SCOUT 24

ANNUAL REPORT 2017

DISCOVER. CONNECT. FULFIL.

Key financials

(EUR million)	Q4 2017 (unaudited)	Q4 2016 (unaudited)	+/-	FY 2017	FY 2016	+/-
External revenues	**126.3**	**115.8**	**9.1%**	**479.8**	**442.1**	**8.5%**
IS24	76.7	73.1	4.9%	298.8	284.6	5.0%
AS24	48.2	41.5	16.1%	175.1	152.0	15.2%
Corporate	0.2	0.2	0.0%	0.6	1.3	-53.8%
Ordinary operating EBITDA[1]	**67.3**	**57.0**	**18.1%**	**252.8**	**224.5**	**12.6%**
IS24	46.9	45.7	2.6%	185.7	179.2	3.6%
AS24	23.9	16.7	43.1%	85.9	64.2	33.8%
Corporate	-0.9	-1.7	-47.3%	-9.0	-7.1	26.8%
Settlement of management fee[2]	-2.8	-3.7	-24.3%	-10.6	-11.6	-8.6%
Ordinary operating EBITDA – margin %[1]	**53.3%**	**49.2%**	**4.1pp**	**52.7%**	**50.8%**	**1.9pp**
IS24	61.2%	62.5%	-1.3pp	62.2%	63.0%	-0.8pp
AS24	49.5%	40.2%	5.7pp	49.1%	42.2%	6.9pp
EBITDA3	**61.3**	**53.1**	**15.3%**	**232.8**	**206.8**	**12.6%**
IS24	43.5	42.3	2.8%	172.3	162.6	6.0%
AS24	20.6	14.1	46.1%	76.1	55.9	36.1%
Capital expenditure	**7.1**	**5.8**	**22.1%**	**22.8**	**19.5**	**16.9%**
Cash contribution[4]	**60.2**	**51.2**	**17.6%**	**230.0**	**205.0**	**12.2%**
Cash and cash equivalents				**56.7**	**43.4**	**30.6%**
Net financial debt[5]				**560.9**	**633.9**	**-11.5%**
Equity				**1,065.5**	**990.8**	**7.5%**
Equity ratio				**49.8%**	**46.5%**	**3.3pp**
Employees (FTEs, end of period)				**1,244**	**1,135**	**9.6%**

1 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. 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.

Scout24 also uses alternative performance measures, not defined by IFRS, to describe the Scout24 Group's results of operations. These should not be viewed in isolation, but treated as supplementary information. The special items used to calculate some alternative performance measures arise from the integration of acquired businesses, restructuring measures, impairments, gains or losses resulting from divestitures and sales of shareholdings, and other material expenses and income that generally do not arise in conjunction with Scout24's ordinary business activities. Alternative performance measures used by Scout24 are defined in the "Glossary" section of Scout24's Annual Report 2017

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".

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Gregory Ellis,
CEO, Scout24 AG

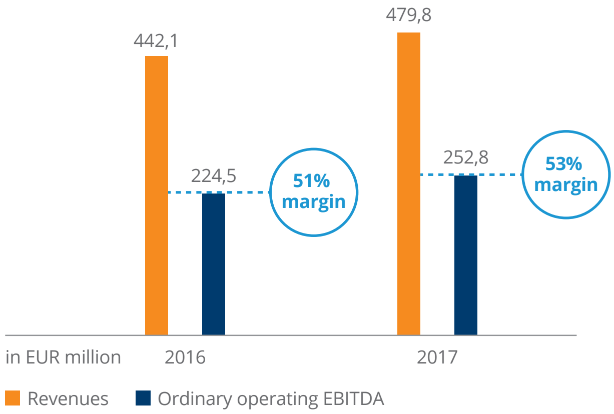
Dear shareholders,

Two years ago, with the initial public offering of Scout24, we boar-ded on an exciting journey that is becoming a public company. We have since passed a number of milestones – entering the S-Dax, a solid refinancing of our business and paying out of first dividend – of which I am very proud of. Our journey is not over – that is what I said in my 2015 CEO statement. In fact, it has only just begun.

