: EUR 600 thousand) from the previous shareholders of FlowFact GmbH, whose fair value is measured applying a discounted cash flow model based on risk-free market interest rates in the form of German government bonds, and a credit risk premium deriving from corporate bonds with a corresponding rating. As all inputs are directly or indirectly observable, the instrument is assigned to Level 2.

Current financial liabilities to associates include outstanding capital contributions due to ASPM Holding B.V. (EUR 1,632 thousand), which are recognised at amortised cost. Due to the short term of this financial instrument, the carrying amount represents an appropriate approximation of the fair value. Moreover, this includes the current portion of the newly concluded loan (Term Loan A) in an amount of EUR 30,000 thousand.

Non-current financial liabilities largely comprise the liabilities connected with the loan agreed in December 2016, which consists of a term loan and revolving credit line. As the lending agreement was extended in December 2016, the carrying amount represents an appropriate approximation of the fair value.

The fair value of the interest rate floor, which is assigned to Level 3 of the fair value hierarchy, is determined using valuation methods based on non-observable data. The floor is measured on a risk-free basis applying a shifted Black-Scholes model, and subsequently adjusted to reflect the credit risk by applying the "add-on" approach. Significant inputs for the measurement include the German government bond yield curve, three-month Euribor forward interest rates, and congruent-maturity credit risk premiums. Due to the 0 % floor rate, the input not observable on the market is the volatility, which was calculated on the basis of expert estimates. If the volatility increased by 5 %, the effect on the result would be EUR (115) thousand. A 5 % decline in volatility (absolute value change) generates a EUR 100 thousand effects on results.

Scout24 AG continues to hold three caps. These were written down to a value of zero on 31 December 2016. The caps expire in February 2017.

The following table shows an overview of the changes of the instruments in Level 3 (interest rate floor) for both financial years as of 31 December 2016 and 31 December 2015.

(EUR '000)	2016	2015
Balance at start of period	**1,818**	**2,818**
Newly added financial liability (interest-rate floor)	3,921	460
Settled financial liabilities		-
Total result for the period reported in income statement under "financial income/expenses"	(1,818)	(1,460)
Balance at end of accounting period	**3,921**	**1,818**
Change in unrealised (losses)/gains for the period included in the income statement under „financial income/ expenses“ for liabilities at the end of the reporting period	0	1,358

Net gains/losses:

The following assignment of the net gains and losses was made to the IAS 39 categories according

(EUR '000)	Measurement category pursuant to IAS 39	2016	2015
Loans and receivables	LaR	(1,880)	330
Financial liabilities measured at amortised cost	FLAC	(45,776)	(47,806)
Financial assets and liabilities held for trading	FAHfT/FLHfT	1,817	1,342
Recognised in the income statement	**Total**	**(45,839)**	**(46,135)**
Available-for-sale financial assets	AfS	-	-
Recognised in other comprehensive income		**-**	**-**

The net result from the "LaR" measurement category includes primarily interest income, impairment losses on receivables and gains/losses on the derecognition of receivables. The net result from the "FLAC" category comprises current interest expenses from applying the effective interest method for the loan liabilities as well as releasing the transaction costs for the redeemed SFA loans. Expenses from financial derivatives, interest expenses on cash pool liabilities and exchange losses on financial liabilities are shown in the net result for the "FAHfT/FLHfT" category.

Netting

Financial assets and liabilities on the basis of master netting arrangements are only netted if an enforceable right to offset exists, and settlement on a net basis is intended. If, however, no right to offset exists, the financial assets and liabilities are to be recognised at their respective gross amounts as of the balance sheet date. As a result of the master offsetting agreement, a conditional right to offset arises, which is only provided if it is claimed. In 2014, rebates were taken into account for the first time.

a) Financial assets

The following financial assets were netted in the balance sheet under the master offsetting agreements or similar agreements:

(EUR '000)	**31/12/2016** Trade receivables	**31/12/2015** Trade receivables	**31/12/2016** Total	**31/12/2015** Total
Gross amount of recognised financial assets	48,935	49,434	48,935	49,434
Gross amount of financial liabilities netted on the balance sheet	(5,660)	(11,617)	(5,660)	(11,617)
Net amounts of financial assets recognised on the balance sheet	43,275	37,817	43,275	37,817
Amounts recognised on the balance sheet without netting				
– Financial instruments	-	-	-	-
– Cash collateral received	-	-	-	-
Net amount	43,275	37,817	43,275	37,817

b) Financial liabilities
The following financial liabilities were netted in the balance sheet under the master offsetting agreements or similar agreements:

(EUR '000)	31/12/2016 Trade payables	31/12/2015 Trade payables	31/12/2016 Total	31/12/2015 Total
Gross amount of recognised financial assets	33,557	37,259	33,557	37,259
Gross amount of financial liabilities netted on the balance sheet	(5,660)	(11,617)	(5,660)	(11,617)
Net amounts of financial assets recognised on the balance sheet	27,897	25,642	27,897	25,642
Amounts recognised on the balance sheet without netting				
– Financial instruments	-	-	-	-
– Cash collateral received	-	-	-	-
Net amount	27,897	25,642	27,897	25,642

5.4 Financial risk management and capital management

The Scout24 Group is exposed to various financial risks from its business activities, which are explained below as credit risk, liquidity risk, foreign currency risk and interest rate risk. Financial risk management is carried out by Group treasury. Group treasury identifies, measures and hedges financial risks in close cooperation with the Group's operating units. Appropriate changes are made to processes in reaction to changes in the risk situation. The objective of risk management is to reduce the financial risk through planned measures.

Credit risk

Credit risk is managed at Group level. Credit risks arise from cash and cash and cash equivalents, current financial assets, trade receivables and other receivables. Customer risks are systematically recorded, analysed and managed in the respective subsidiary, whereby both internal and external information sources are utilised. The maximum credit risk was reflected by the carrying amounts of the financial assets recognised in the balance sheet. No collateral or other credit enhancements existed that would reduce the credit risk from financial assets.

Credit risks arise especially in connection with trade receivables and other receivables. Since the Group's business model is based on a broad customer base, the risk of a significant bad-debt loss is to be considered relatively minor. To the extent default risks are identifiable, these are countered by an active receivable management as well as credit assessments of customers.

Liquidity risk

Liquidity risk describes the risk that Scout24 cannot meet its financial obligations, or can only meet them to a limited extent. Financing requirements are covered through operating cash flow, external financing as part of Facility A as well as a revolving loan. Liquidity risks are centrally monitored and managed for the entire Group by the operating cash management of Scout24. The risk of a potential liquidity shortage is monitored by way of periodic liquidity planning and monthly cash flow analyses. The due dates of financial liabilities are continually monitored and managed.

(EUR '000) Balance on 31/12/2016	up to 1 year	1-3 years	3-5 years	more than 5 years	Total
Non-derivative financial instruments	**67,919**	**155,419**	**523,757**	**-**	**747,095**
Trade and other payables	27,847	-	-	-	27,847
Financial liabilities	40,021	155,330	523,757	-	719,108
Finance lease liabilities	51	89	-	-	140
Derivative financial instruments	**1,801**	**2,017**	**15**	**-**	**3,833**
Derivative financial instruments	1,801	2,017	15	-	3,818

(EUR '000) Balance on 31/12/2015	up to 1 year	1-3 years	3-5 years	more than 5 years	Total
Non-derivative financial instruments	**65,607**	**69,036**	**78,435**	**810,991**	**1,024,069**
Trade and other payables	25,642	-	-	-	25,642
Financial liabilities	39,914	68,934	78,415	810,991	998,254
Finance lease liabilities	51	102	38	-	191
Derivative financial instruments	**936**	**1,006**	**-**	**-**	**1,942**
Derivative financial instruments	936	1,006	-	-	1,942

The above table shows the future undiscounted cash outflows (interest and principal) with respect to the existing financial liabilities. The amounts are accordingly not reconcilable with the amounts in the balance sheet; solely the amounts for trade payables are reconcilable, since these are not discounted due to immateriality. Future cash outflows based on variable interest rates are determined by applying forward interest rates on the basis of the EURIBOR yield curve as of 31 December 2016.

In order to avoid short-term liquidity risks within the Group, a Group-wide cash pooling exists between Scount24 AG and its subsidiaries. Short-term funds transfers within the Group lead to lower financing costs at the subsidiaries.

Currency and interest rate risk

The Group is currently exposed to certain currency risks. Revenues are primarily generated in euro. Translation risks from the translation of assets and liabilities of foreign subsidiaries into the reporting currency are generally not hedged.