Undoubtedly, Scout24 is in excellent shape today and from a financial perspective 2017 has been another strong and successful year. We have leading positions in our markets, we report record revenues and earnings, and we can rely on our strong cash generation to support our growth We are continuing to deliver on our IPO objectives and are further grown our revenues and expanded our margin year-on-year. This success is due to our origin as a classifieds business but is only the foundation for the next big step in the evolution of our company: Moving from a pure classifieds player to a market network and further expanding our focus from listings to the whole transaction.

What has started off with the idea of a digital platform that connects people searching and offering – in this case real estate and cars, is quickly expanding into a network through its information gathering and data analytics capabilities. Scout24 is a leading innovator at the forefront of the digitization of the consumer journey within the real estate and automotive value chains. And this is driven by the constant requirement of both our users and partners for more functionality, more personalisation, more relevance, so that they can make the decisions they want fast, efficiently, and effectively. What they need is maximum transparency of what is happening in the market. By bringing together multiple buyers and sellers along the value chain of real estate and automotive and offering products and services beyond the listing, we have created a market network that is addressing – and also evolving along with – consumer and customer needs and expectations. Our core competency is the collection, management, interpretation and monetisation of data. Our job is to reflect the market. It is to enhance the market, i.e. providing substantial information about the listings, like price estimation, image material, supply and demand data, evidence about how quickly the stock is moving, and at the same time provide value to our users and partners. We help people discover their desired homes and cars, we help market participants connect and communicate with each other and we enable different parties in bringing transactions to a successful end.

That is why we focus more and more on the business we now call Scout24 Consumer Services. It allows us to enhance our knowledge and to understand what happens within the transactions and where there is room for improvement and connecting points for new products. The volume of data we gather, the ability to process that data and turn it back into market relevant information for our users and customers is one of the most valuable assets of Scout24. And it is growing day by day.



Consequently, since the IPO in October 2015, we have reshaped our company around that logic – with a special focus on our organization, our talents and our approach to product design. Starting with 2018, we operate out of three verticals – ImmobilienScout24, AutoScout24 and Scout24 Consumer Services- with 12 market segments organized under the verticals, where we are constantly discovering new and helpful insights that increase market transparency and inspire new products for our users and customers. Products that drive the engagement, the information, the transactions, and the convenience for the market participants.

Christian Gisy, CFO (left) and Gregory Ellis, CEO (right), Scout24 AG

One example of what we did on the product side is the release of a dedicated commercial real estate site because the way a commercial business searches for property is fundamentally different from residential property searches. Another product innovation is our fee-based "premium membership" where users can, for example, simply order up-to-date credit checks, save it in a digital application folder together with the other application documents and send it to the real estate owner or agent. It results in a very comprehensive piece of information around who users are, their age, their income, their occupation, their references from previous tenancies, etc. In addition, property seekers with a premium profile can differentiate themselves from others through a prominent placement of the contact request in the real estate agent's or property owner's mailbox. This is an excellent example of how we can add more functionality, transparency and efficiency to the transaction process and also monetize the additional value we provide. We have further developed our "recommendation engine" that goes beyond the search profile and presents suitable alternative property to users, resulting in a 5x increase of results over the standard inquiry. And, last but not least, we have a messaging capability inside our mobile apps that allows network communication between buyers and sellers.

On the automotive side of our business, we have released a 360-degree tool facilitating a full view presentation of the cars, inside and outside. This technology is exclusive to us in Germany. We have also released a comprehensive valuation tool for car listings and we are convinced that it is actually the most accurate price valuation tool in the market. It is based on a really sophisticated self-developed machine learning algorithm that uses over 10 million of datasets growing every day and, as no car is alike, almost 100 parameters to come up with a fair price for a certain car, indicating whether the offered price is fair, neutral or rather not so fair in the marketplace.

As I said before, all these products are designed to meet the needs of our users and customers, enhancing functionality, personalisation, relevance, and market efficiency. Moreover, they are adding to our knowledge base and they are enhancing the scope of our business model, which is developing from a market place to a market network approach, and from a listing to a transactions focus. This brings me back to where I said, our journey has just begun. Today, our top line is getting close to the 500 million euros mark, while the markets we are active in give us access to the demand side of

25% of the German GDP and additionally to other economies through our international footprint, especially in our core geographies: Austria, Benelux and Italy. Clearly, this is not our addressable market. But we are realistically heading for a market opportunity of at least 10 billion euros, equally split between advertising, efficiency gains that we can extract between dealers and brokers, and the adjacency services. This is what we have been preparing for in the past few years. We have the structures in place, we have great products and product innovations, and we have the people with the spirit to succeed on that journey ahead of us.

To all those people working here at Scout24, continuously contributing to our vision and bringing it to life, I would like to say a big thank you. Our journey would not be possible without their unwavering commitment and without the right mindset to discover, connect, fulfil.

Yours sincerely,

Gregory Ellis,
CEO, Scout24 AG

Munich, March 2018

**View video statement of Gregory Ellis and Christian Gisy:
report.scout24.com/2017**

Please go to the front of the queue

Advertising, seeking and finding property is just the first step on the way to moving into a new home. Since 2017, ImmobilienScout24 has been offering premium membership for the first time to those who are looking for a home, allowing them to apply for their dream property digitally. Compared to an analogue application, the advantages are clear: they save time, because ImmobilienScout24 produces all the necessary documents for them, and they appear right at the top of the list of interested parties as a premium applicant.

Landlords and estate agents generally require an up-to-date credit rating, voluntary disclosure of personal and financial details, confirmation of rent payment and proof of income for the previous three months. It takes time to gather such documents and keep them up to date. With premium membership, all the necessary information is available at short notice whenever it is needed. At the same time, the applicant can choose which data to share with a certain property advertiser and can also decide whether the documents should be sent online or as printed hard copies to the estate agent or property advertiser. With the online application, the message always appears at the top of the advertiser's inbox. In turn, they are able to check the authenticity of the submitted documents thanks to the verification code on each document. This provides peace of mind for both sides. The person looking for a home is thus always assured a position at the front of the line of applicants.

We are digitalising the process from the initial search to the moving-in date

Premium membership shows the direction in which the journey towards the dream property is heading: the development of digital products that go beyond the moment of finding the right home. Smart services and intelligent products will digitalise classic offline processes and make the task of searching for the dream property easier, faster and safer in future – from the initial search to the moving-in date and beyond.

Transparent vehicle prices

AutoScout24 offers vehicle buyers maximum price transparency with its innovative algorithm: the price valuation feature shows at a glance whether the price of a car represents good value for money. The calculation is based on data from more than ten million listings.

Buying a car is a complex process. More than half of all drivers do not know what their vehicle is worth and are unsure when it comes to buying or selling one. Anyone wishing to purchase or sell a car requires an objective overview of the market. That is why AutoScout24, the largest pan-European automotive online market, offers a free and convenient price analysis.

59 %

*of all drivers do not know what their vehicle is worth.**

Greater transparency, more insight

AutoScout24 includes data based on 70 different features from more than ten million vehicle offers in its calulations, along with the experience of its car experts.

Red, amber or green? Those who use the valuation feature when searching for a vehicle will be shown the results on the basis of the traffic light colours and can immediately see how the price compares to others on the market. The algorithm singles out particularly attractive prices below the average market price as a 'Top Offer' or a 'Good Offer'.