Due to the Group-wide cash management, the Group internal receivables and payables are maintained in euro. As a result, for those foreign subsidiaries of Scout24 AG whose functional currency is not the euro, effects arise in the income statement from exchange rate fluctuations. These effects are not eliminated in connection with the consolidation. As of the reporting date, subsidiaries utilising the Swiss franc as functional currency held EUR 210 thousand of cash management receivables (previous year: EUR 211 thousand), which were not exposed to significant fluctuations during the year.

A sensitivity analysis was performed on the Swiss franc. In this connection, a strengthening and weakening of the respective currency by 10 % was simulated in order to analyse possible effects on the result in the event of a strengthening or devaluation of the respective currency.

The result is presented as follows:

(EUR '000)	31/12/2016 Change in foreign exchange		31/12/2015 Change in foreign exchange	
Effects on earnings before income tax	**(10) %**	**10 %**	**(10) %**	**10 %**
CHF	(24)	29	(24)	29

Since no hedge accounting is applied, no effects on other comprehensive income exist.

The Scout24 Group is subject to interest rate risks due to the long-term external financing. The loans taken up with variable interest rates (3-month EURIBOR) in euro expose the Group to a cash flow interest-rate risk. The risk comprises EUR 680,000 thousand as of 31 December 2016 (previous year: EUR 781,000 thousand).

Based on the simulations carried out, the Group determined the effects on results of defined interest rate changes. The scenarios are analysed for liabilities which represent the significant portion of the interest-carrying liabilities. Given an assumed change in the market interest rate as of the respective reporting date of 100 or (30) basis points, the following effects on the pre-tax result would arise:

(EUR '000)	31/12/2016 Change in interest rate Basis points		31/12/2015 Change in interest rate Basis points	
Effects on earnings before income tax	**(30)**	**100**	**(30)**	**100**
Non-derivative financial instruments	1,271	(5,868)	989	(6,182)
Derivative financial instruments	(6,754)	3,921	(3,748)	2,386

In 2016, due to the continued very low interest rates, a move in interest rates to below 0 % is seen as possible.

Since there is no hedge accounting, there are no effects on other comprehensive income.

Liquidity management and investment is centralised at Scout24 as part of the Group-wide treasury management system. When investing cash and cash equivalents, the banks and types of investment are selected carefully and monitored regularly in connection with treasury management reporting. The risk position as well as the compliance with risk limits are also regularly monitored. Cash and cash equivalents are only invested with renowned commercial banks with high credit ratings.

Capital management

The objective of Scout24 AG with respect to capital management is to secure the Group as a going concern and finance its long-term growth. The capital structure of the Scout24 Group is optimised continuously, and adapted to respective general economic conditions.

The capital structure is monitored by the CFO based on weekly reporting on net debt. Where required, necessary financing measures are carried out by Scout24 AG in the international financial markets.

As of the reporting date, the net debt is presented as follows:

(EUR '000)	31/12/2016	31/12/2015
Financial liabilities	(677,375)	(773,879)
Cash and cash equivalents	43,441	70,639
Net financial liabilities	**(633,934)**	**(703,240)**

The ratio of net debt according the definitions of SFA and FA in relation to EBITDA from operating activities for the last twelve months amounts to 2.82:1. This ratio also has to be calculated as part of the FA. The target for the leverage ratio stands at 2.50:1.

External minimum capital requirements (covenant) were complied with during the financial year under review.

5.5 Share-based payment

Program 2014

In connection with the takeover of shares in the Scout24 Group by Hellmann & Friedman LLC (H&F), a management participation program was established in the 2014 financial year ("Management Equity Program", abbreviated as "MEP"). Management Board members, additional managers and members of the Advisory Board/Supervisory Board (hereinafter "participants") of the Scout24 Group were granted the possibility, commencing in the 2014 financial year, to indirectly acquire shares in the Scout24 Group through a specified structure.

The purchase price for the transfer of the shares to the management participation companies was determined under consideration of the purchase price of the Scout24 Group as of 12 February 2014 and represents the extrapolated value at the time of the acquisition.

In the event of the sale of shares in Scout24 AG or in the event of their leaving the Company, the participants receive payments at market value to the extent that they accrued vested equity:

- The common shares acquired from the participants are vested on a staggered basis and with respect to the generated sales proceeds from common shares. These are paid on an extended basis. One year after the acquisition of the shares, the pay-out amounts to 20 %, with this amount increasing by 5 % each further quarter.

In addition, the articles set rules for the management participation companies, according to which, in the case of a withdrawal of a participant, the participant receives for the non-vested portion either the purchase price or market value, whichever is lower.

In particular, the following rules are relevant:

- A participant withdrawing as a "preferred leaver" (withdrawal due to death, or classification by the Company's supervisory board as a "preferred leaver") receives market value for restitution of his shares.
- A participant withdrawing as a "good leaver" (withdrawal due to classification by the Company's Supervisory Board as a "good leaver", and no subsequent breach of contractual duties or non-competition agreement) receives in the first five years since the formation of the Company for the restitution of his shares an amount consisting of market value and purchase price. For the portion that is vested, the participant receives the market price; for the portion that is not vested, he receives either the purchase price or lower market value, whichever is lower.
- A participant withdrawing as a "bad leaver" (termination by the participant, or termination of the employment by the Company for good cause, or due to private insolvency of the participant) receives as payment for the restitution of his shares either the purchase price or market value, whichever is lower.

The participants and management participation companies are subject to various disposal restrictions:

- As a matter of principle, the participants are only permitted to sell or otherwise dispose of their investments with written approval from Willis Lux Holdings 2 S.à r.l. (in liquidation).
- In the case of share disposal initiated by Willis Lux Holdings 2 S.à r.l. (in liquidation) ("Major Shareholder Initiated Disposal") managers holding interests in MEP Ord GmbH & Co. KG can sell the shares vested until this date pro rata in the scope at which Willis Lux Holdings 2 S.à r.l. (in liquidation) sells shares. The block trade, accelerated bookbuilding and other appropriate procedures can be used in this context.
- In the case of a share disposal initiated by manager with more than 10 % interest in MEP Ord GmbH & Co. KG ("Manager Initiated Disposal"), managers deciding in favour of a share disposal are obligated to sell all of their vested shares by way of a block trade. The precondition in this case is that the market value of all of the shares sold should exceed an amount of EUR 1 million.
- As part of the block trade in December 2016, a divergent regulation was instituted insofar as the managers holding an interest in MEP Ord GmbH & Co. KG were entitled to sell less than 100 % of their vested shares, supplemented by the exemption that managers aiming for disposal exhibiting the "leaver" status were obligated to sell all of their vested shares.
- The regulations on restricted availability end at the latest as of the end of 31 December 2030. The availability restrictions end before this date if the interest of Willis Lux Holdings 2 S.à r.l. (in liquidation) as lead investor in Scout24 AG has fallen below 5 %.
- The shares held by the management participation companies are subject to a "drag-along, tag-along" rule. In the event of a share sale, Willis Lux Holdings 2 S.à r.l. (in liquidation) and DTAG can request from the management participation companies that they should not sell their shares to third parties on terms less favourable than Willis Lux Holdings 2 S.à r.l. (in liquidation) and DTAG. All participants have the right to the simultaneous sale of the shares attributable to them, whereby the conditions are not permitted to be less favourable than those from sales of Willis Lux Holdings 2 S.à r.l. (in liquidation) and DTAG.

Before the IPO implemented on 1 October 2015, Asa NewCo GmbH was converted into a public stock corporation ("Aktiengesellschaft" under German law) on 10 September 2015, under the name Scout24 AG. Only one class of share in this public stock corporation now exists. The preferred shares and the participants' common shares were consequently aggregated to form one share class.

The allocation of the shares to the participants was based on the issue price for the new shares: The value of the participants' equity was derived from the issue price, and allocated to the common shares and preferred shares according to a mechanism determined in the company agreement, in order to determine the participants' value in the newly created share class.

The position of shares held from the aforementioned program is as follows as of 31 December 2016:

(in '000)	Number
Number of shares[1] as of 01/10/ 2015	**4,566.5**
Exercised in the course of the IPO	795.5
Number of shares as of 31/12/2015 – 01/01/2016	**3,771.0**
Number of shares exercisable as of 31/12/2015 [2]	**854,8**
Issued	-
Exercised	656.2
Forfeited	432.8
Number of shares as of 31/12/2016	**2,682.0**
Number of shares exercisable as of 31/12/2016 [2]	**974.9**

1 One share corresponds to one ordinary share.

2 The exercisable shares are shares which have already been earned over the gradual vesting period. However, it is only possible to dispose of these shares in connection with a block trade.