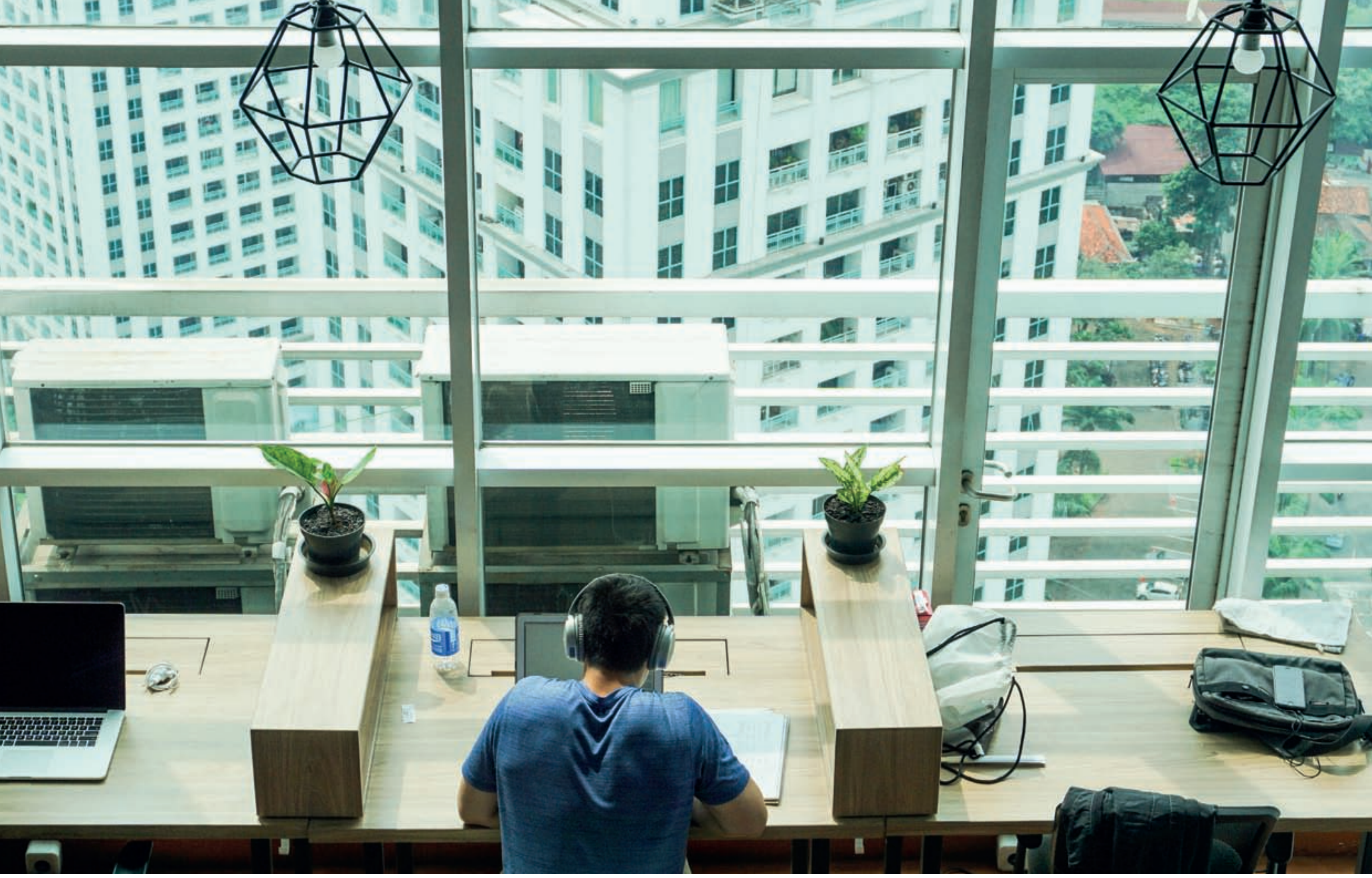
Anyone who wishes to estimate the value of their own car can also get optimal support on AutoScout24 by using the car valuation feature to calculate the current market price. It takes just a few clicks and is equally convenient and free of charge.

* Source: Between 14 and 16 February 2017, Innofact AG surveyed 1,037 car drivers on the subject of price valuation on behalf of AutoScout24. The sample was representative of the population in terms of age (18–65) and gender. Multiple responses were possible

A new business location in seven days

ImmobilienScout24 has expanded its business in the commercial sector and created a platform specifically for commercial spaces. The result is a product world that is second to none and offers the biggest selection with no fewer than 110,000 commercial properties listed.

With transactions worth over 50 billion euros a year, Germany's commercial property market is one of the biggest in the country. In 2017, ImmobilienScout24 invested heavily in products, research and sales in order to occupy the right position in this demanding market. The success of this strategy is clear for all to see: major real estate service companies like CBRE and JLL are taking advantage of the platform's benefits just as much as banks, asset managers and even private individuals. The commercial property team has now more than doubled in size with 45 employees. In extensive user tests, they asked those listing and searching for property about their preferences and needs. ImmobilienScout24 then adapted established functions on the basis of the feedback and developed a new product world. The result is a commercial space search that combines property listings with innovative search functions. In just a few clicks, those searching for a property can use the filter function to make selections based on commercially relevant factors such as Internet speed, accessibility for people with disabilities and availability of high-voltage current. They can plot interesting search areas along specific roads on a



digital city map or search in selected office locations, thereby ensuring that they are only shown results that match their criteria.