The shares outstanding as of 31 December 2016 have a weighted average remaining contractual term of 1.2 years (previous year: 1.7 years).

For individualised disclosures, please see Section 5.7 "Compensation report".

The participants in the Management Equity Program that was set up in the 2014 financial year were able to sell their vested shares at a price of EUR 30.00 as part of the IPO in October 2015. As part of the block trade in December 2016, managers participating in the MEP and Supervisory Board members participating in the BMEP were able to sell their shares at a price of EUR 32.00. The Management Board members participating in the MEP did not participate in the block trade in December 2016. Above and beyond the block trade in December 2016, Supervisory Board members participating in the BMEP sold vested shares in April 2016 at a price of EUR 30.00 and December 2016 at a price of EUR 31.65.

Program 2015

A virtual stock option program for an additional four managers was introduced in the 2015 financial year. Under this program the managers have the opportunity to earn 258,333 virtual stock options within a period of four years. During the four-year vesting period, the vesting after one year is 25 %, with this amount increasing by 6.25 % each further quarter. In accordance with the contractual arrangements the Company has the option to settle the share-based payment in cash or in shares. In accordance with IFRS 2 the Company has opted for an equity-settled transaction for this form of payment. The determination of the fair value of the stock option was performed applying an option pricing model (binomial model), resulting in values between EUR 26.65 and EUR 28.33. A risk-free rate of 0.03 % was imputed. Due to the lack of observable volatility in the market, recourse was made to listed companies similar to the Scout Group. Annual volatility of 30 % was determined in this context. Additional parameters and expected dividends were not included in the fair value measurement.

The position of shares held from the aforementioned program is as follows as of 31 December 2016:

'000	Number
Number of shares[1] as of 01/10/2015	**-**
Issued	258.3
Exercised	-
Forfeited	-
Number of shares as of 31/12/2015 / 01/01/2016	**258.3**
Number of shares exercisable as of 31/12/2015	**-**
Issued	-
Exercised	62.5
Forfeited	-
Number of shares as of 31/12/2016	**195.8**
Number of shares exercisable as of 31/12/2016	**2.1**

1 One share corresponds to one ordinary share.

The average strike price for the shares mentioned above is EUR 1.84. The share price on the day of transaction amounted to EUR 32.39.

The shares outstanding as of 31 December 2016 possess a weighted average remaining contractual term of 1.5 years (previous year: 2 years).

Program 2016

In July 2016, Scout24 AG launched a further virtual stock option program for selected employees of the Scout Group. As part of this program, beneficiaries selected by the Company's Management Board can purchase virtual stock options. In accordance with the contractual arrangements the Company has the option to settle the share-based payment in cash or in shares. It is nevertheless planned that the commitment is to be settled in shares. In accordance with the regulations of IFRS 2, the Company has determined the payment form as a share-based transaction with settlement in Participants cannot exercise the virtual stock options until the share price has at least reached the contractually agreed exercise price of EUR 30.00 at the exercise date, increased by the agreed hurdle rate of 30.00 % to the exercise price. The fair value the stock option was calculated at EUR 21.78 applying a Monte Carlo simulation option pricing model, and taking into account the agreed 30 % hurdle rate. A risk-free rate of 0.00 % was imputed. Due to the lack of observable volatility in the market, recourse was made to listed companies similar to the Scout Group. Annual volatility of 30.37 % was determined in this context. Additional parameters and expected dividends were not included in the fair value measurement. When determining the personnel expenses for the financial year, a realistic leaver case and an appropriate staff turnover discount was applied to calculate the total value of the option.

The position of shares held from the aforementioned program is as follows as of 31 December 2016:

'000	Number
Number of shares[1] as of 31/12/2015 / 01/01/2016	**-**
Issued	56
Exercised	-
Forfeited	-
Number of shares as of 31/12/2016	**56**
Number of shares exercisable as of 31/12/2016	**-**

1 One share corresponds to one ordinary share.

The average exercise price for the shares mentioned above is EUR 0.

The shares outstanding as of 31 December 2016 possess a weighted average remaining contractual term of 1.4 years.

Total personal expenses of EUR 4,573 thousand (previous year: EUR 3,569 thousand) were recognised for the aforementioned share-based payment programs.

For any dilutive effects resulting from share-based payments see section 3.13.

5.6 Related party disclosures

Related parties in the meaning of IAS 24 are deemed to be natural persons or companies which Scout24 AG can influence, which can influence Scout24 AG, or which are influenced by a party related to Scout24 AG.

Related companies

As of 22 February 2016, the indirect parent company of Asa NewCo was Asa HoldCo GmbH (Asa HoldCo). As of this date, Asa HoldCo was merged with its parent company Willis Lux Holdings 2 S.à r.l. (in liquidation), Luxembourg. The aforementioned company, in turn, is controlled indirectly by various funds of Hellman & Friedman LLC (H & F). The next highest parent company of Scout24 AG that publishes consolidated financial statements in which Scout24 AG is included is Luxembourg-based Willis Lux Holdings S.à r.l. These financial statements are published in the "Registre de Comerceet des Societes" (RCS).

To this extent, Willis Lux Holdings 2 S.à r.l. (in liquidation) is allocated to the "parent company" category in terms of the grouping of related parties. Please see Section 5.11 for information about the "Associates" category. Hellman & Friedman LLC, Blackstone Group L.P. and the management participation companies were regarded as "other related companies" in the financial year elapsed. Deutsche Telekom AG including its subsidiaries, which was also allocated to this category in the preceding financial year, is no longer allocated to this category due to having reduced its interest.

The services exchanged with related companies mainly in the preceding financial year comprised rental services (premises, vehicles) and other services such as telecommunications, IT and advertising. "Services rendered" in the 2015 financial year include approximately EUR 5 million proportionally charged on to the shareholders involved in the IPO.

The extent of business dealings with related companies is presented in the following overview:

(EUR '000)	Total	Parent companies	Associates	Other related companies
	2016			
Income statement				
Services rendered	154	66	84	4
Net financial result	3	-	3	-
	31/12/2016			
Balance sheet				
Trade receivables	59	-	59	-
Financial assets	86	-	86	-
Financial liabilities	1,632	-	1,632	-
Other liabilities, current	71	66	-	4
Other liabilities, non-current	617	580	-	37

(EUR '000)	Total	Parent companies	Associates	Other related companies
	2015			
Income statement				
Services rendered	6,388	2,348	10	4,031
Services received	(1,782)	-	-	(1,782)
Net financial result	99	-	99	-
	31/12/2015			
Balance sheet				
Trade receivables	1,505	-	-	1,505
Financial assets	102	-	94	8
Other assets	33	-	-	33
Trade payables	62	-	-	62
Financial liabilities	1,631	-	1,631	-
Other liabilities, current	2,050	915	-	1,135
Other liabilities, non-current	1,383	646	-	736

Transactions with related parties were conducted on the same terms as transactions with independent business partners.

The outstanding balances at the end of the reporting period are unsecured and will be settled by cash payment, or the offsetting of receivables and payables. No guarantees exist for receivables due from, and liabilities due to, related parties. No valuation adjustments were applied to receivables due from related party companies.

Related individuals

Related party individuals are considered to be persons who exercise a significant influence on the financial and business policies of Scout24 (key management personnel), including their immediate family members. These particularly include members of the Management and Supervisory boards of Scout24 AG.

Compensation of related individuals is presented in the following table:

(EUR '000)	2016	2015
Short-term benefits	2,727	2,832
Post-employment benefits	87	67
Other long-term benefits	499	-
Termination benefits	-	-
Other consultancy services	-	97
Share-based payments [1]	891	1,543
Total	**4,204**	**4,539**

1 Equity-settled share-based compensation recognised under personal expenses; the 2015 figure has been adjusted.

Due to the change of corporate form to that of a public stock corporation in the 2015 financial year, a new Supervisory Board was appointed comprising nine members. Each member is entitled to receive an amount of EUR 80 thousand as a fee for their Supervisory Board activities. Some of the members waived their fees in both of the financial years reported upon here.

For individualised disclosures, please see Section 5.7 Compensation report.