Around 110,000 online ads

Searching for a location is one of the most important professional decisions for companies – and the search process is being completed ever more quickly. One in ten businesses looking for a commercial property finds what they are looking for within just seven days on ImmobilienScout24. Around 110,000 commercial properties with a total of more than 103 million square metres of floor space were advertised on the commercial space platform in 2017. This means that ImmobilienScout24 has created the biggest website for German commercial property across Germany and established itself in the area of commercial space searches.

"ImmobilienScout24's search for commercial space search is precisely tailored to the needs of tradespeople. In this way we create a win-win situation for everyone involved: people looking for space find the right property faster, and providers receive more qualified queries."

Dr. Thomas Schroeter,
Managing Director, ImmobilienScout24

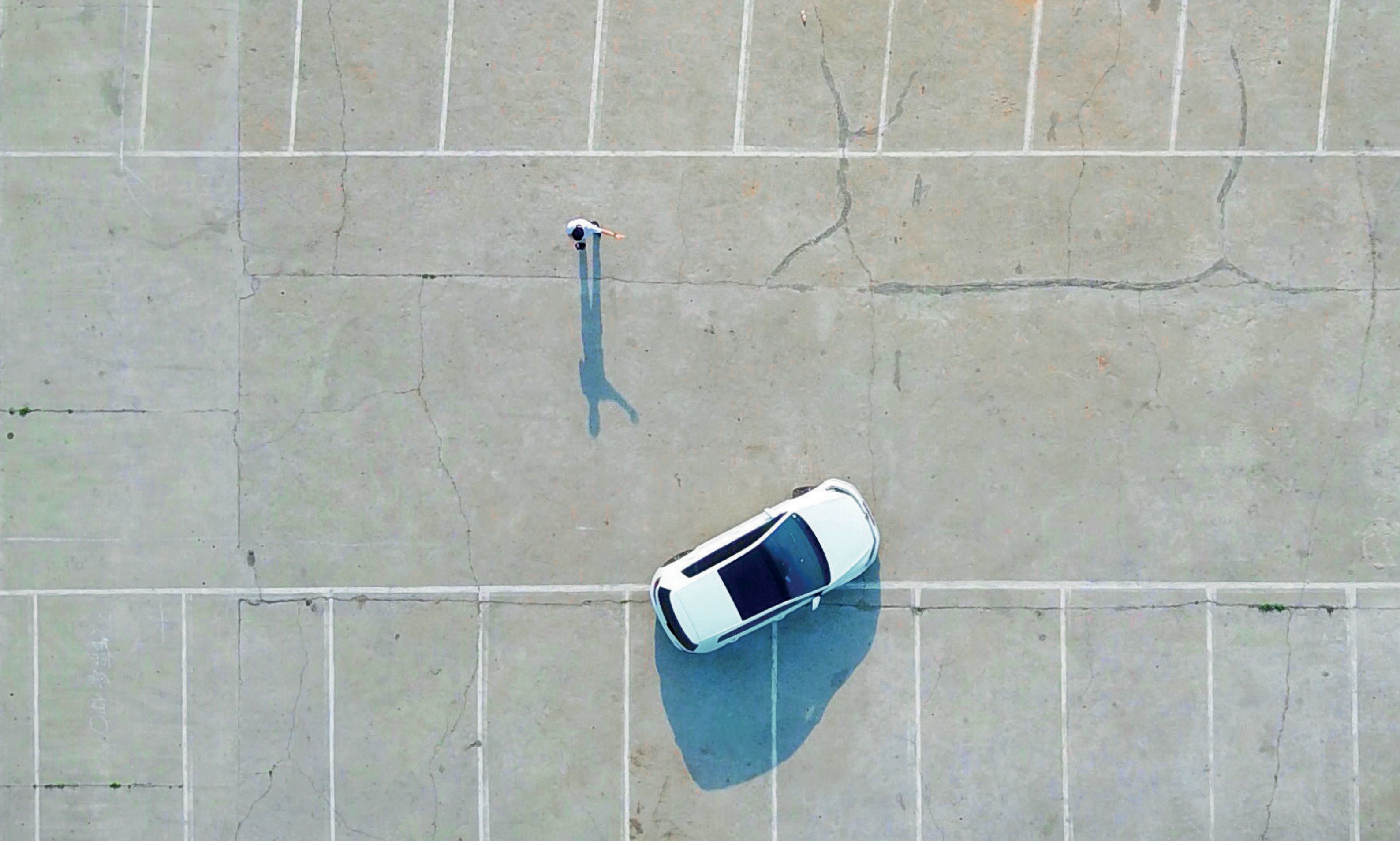
It‘s all about AutoScout360

Searching for a car is turning into a real experience for users of the largest pan-European automotive online market and dealers now have a new dimension in vehicle presentation at their disposal thanks to AutoScout360.