Management Board

Gregory Ellis
Chief Executive Officer, Berlin

Christian Gisy
Chief Financial Officer, Düsseldorf

Membership of supervisory boards and other controlling bodies

The following Management and Supervisory Board members hold similar further positions:

Management Board

Mr. Christian Gisy: Business Heads AG, Winnweiler

Supervisory Board

As of 31 December 2016, the Supervisory Board comprised the following nine individuals with the following further mandates:

Name Function	Profession exercised	Member since	Appointed until	Further mandates in 2016
Stefan Goetz Chairman	Managing Director of Hellman & Friedman LLC, San Francisco, USA	4 September 2015	AGM 2020	Verisure Holding AB, Malmö, Sweden, and further related companies within the shareholding structure of Securitas Direct AB, Malmö, Sweden (Management Board member); Asa HoldCo GmbH, Frankfurt am Main, Germany (Managing Director, until February 2016); Asa GP GmbH, Düsseldorf, Germany (Managing Director)
Patrick Healy Deputy Chairman	Managing Director (Deputy CEO) of Hellman & Friedman LLC, San Francisco, USA	4 September 2015	AGM 2020	TeamSystem Holding S.p.A., Pesaro, Italy and further related entities in the shareholding structure of TeamSystem S.p.A., Pesaro, Italy (Supervisory Board member, since March 2016); Verisure Holding AB, Malmö, Sweden, and further related companies within the shareholding structure of Securitas Direct AB, Malmö, Sweden (Supervisory Board member);
Blake Kleinman Supervisory Board member	Managing Director of Hellman & Friedman LLC, San Francisco, USA	4 September 2015	AGM 2020	Asa HoldCo GmbH, Frankfurt am Main, Germany (Managing Director, until February 2016); Asa GP GmbH, Düsseldorf, Germany (member of Board of Directors); H&F Sensor EquityCo Limited, London, UK Barolo Midco Holding S.p.A., Pesaro, Italy and further related entities in the shareholding structure of TeamSystem S.p.A., Pesaro, Italy

Name Function	Profession exercised	Member since	Appointed until	Further mandates in 2016
				(Supervisory Board member, since March 2016); Latta Investments Sp. z o.o. (September 2016 to November 2016); Realta Investments Sp. z o.o. (October and 16 November 2016)
Thorsten Langheim Supervisory Board member	Senior Vice President Group Corporate Development of Deutsche Telekom AG, Bonn, Germany	4 September 2015	AGM 2020	T-Mobile US, Inc., Bellevue, USA (member of Board of Directors); T-Systems International GmbH, Frankfurt am Main, Germany (Supervisory Board member); Deutsche Telekom Strategic Investments GmbH, Bonn, Germany (Supervisory Board member); Deutsche Telekom Venture Funds GmbH, Bonn, Germany (Supervisory Board member) Deutsche Telekom Capital Partners Management GmbH, Hamburg, Germany (Investment Committee Chairman); Stiftung Deutsche Sporthilfe, Frankfurt am Main, Germany (Supervisory Board member) Deutsche Funkturm GmbH, Münster, Germany (Supervisory Board Chairman)
Alexander Graf Matuschka von Greiffenclau Supervisory Board member	Group Chief Performance Officer, member of the Executive Board of VimpelCom Limited, Amsterdam, Netherlands	4 September 2015 to 23 January 2017	Resigned with effect from 23 January 2017	Pakistan Mobile Communications Limited, Islamabad, Pakistan (Management Board member); VIP-CKH Luxembourg S.à r.l., Luxembourg, Luxembourg (Management Board member)

Name Function	**Profession exercised**	**Member since**	**Appointed until**	**Further mandates in 2016**
Robert D. Reid Supervisory Board member	Management Board member, The Blackstone Group New York, USA	4 September 2015	AGM 2020	Intelenet Global Services Private Limited, Mumbai, India (member of the Board of Directors)
David Roche Supervisory Board member	Chairman of the Board of Directors goHenry Ltd., Lymington, UK	4 September 2015	AGM 2020	Guestline Ltd., Shrewsbury, UK (member of the Board of Directors)
Dr. Liliana Solomon Supervisory Board member	Member of the Board of Directors (CFO) of Arqiva Broadcast Ltd. (since July 2016), Winchester, UK	4 September 2015	AGM 2020	-
Vicente Vento Bosch Member Supervisory Board member	Management Board member (CEO) of Deutsche Telekom Capital Partners Manage-ment GmbH, Hamburg, Germa-ny	4 September 2015	AGM 2020	Deutsche Telekom Strategic Investments GmbH, Bonn, Germany (Chairman of the Supervisory Board); Deutsche Telekom Venture Funds GmbH, Bonn, Germany (Chairman of the Supervisory Board); Deutsche Telekom Capital Partners Fund GmbH, Ham-burg, Germany (Managing Director); Strato AG, Berlin, Germany (Chairman of the Supervisory Board); Telekom Innovation Pool GmbH, Bonn, Germany (Advi-sory Board member); Ströer Management SE, Düsseldorf, Germany (Super-visory Board member); Ströer SE, Cologne, Germany (Supervisory Board member);

Name Function	Profession exercised	Member since	Appointed until	Further mandates in 2016
				Ströer SE & Co. KGaA, Co-logne, Germany (Supervisory Board member); eValue 2nd Fund GmbH, Berlin, Germany (Advisory Board member) Nexmo Inc., San Francisco, USA (Supervisory Board member, January to June 2016)

5.7 Compensation report

The compensation report, describes the main features of the compensation scheme for the Management and Supervisory Boards of Scout24 AG. It explains the structure and level of compensation of individual Management and Supervisory Board members. The compensation report forms part of the audited notes to the consolidated financial statements, and complies with applicable statutory regulations; it also takes into account the recommendations of the German Corporate Governance Code, in the version dated 5 May 2015.

Management Board compensation

The Supervisory Board sets the compensation for the Management Board members. In doing so, the Supervisory Board pays attention – with due regard of the standardised requirements set out in Article 87 section 1 Stock Corporation Act [AktG] – to the appropriateness of the compensation in terms of the tasks of the individual Management Board members, personal performance, the economic and business situation, the Company's success and profitability, and future prospects, as well as the market-conformity of compensation taking into account the comparable environment, and the compensation structure otherwise applicable within the Company.

The compensation scheme for the Management Board of Scout24 AG is oriented to creating an incentive for performance-based corporate management. It comprises fixed and performance-based components. The compensation is capped both overall and for the variable compensation components. Management Board compensation comprised the following components in the 2016 financial year:

Fixed compensation

The Management Board members received a fixed basic salary based on the respective Management Board members' areas of activity and responsibility, that is paid monthly.

Variable compensation components

The Management Board members' variable compensation components were modified with effects as of 1 January 2016. The variable compensation consists of one-year variable compensation and multi-year variable compensation.

The one-year variable compensation granted in the 2015 financial year was replaced with effect from 1 January 2016 by one-year variable compensation whose target amount stands at 50 % of the previous target amount.

The Supervisory Board determines the targets and their weighting at the end of each financial year for the next year and informs the Management Board in writing. The targets can be financial targets (e.g., annual revenue growth rate, adjusted EBITDA growth rate and cumulative free cash flow) and/or non-financial targets. The target amount for the one-year variable compensation is EUR 292.50 thousand gross for Mr. Ellis and EUR 161.25 thousand gross for Mr. Gisy if the targets have been achieved (100 %). The Supervisory Board determines the exact amount at its own discretion, taking into account the achievement of the targets and recommendations of the Supervisory Board's Executive Committee. The Supervisory Board also determines whether and to what extent the entitlement is increased in case of performance exceeding 100 % of target.

From 2016, multi-year variable compensation will also be granted whose target amount corresponds to the one-year variable compensation. The Supervisory Board determines the targets and weighting for the Board Member's multi-year variable compensation at the end of each financial year for the next three years and informs the Management Board in writing. The targets can be financial targets (e.g., multi-year revenue growth rate, multi-year adjusted EBITDA growth rate and multi-year cumulative free cash flow) and/or non-financial targets. The target amount for the one-year variable compensation is EUR 292.50 thousand gross for Mr. Ellis and EUR 161.25 thousand gross for Mr. Gisy if the targets set by the Supervisory Board have been achieved (100 %). The Supervisory Board determines the exact amount at its own discretion, taking into account individual target attainment and recommendations of the Supervisory Board's Executive Committee. The Supervisory Board also determines whether and to what extent the entitlement is increased in case of performance exceeding 100 % of target. After the Supervisory Board approves the financial statements for the first financial year of each three-year period, the Board Members are granted an advance payment for the multi-year variable compensation. Possible deviations are due at the end of the three-year period.

Payment of such compensation can also lapse entirely if targets are missed.

Share-based payment

The Management Board members received share-based payment from the Management Equity Program, abbreviated as MEP (see Section 5.5 "Share-based payment"). For further details of the Management Equity Program, see further remarks in Section 5.5 "Share-based payment".

Pension expense

Scout24 AG pays its Management Board members fixed pension fund contributions for the duration of their employment contracts, or grants pension payments to existing commitments to employee pension schemes. Besides this, the Company itself has entered into no pension contracts for Management Board members, or granted pension commitments.

Ancillary benefits

Ancillary benefits include mainly rent costs subsidies, costs assumed for flights home, compensatory payments for waiving the utilisation of a company car, and reimbursement of health and long-term care insurance policies equivalent to the maximum monthly amount that the Company would be required to pay for statutory health and long-term care insurance. Non-cash benefits consist in participating in group accident and term life assurance cover. Management Board members are insured as part of Group-wide insurance against invalidity risk with an insurance sum of EUR 400 thousand (EUR 1,000 thousand given full invalidity), and with an insurance sum of EUR 500 thousand in the case of a fatal accident.

Special payment

At the Supervisory Board's discretion, Management Board members can be granted special payments for extraordinary services during the financial year. Such special payments cannot exceed three times the sum of one-year variable compensation and multi-year variable compensation.

Limitation on total annual compensation

Annual compensation consisting of all compensation components including pensions, special payments and ancillary benefits of any type is limited in the case of Mr

Ellis to a maximum amount of EUR 2,490.00 thousand gross, and in the case of Mr Gisy to a maximum amount of EUR 1,352.5 thousand gross.

Payments at the end of Management Board activity

For the instance of early termination of employment contracts by the Company without important reason, the Management Board employment contracts include a settlement commitment equivalent to two times annual compensation including any ancillary benefits, albeit to a maximum of the compensation that would be paid until the end of the contract.

Post-contract prohibitions on competition exist with the Management Board members that include compensation to be paid by the Company for the duration of the existence of the post-contract prohibition on competition for a two-year period. If this is applied, the Management Board members in each case receive monthly compensation for the duration of the post-contract competitive prohibition equivalent to half of the last fixed compensation paid, including any ancillary benefits.

Mr Ellis is required to subtract other income from the compensation payment to be paid to him.

Mr Gisy is required to subtract other income from the compensation payment to be paid to him. If the total amount consisting of compensation payment and settlement payable in the case of termination of the Management Board contract (irrespective of whether such termination is due to expiry, or early termination as a result of regular termination by the Company), and in the case of a full two-year competitive prohibition period, not correspond to 100 % of the fixed salary last paid to Mr Gisy (plus the amount for a company car and payment to the employee pension scheme), Mr Gisy is entitled to payment of the difference as further severance payment.

The Company is entitled to waive the prohibition on competition. In such an instance, the compensation payment reduces pro rata temporis from the waiver date.

As part of the Management Board contract with Mr Ellis, the regulation also exists that, in the case of the termination of his Management Board activity, Mr Ellis shall receive an amount of EUR 50 thousand as lump-sum compensation of outlays for the relocation of his family to Australia.

Disclosures pursuant to the German Corporate Governance Code

Pursuant to the requirements of the German Corporate Governance Code (DCGK) dated 5 May 2015, the following table presents the sums granted for the 2016 reporting year and for the preceding 2015 financial year those for the previous year to the Management Board members in office as of 31 December 2016, including ancillary benefits, and including the achievable maximum and minimum compensation for variable compensation components, as well as the actual amount accrued, for the reporting year.

Benefits granted according to DCGK

(EUR '000)	Gregory Ellis CEO since 03/2014 2015	2016	2016 min	2016 max	Christian Gisy CFO since 09/2014 2015	2016	2016 min	2016 max
Fixed compensation	750.0	780.0	780.0	780.0	400.0	430.0	430.0	430.0
Ancillary benefits	289.6	249.0	249.0	249.0	42.5	35.9	35.9	35.9
Total	**1,039.6**	**1,029.0**	**1,029.0**	**1,029.0**	**442.5**	**465.9**	**465.9**	**465.9**
One-year variable compensation[1]	562.5	292.5	-	1,118.5	300.0	161.3	-	688.4
Multi-year variable compensation[1]	-	292.5	-	292.5	-	161.3	-	161.3
Total	**1,602.1**	**1,614.0**	**1,029.0**	**2,440.0**	**742.5**	**788.4**	**465.9**	**1,315.5**
Pension expense	50.0	50.0	50.0	50.0	16.7	37.0	37.0	37.0
Total compensation	**1,652.1**	**1,664.0**	**1,079.0**	**2,490.0**	**759.3**	**825.4**	**502.9**	**1,352.5**

1 The variable compensation components are limited by annual total compensation.

Allocation according to DCGK

(EUR '000)	Gregory Ellis CEO since 03/2014 2016	2015	Christian Gisy CFO since 09/2014 2016	2015
Fixed compensation	780.0	750.0	430.0	400.0
Ancillary benefits	249.0	289.6	35.9	42.5
Total	**1,029.0**	**1,039.6**	**465.9**	**442.5**
One-year variable compensation[1]	984.4	418.1	480.0	125.0
Special payment	75.0	-	75.0	-
Multi-year variable compensation	-	-	-	-
Total	**2,088.4**	**1,457.7**	**1,020.9**	**567.5**
Pension expense	50.0	50.0	37.0	16.8
Total compensation	**2,138.4**	**1,507.7**	**1,057.9**	**584.3**

1 The variable compensation components are limited by annual total compensation.

As part of the IPO in October 2015, Mr. Ellis sold 229,865 shares at a price of EUR 30 per share. The proceeds amounted to EUR 6,487 thousand after deducting standard market fees.

As part of the IPO in October 2015, Mr. Gisy sold 33,705 shares at a price of EUR 30 per share. The proceeds amounted to EUR 937 thousand after deducting standard market fees.

The Management Board members did not make any share sales during the financial year elapsed.

Total compensation of the Management Board pursuant to German Accounting Standard Number 17 (DRS 17)

The total compensation of individual Management Board members active in the 2016 reporting year and in the previous year pursuant to DRS 17 is presented in the following table:

Management Board compensation pursuant to DRS 17

	Gregory Ellis CEO since 03/2014		Christian Gisy CFO since 09/2014		Total	
(EUR '000)	2016	2015	2016	2015	2016	2015
Non-performance-related compensation components						
Fixed compensation	780.0	750.0	430.0	400.0	1,210.0	1,150.0
Ancillary benefits	249.0	289.6	35.9	42.5	284.9	332.2
Pension expense	50.0	50.0	37.0	16.7	87.0	66.7
Total	**1,079.0**	**1,089.6**	**502.9**	**459.2**	**1,581.9**	**1,548.9**
Performance-related compensation components						
One-year variable compensation	984.4	418.1	480.0	125.0	1,464.4	543.1
Special payment	75.0	-	75.0	-	150.0	-
Total	**1,059.4**	**418.1**	**555.0**	**125.0**	**1,614.4**	**543.1**
Components of long-term incentive effects						
Multi-year variable compensation	-	-	-	-	-	-
Total compensation excluding third-party remuneration	**2,138.4**	**1,507.7**	**1,057.9**	**584.2**	**3,196.3**	**2,092.0**

For the 2016 (2015) financial year, each Management Board member was granted one-year variable compensation with a target value for Mr. Ellis of EUR 292.5 thousand (EUR 562.5 thousand), and for Mr. Gisy of EUR 161.3 thousand (EUR 300 thousand). As the final level of the variable compensation lies at the discretion of the Supervisory Board and it will not determine the level of the compensation until after the annual financial statements have been prepared, such commitments are not included in the total compensation for the 2016 financial year.

The one-year variable compensation included in the total compensation for 2016 (2015) derives from a commitment in 2015 (2014).

For the 2016 (2015) financial year, each Management Board member was granted multi-year variable compensation with a target value for Mr. Ellis of EUR 292.5 thousand (EUR 0 thousand), and for Mr. Gisy of EUR 161.3 thousand (EUR 0 thousand). As the final level of the variable compensation lies at the discretion of the Supervisory Board and it will not determine the level of the compensation in the following year until after the end of the three-year period, such commitments are not included in the total compensation for the 2016 financial year.