AutoScout24 is opening up a third dimension to users and dealers for even greater transparency when buying a vehicle, because AutoScout360 provides an all-round view! The pionnering technology allows the leading innovator to offer a comprehensive view of the interior and outside of the vehicle using 360-degree images. Virtual reality thus not only creates an emotional search experience, but also provides additional peace of mind when buying a car.

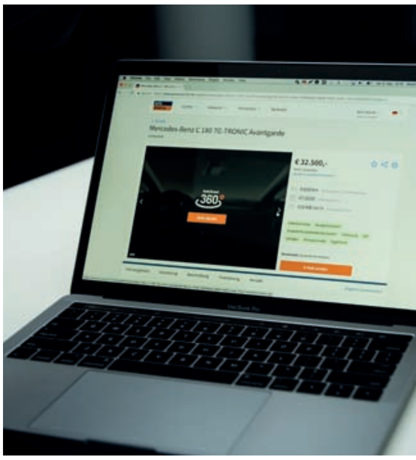
"Our AutoScout360 innovation is almost as exciting as a test drive. It has never been so easy to create an impressive vehicle presentation."

Dr. Felix Frank,
Vice President Customer, AutoScout24



A picture says more than a thousand words

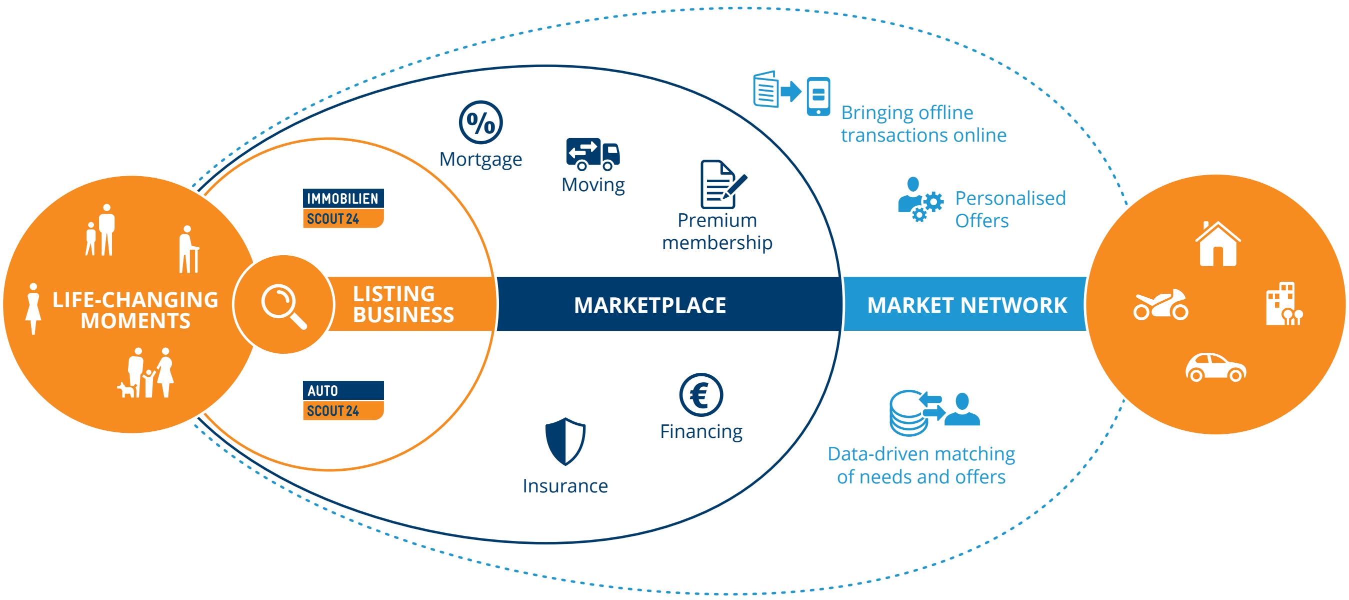
Dealers have been able to use the product since October 2017. Its high-resolution 360-degree images rouse real passion among those searching for a car. The new sales-boosting presentation method is winning over AutoScout24 dealers and users in equal measure and turning the process of searching for a car into a real experience.