Compensation of key management personnel pursuant to IAS 24

Total compensation presented according to IAS 24 is shown in the following table:

Compensation of key management personnel pursuant to IAS 24 – Management Board

	Gregory Ellis CEO since 03/2014		Christian Gisy CFO since 09/2014		Total	
(EUR '000)	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Short-term benefits	1,638.2	1,868.2	848.3	863.7	2,486.5	2,731.9
Post-employment benefits	50.0	50.0	37.0	16.7	87.0	66.7
Other long-term benefits	321.8	-	177.4	-	499.1	-
Termination benefits	-	-	-	-	-	-
Share-based payment (MEP)[1]	643.0	1,154.0	111.0	174.0	754.0	1,328.0
Total compensation	**2,653.0**	**3,072.2**	**1,173.6**	**1,054.4**	**3,826.6**	**4,126.6**

1 Equity-settled share-based compensation recognised under personal expenses; the 2015 figure has been adjusted.

Compensation of key management personnel pursuant to IAS 24 – Supervisory Board

Part 1:

	Dr. Liliana Solomon		Thorsten Langheim		A. Graf Matuschka v. Greiffenclau	
(EUR '000)	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Short-term benefits	80.0	36.7	-	-	80.0	26.7
Post-employment benefits	-	-	-	-	-	-
Other long-term benefits	-	-	-	-	-	-
Termination benefits	-	-	-	-	-	-
Other consultancy services	-	-	-	-	-	97.1
Share-based payment (BMEP)[1]	-	-	26.3	41.2	79.1	124.1
Total compensation	**80.0**	**36.7**	**26.3**	**41.2**	**159.1**	**247.9**

1 Equity-settled share-based compensation recognised under personal expenses; the 2015 figure has been adjusted.

Compensation of key management personnel pursuant to IAS 24 – Supervisory Board

Part 2:

(EUR '000)	Vicente Vento Bosch 2016	Vicente Vento Bosch 2015	David Roche 2016	David Roche 2015	Total Part 1 + Part 2 2016	Total Part 1 + Part 2 2015
Short-term benefits	-	-	80.0	36.7	240.0	100.0
Post-employment benefits	-	-	-	-	-	-
Other long-term benefits	-	-	-	-	-	-
Termination benefits	-	-	-	-	-	-
Other consultancy services	-	-	-	-	-	97.1
Share-based payment (BMEP)[1]	31.6	49.7	-	-	137.0	215.0
Total compensation	**31.6**	**49.7**	**80.0**	**36.7**	**377.0**	**412.1**

1 Equity-settled share-based compensation recognised under personal expenses; the 2015 figure has been adjusted.

D&O insurance

The Management Board members are included in pecuniary loss liability insurance cover (directors & officers / D&O insurance). This D&O insurance covers personal liability risk for the instance that claims for financial losses are brought against Management Board members as part of exercising their professional duties for the Company. In this context, the Management Board members are subject to a deductible equivalent to 10 % of the loss, limited to up to one and a half times their annual fixed compensation.

Compensation paid to former management members

No compensation was paid to former Management members in either the financial year under review or in the previous year.

Additional disclosures about share-based payment instruments

The position of shares arising from the MEP held by active Management Board members reports the following changes in the 2016 financial year:

Shareholdings deriving from the MEP (Management Board)

in '000	Gregory Ellis CEO since 03/2014	Christian Gisy CFO since 09/2014
	2016	**2016**
Number of shares 01/10/2015	**1,446.5**	**255.5**
Exercised	229.9	33.7
Number of shares 31/12/2015 / 01/01/2016	**1,216.6**	**221.8**
Exercisable shares 31/12/2015 [2]	**286.3**	**37.0**
Average remaining contractual term	1.7 years	1.9 years
Issued	-	-
Exercised	-	-
Forfeited	-	-
Number of shares[1] 31/12/2016	**1,216.6**	**221.8**
Exercisable shares 31/12/2016 [2]	**572.5**	**86.3**
Average remaining contractual term	1.2 years	1.4 years

1 One share corresponds to one ordinary share

2 The exercisable shares are shares which have already been earned over the gradual vesting period. However, it is only possible to dispose of these shares in connection with a block trade

In the reporting period, personnel expenses resulting from equity-settled share-based payments were attributable to Mr Ellis in the amount of EUR 643 thousand (previous year: EUR 1,154 thousand) and to Mr Gisy in the amount of EUR 111 thousand (previous year: EUR 174 thousand).

Supervisory Board compensation

The compensation paid to the Supervisory Board is based on the corresponding provisions contained in the Company's articles.

The Supervisory Board members receive annual fixed compensation of EUR 80 thousand. In addition, Supervisory Board members receive reimbursement of all necessary expenses, as well as reimbursement of all VAT payable on their compensation and expenses. No special payments and meeting fees are granted. Besides this, the Supervisory Board members have committed themselves to utilising 26 % of their compensation to purchase shares in Scout24 AG. The Supervisory Board members who have waived their entitlement to fixed compensation payments are presented in the adjacent table.

The Supervisory Board members in office were appointed to the Supervisory Board as part of the change of the Company's legal form on 4 September 2015, with compensation for this period being granted pro rata temporis. An Advisory Board existed as a voluntary supervisory body until the Company's change of legal form. If Supervisory Board members also belong to the Advisory Board, and have received share-based compensation in their function as Advisory Board members, this is disclosed in the following table.

The Supervisory Board members received the following compensation in the financial year 2016:

Supervisory Board remuneration[1]

(EUR '000)		Fixed remuneration	Total
Stefan Goetz [2]	2016	-	-
	2015	-	-
Patrick Healy [2]	2016	-	-
	2015	-	-
Blake Kleinman [2]	2016	-	-
	2015	-	-
Thorsten Langheim [2]	2016	-	-
	2015	-	-
Alexander Graf Matuschka von Greiffenclau	2016	80.0	80.0
	2015	26.7	26.7
Robert D. Reid [2]	2016	-	-
	2015	-	-
David Roche	2016	80.0	80.0
	2015	36.7	36.7
Dr. Liliana Solomon	2016	80.0	80.0
	2015	36.7	36.7
Vicente Vento Bosch [2]	2016	-	-
	2015	-	-
Total	2016	240.0	240.0
	2015	100.0	100.0

1 Without expenses and VAT reimbursed

2 Waiving of fixed remuneration for the term of appointment

Moreover, expenses for the 2015 financial year comprise compensation for a consultancy contract with Alexander Graf Matuschka von Greiffenclau that was cancelled in the 2015 financial year (fee of EUR 97 thousand).

Reimbursement of outlays (excluding VAT reimbursed) paid to Supervisory Board members amounted to EUR 53 thousand (previous year: EUR 8 thousand) in the financial year under review. Along with reimbursement of necessary outlays, Supervisory Board members receive, in addition to their compensation claim, a lump sum of EUR 1 thousand each for each year in which they are a Supervisory Board member.

Shareholdings deriving from the BMEP (Supervisory Board)

in '000	Thorsten Langheim	Alexander Graf Matuschka von Greiffenclau	Vicente Vento Bosch
Number of shares 01/10/2015	**60.5**	**182.5**	**73.0**
Exercised	11.3	33.9	13.6
Number of shares 31/12/2015 / 01/01/2016	**49.3**	**148.6**	**59.4**
Exercisable shares 31/12/2015 [2]	**11.3**	**34.2**	**13.7**
Issued	-	-	-
Exercised	14.7	77.4	39.4
Forfeited	-	-	-
Number of shares[1] 31/12/2016	**34.6**	**71.2**	**20.0**
Exercisable shares 31/12/2016 [2]	**8.3**	**-**	**-**

1 One share corresponds to one ordinary share
2 The exercisable shares are shares which have already been earned over the gradual vesting period. However, it is only possible to dispose of these shares in connection with a block trade.

The shares outstanding as of 31 December 2016 possess a weighted average remaining contractual term of 1.2 years (previous year: 1.7 years).

In the reporting period, personnel expenses resulting from equity-settled share-based payments in the amount of EUR 137.0 thousand (previous year: EUR 215.0 thousand) were attributable to members of the Supervisory Board.

5.8 Segment information

IFRS 8 requires a demarcation of operating segments based on a company's internal management and reporting. The organisational and reporting structure of the Scout24 Group reflects management by business areas. As the main decision-maker, the Management Board assesses the performance of the various segments and the allocation of resources on the basis of a reporting system that it has established.

The Scout24 Group structures its operating activities into two operating segments ("ImmobilienScout24" und "AutoScout24") as well as the supporting "Corporate" segment.

The "ImmobilienScout24" bundles all activities relating to the digital real estate classifieds portal for commercial and private customers. The main products are classifieds for the sale and rental of real estate. Users can browse these classifieds free of charge. Additionally, the users and customers are offered further products with additional added value. Furthermore, the segment generates advertising revenue and revenue through mediating business contacts (so-called "leads") with third-party suppliers such as insurance companies, financial service providers, utilities and removal companies.

The "AutoScout24" operating segment comprises all activities in the online car classifieds portal, likewise for both commercial and private customers. The main products are classifieds for the sale of new and second-hand cars. Users can browse these listings free of charge. Additionally, the users and customers are offered further products with additional added value. Furthermore, the segment generates advertising revenue and revenue three mediating business contacts (so-called "leads"). Third-party providers also include automotive manufacturers (Original Equipment Manufacturers / OEMs).

The "Corporate" segment comprises management services and further cross-Group services to support the operating segments. It contains the central functions including treasury, legal, corporate development and strategy, risk and compliance management, and other similar areas.

In the reporting period, revenues from the "Other" segment result primarily from the sale of online advertising space and also the generation of business contacts (leads) in the area of financial services.

The valuation principles for segment reporting are basically the same that apply to the external accounting; for further details please refer to note 1.6. "Accounting Policies". Scout24 measures its segments' performance by the control parameters EBITDA as well as ordinary operating EBITDA.

Segment EBITDA is defined as profit (based on total revenues) before the financial result, income taxes, depreciation and amortisation, impairment write-downs, and the result from sales of subsidiaries. Ordinary operating EBITDA represents EBITDA adjusted for non-operating and special effects. These include primarily expenses for reorganisation, expenses in connection with the capital structure of the Company and company acquisitions (realised and unrealised), as well as parts of the effects recognised in profit or loss arising from share-based compensation programs. In the reporting period, consolidated non-operating and special effects amounted to EUR (17,768) thousand (previous year: EUR (22,625) thousand, including EUR (5,500) thousand of IPO costs).

The segment investments comprised capital expenditures for property, plant and equipment and intangible assets, including capitalised development expenses for internally-generated non-current assets, however excluding goodwill. They also include advance payments made for property, plant and equipment and intangible assets.

The "Other" reconciliation item consolidates the intersegment relationships. For EBITDA, ordinary operating EBITDA, and segment investments realised by the "Other" segment, intersegment relationships are also consolidated in the reconciliation item where such relationships exist. The reconciliation item in ordinary operating EBITDA is mainly due to the consolidation of a management fee for which the Corporate segment invoices the operating segments to cover certain management services. This offsetting boosts ordinary operating EBITDA in the Corporate segment, but does not affect the offsetting recipients.

Revenues between the segments are invoiced at market prices.

The key indicators applied by Scout24 to assess the performance of its segments are as follows:

Segment information

(EUR '000)		Revenues from external customers	Inter-segment revenues	Total revenues	EBITDA	Ordinary operating EBITDA	Capex
ImmobilienScout24	2016	284,626	674	285,300	162,617	179,192	11,147
	2015	266,757	869	267,626	147,878	159,228	9,810
AutoScout24	2016	152,009	812	152,821	55,939	64,239	7,303
	2015	120,736	912	121,648	39,740	43,757	8,995
Corporate	2016	1,341	37,273	38,615	(12,358)	(7,132)	1,023
	2015	2,817	10,034	12,851	(21,663)	(8,650)	459
Total, reportable segments	**2016**	**437,976**	**38,759**	**476,735**	**206,197**	**236,299**	**19,473**
	2015	**390,310**	**11,815**	**402,125**	**165,955**	**194,335**	**19,264**
Other	2016	4,134	270	4,404	562	918	35
	2015	3,269	271	3,540	977	1,121	3
Other reconciling items	2016	-	(39,029)	(39,029)	-	(12,691)	-
	2015	1	(12,086)	(12,085)	-	(5,899)	-
Total, consolidated	**2016**	**442,110**	**-**	**442,110**	**206,759**	**224,527**	**19,508**
	2015	**393,580**	**-**	**393,580**	**166,932**	**189,557**	**19,267**

Other reconciliation items correspond mainly to intragroup eliminations.

The following table shows the reconciliation of the Group's ordinary operating EBITDA and EBITDA to the IFRS pre-tax result from continuing operations:

(EUR '000)	**2016**	**2015**
Ordinary operating EBITDA	**224,527**	**189,557**
Non-operating effects	(17,768)	(22,625)
EBITDA	**206,759**	**166,932**
Depreciation, amortisation and impairment	(65,457)	(65,613)
Result from investments accounted for using the equity method	17	(805)
Result from disposal of investments accounted for using the equity method	-	22,098
Other financial result	(42,859)	(43,733)
Earnings before tax	98,459	78,879

For the presentation of information by geographic region, revenues and non-current assets are presented according to the location of the respective Scout24 company.

(EUR '000)	2016 Revenues from external customers	2015 Revenues from external customers	2016 Non-current assets*	2015 Non-current assets*
Germany	365,116	334,137	1,986,971	2,032,011
Foreign	76,993	59,443	43,733	15,968
Total	**442,110**	**393,580**	**2,030,704**	**2,047,980**

* Non-current assets include intangible assets, property, plant and equipment, investments accounted for using the equity method, and other non-current assets.

The following table shows revenues analysed by core operating business and other revenues. Sales revenues from the core business include revenues from listings, the provision of advertising space and generation of leads. The other revenues arise from the activities of the companies acquired in previous years, which do not comprise core services of Scout24 AG (among others CRM-Software for real estate agents). This relates to revenue from royalties of EUR 1,019 thousand (previous year: EUR 1,410 thousand) and revenue from rendering services in an amount of EUR 20,190 thousand (previous year: EUR 17,890 thousand).

(EUR '000)	Revenues from external customers 2016	Revenues from external customers 2015
Revenues from core services	420,901	374,280
Revenues from other services	21,209	19,300
Total	**442,110**	**393,580**

5.9 Fees and services of the auditor

The total fees and services for the auditor of the consolidated financial statements presented pursuant to Section 315a (1) in combination with Section 314 (1) No. 9 of the German Commercial Code (HGB) are as follows:

(EUR '000)	2016
Audit services	422
Other certification services	158
Tax advisory services	-
Other services	20
Total	**600**

5.10 Subsequent events

On 23 January 2017, the Supervisory Board member Alexander Graf Matuschka von Greiffenclau resigned from office.

In the Group interim report for the first Half and second quarter 2016, Scout24 reported pending legal proceedings between its subsidiary Immobilien Scout GmbH and a contract partner. In the financial year 2017, a mediation process was initiated in this context, which resulted in an agreement between the two parties in March 2017. The obligation resulting from this agreement is sufficiently covered by the provision recognised at Immobilien Scout GmbH as of the balance sheet date.

The Management Board proposes to the Supervisory to pay a dividend of EUR 0.30 per dividend-entitled share for the financial year 2016. This equals a distribution in the amount of EUR 32,280 thousand. In this context, there is yet no dividend liability recognised in the current consolidated financial statements.

No other corporate-specific events or developments after the balance sheet date are known which might have led to an essential change in the reporting or valuation of individual assets or liability items as of 31 December 2016.

5.11 List of interests held by Scout24 AG pursuant to Section 314 (1) No. 7 of the German Commercial Code (HGB)

		Currency	in %	Full consolidation (F) Equity accounted (E) Not consolidated (nc) 31 December 2016
Scout24 Holding GmbH [1]	Munich (Germany)	EUR	100.00 %	F
Scout24 HCH Alpen AG (formerly Scout24 AG)	Vaduz (Liechtenstein)	EUR	100.00 %	F
Scout24 International Management AG i. L.	Zug (Switzerland)	CHF	100.00 %	F
FMPP Verwaltungsgesellschaft mbH i. L.	Munich (Germany)	EUR	100.00 %	F
AutoScout24 GmbH [1]	Munich (Germany)	EUR	100.00 %	F
AutoScout24 España S.A.	Madrid (Spain)	EUR	100.00 %	F
AutoScout24 Belgium S.A.	Brussels (Belgium)	EUR	100.00 %	F
AutoScout24 Italia S.R.L.	Padua (Italy)	EUR	100.00 %	F
AutoScout24 Nederland B.V.	Amsterdam (Netherlands)	EUR	100.00 %	F
European AutoTrader B.V.	Hoofdoorp (Netherlands)	EUR	100.00 %	F
AutoScout24 France SAS	Boulogne Billancourt (France)	EUR	100.00 %	F
AutoScout24 AS GmbH	Vienna (Austria)	EUR	100.00 %	F
Immobilien Scout GmbH [1]	Berlin (Germany)	EUR	100.00 %	F
Immobilien Scout Österreich GmbH	Vienna (Austria)	EUR	100.00 %	F
AGIRE Handels- und Werbegesellschaft mbH	Vienna (Austria)	EUR	100.00 %	F
my-next-home GmbH	Saarbrücken (Germany)	EUR	100.00 %	F
FlowFact GmbH [1]	Cologne (Germany)	EUR	100.00 %	F
IMPLIUS GmbH	Cologne (Germany)	EUR	100.00 %	F
Flow Fact Schweiz AG	Zürich (Switzerland)	CHF	100.00 %	F
classmarkets GmbH	Berlin (Germany)	EUR	100.00 %	F
Scout24 Services GmbH [1]	Munich (Germany)	EUR	100.00 %	F
Energieausweis48 GmbH	Cologne (Germany)	EUR	50.00 %	E
ASPM Holding B.V.	Amsterdam (Netherlands)	EUR	49.00 %	E

1 The Company has utilised the exemption regulation pursuant to Section 264 (3) of the German Commercial Code (HGB), and submitted the related requisite announcements to the Federal Gazette (Bundesanzeiger).

5.12 Corporate Governance Code

The Management and Supervisory Boards of Scout24 AG have issued a statement of conformity pursuant to the German Corporate Governance Code (Section 161 of the German Stock Corporation Act [AktG]), which was published on the website of Scout24 AG in April 2016 (www.scout24.com).

5.13 Date of release for publication

The Company's Management Board will release the consolidated financial statements on 16 March 2017 for publication and forwarding to the Supervisory Board. The Supervisory Board will decide on 23 March 2017 concerning the approval of the consolidated financial statements. Publication will occur on 29 March 2017.

Munich, 16 March 2017

Scout24 AG

The Management Board

Gregory Ellis　　　　Christian Gisy

Responsibility statement

According to the best of our knowledge, we assure that, pursuant to applicable accounting principles for consolidated financial statements, a true and fair view of the Group's financial position and performance is conveyed, that in the Group management report, which is aggregated together with that for the Company, the progression of business, including business results and the Group's position, are presented so as to convey a true and fair view, and that the main opportunities and risks entailed in the Group's prospective development are described.

Munich, 16 March 2017

Scout24 AG

The Management Board

Gregory Ellis

Christian Gisy

Copy of the Auditor's Report

We have audited the consolidated financial statements prepared by the Scout24 AG, Munich, comprising the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of cash flows, consolidated statement of changes in equity and the notes to the consolidated financial statements, and the combined management report for the Parent Company and Group for the financial year from 1 January to 31 December 2016. The preparation of the consolidated financial statements and the Group management report in accordance with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code [HGB] are the responsibility of the Parent Company's Management Board. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [IDW]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the financial position, financial performance and cash flows in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Management Board, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315a (1) HGB, and give a true and fair view of the consolidated financial position, financial performance and cash flows of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements, complies with the German statutory requirements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg, 20 March 2017
KPMG AG
Wirtschaftsprüfungsgesellschaft

[original German version signed by:]

Schmidt	Jordan
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

Glossary

- ARPU: Average revenue per user, calculated as the revenues generated with the core agents (IS24) or core dealers (AS24) in the respective period divided by the average number of core agents/core dealers at the start and end of the period (calculated from the base of core agents / core dealers at the beginning and end of the period), further divided by the number of months during the corresponding period
- External revenues: Revenues that a corporate group generates with customers that are not companies belonging to the same corporate group.
- Cash contribution: Ordinary operating EBITDA less capital expenditure
- EBIT: Earnings before interest and tax
- Ordinary operating EBITDA represents EBITDA adjusted for non-operating and special effects. Ordinary operating EBITDA contains a reconciliation effect for the management fee that the Corporate segment invoices to IS24 and AS24. This forms part of the ordinary operating profit in the Corporate segment, but not in the IS24 and AS24 segments, where it is shown as a non-operating effect and is consequently not included in ordinary operating EBITDA.
- EBITDA: Earnings before financial results, income taxes, depreciation and amortisation, impairment losses and the result of sales of subsidiaries.
- EBITDA margin (for a segment): The EBITDA margin (of an operating segment) is defined as EBITDA in ratio to the external revenues (of the respective operating segment).
- Ordinary operating EBITDA margin (of an operating segment): The ordinary operating EBITDA margin (of an operating segment) is defined as ordinary operating EBITDA as a percentage of the external revenues (of the respective operating segment). EBITDA from ordinary activities includes a reconciliation effect for management fees, which is charged by the corporate segment to IS24 and AS24. The Corporate segment charges IS24 and AS24 with a management fee for covering certain management services. This is part of the profit from ordinary operating activities in the Corporate segment, but not in the IS24 and AS24 segments, where it is shown as a non-operating effect and thus is not included in the ordinary operating EBITDA
- Core dealers: professional car and motorcycle dealers who have arranged either a package or bundle contract with AS24.
- Core agents: are defined as real estate professionals in Germany who have a package or bundle contract with IS24
- Consolidation effect: Accounting process that eliminates all interlinkages within the Group (expenses / income, liabilities and capital) and presents all companies that are included in the consolidated financial statements as if these companies represented a single company.
- Lead: Generating a business contact, that is, address data of a qualified prospect who is interested in a certain product and has given his / her consent to the forwarding of his / her data. Listings (number of listings): IS24 shows the number of all real estate listings on the respective website as of a certain record date (generally the month-end). AS24 shows the total number of new and used cars and vans on a certain record date (generally mid-month) for the respective country on the respective website.
- Management fee: Fees invoiced within the Group to transfer specified central administrative costs to the Group's various companies.

- Net financial debt: debt is defined as total debt (current and non-current liabilities) less cash and cash equivalents.
- Engagement (user activity): Measures the total minutes the respective monthly individual visitor to the online platform spends on various interactions.
- User reach: The extent of users measured in terms of monthly individual visitors we reach with our digital marketplaces within a given timeframe.
- OEM: Original Equipment Manufacturer, automotive manufacturer
- Sessions: The number of visits within the reporting period in which individual users interact with web or app offerings via a device (desktop PC, mobile devices or apps (multiplatform)). A visit ends automatically after 30 minutes (or longer) if the user fails to interact with the offering.
- Revenues: All cumulative revenues generated from ordinary operating activities during the corresponding accounting period
- Revenue adjusted for acquisitions: Group revenue reported excluding new corporate acquisitions
- UMV (unique monthly visitors): Monthly unique visitors visiting the website via desktop PC or visiting the website via desktop PC, mobile devices or apps (multiplatform), regardless of how often they visit during the relevant month and (for multiplatform metrics) regardless of how many platforms (desktop and mobile) they use (Source: ComScore)

Sources

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- Norstat: Norstat, December 2016 Study by Norstat Deutschland GmbH, Munich, commissioned by AutoScout24, n=400 (Internet users in possession of a driving licence), December 2016
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Disclaimer

This document may contain forward-looking statements regarding the business, results of operations, financial condition and earnings outlook of Scout24 Group. These statements may be identified by words such as "may", "will", "expect", "anticipate", "contemplate", "intend", "plan", "believe", "continue" and "estimate" and variations of such words or similar expressions. These forward-looking statements are based on the current views and assumptions of Scout24 management and are subject to risks and uncertainties. Such statements are subject to a number of known and unknown risks and uncertainties and there is no guarantee that the anticipated results and developments will actually materialise. They offer no guarantee that the expected results and developments actually occur. In fact, actual results and developments may differ materially from those reflected in our forward-looking statements. Differences may be due to changes in the general macroeconomic and competitive environment, capital market risks, exchange rate fluctuations, changes in international and national laws and regulations, especially regarding tax laws and regulation, relevant for Scout24, and many other factors. Scout24 undertakes no obligation to revise or update any forward-looking statements as a result of new information, future events or otherwise, unless expressly required to do so by law.

Due to rounding, numbers presented throughout this statement may not add up precisely to the totals indicated, and percentages may not precisely reflect the absolute figures for the same reason. Information on quarterly financials have not been subject to the audit and thus are labelled "unaudited".

The management report should be read in conjunction with the consolidated financial statements and the additional disclosures.

This report is a non-binding English translation of the original German annual report. Both reports are available for download on our Internet website at http://www.scout24.com/en/Investor-Relations/Financial-Publications/Financial-Reports/Financial-reports.aspx.

In case of any divergence between the two reports, the German version shall have precedence over the English translation.

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