Dealers need just a smartphone and the corresponding app to create a 360-degree image of a vehicle in less than three minutes.

The new world of services linked to vehicles and property

In addition to the ImmobilienScout24 and AutoScout24 marketplaces, since 2017 we have been combining all products and services related to the search for vehicles or property in a third vertical: Scout24 Consumer Services. The digital marketer Scout24Media is also part of the new vertical. This offers advertisers use-based online advertising on ImmobilienScout24 and AutoScout24.



"Consumers and customers are asking for more functionality, more personalisation and more relevance, to make their decisions fast, efficiently and effectively."
Gregory Ellis, CEO, Scout24 AG

Nowadays, potential customers go through various decision-making stages before opting for the ideal vehicle or dream home. Scout24 wants to accompany the user on this so-called 'consumer journey'. The more digital, intuitive and integrated the services, the greater the benefit. We manage to achieve this with additional functions and services that go beyond merely searching and finding. We completely digitalise typical offline processes and bring them online. Since 2017, we have helped users to find suitable removal firms as well as fi-nance and insurance companies, facilitated vehicle valuations and provided assistance with the production of the documents required when applying for a new home.

Extra service creates relevance
With Consumer Services, the focus of our business activities is no longer solely on the search itself, but on the entire range of services related to the buying, renting or leasing of vehicles and property. Once users have chosen their ideal vehicle or dream home, they can take the next step of the consumer journey online on our platforms, where they are able to compare finance and insurance options, get vehicle valuations or search for the right removal firm in the very place where they found what they were looking for: on AutoScout24 and ImmobilienScout24. Many people are also prepared to pay for these digital products, which is leading to strong sales growth in this segment. This proves that Scout24 is already becoming more functional and relevant as a market network.

Annual Report 2017

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Supervisory Board Report

Supervisory Board members in the financial year 2017

Name Function	Profession exercised	Member since	Appointed until	Other board positions in 2017
Stefan Goetz Chairman	Managing Director of Hellman & Friedman LLC, San Francisco, USA	4 September 2015	AGM 2020	– Verisure Holding AB, Malmö, Sweden and certain related entities in the holding structure of Verisure Securitas Direct AB, Malmö, Sweden (Member of Board of Directors); – Asa GP GmbH, Düsseldorf, Germany (Member of Board of Directors); – Evergood 1 ApS, Copenhagen, Denmark, and further related companies within the shareholding structure of Nets A/S group, Ballrup, Denmark (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 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);

Name Function	Profession exercised	Member since	Appointed until	Other board positions in 2017
				– Allfunds Bank S.A.U., Madrid, Spain and further entities in the holding structure of Allfunds Bank S.A.U. (Chairman of the Board of Directors);
Thorsten Langheim Supervisory Board member	Senior Vice President Group Corporate Development of Deutsche Telekom AG, Bonn, Germany	4 September 2015	stepped down as of 31 October 2017	– 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 of VimpelCom Limited, Amsterdam, Netherlands	4 September 2015 to 23 January 2017	stepped down as of 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	stepped down as of 19 April 2017	– Intelenet Global Services Private Limited, Mumbai, India (member of the Board of Directors);

Name Function	Profession exercised	Member since	Appointed until	Other board positions in 2017
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; – The Roomstudio Ltd., Stanmore, UK (member of the Board of Directors, from January 2017 until February 2018);
Peter Schwarzenbauer Supervisory Board member	Member of the Board of Management of BMW AG, Munich, Germany	8 June 2017	AGM 2020	– Rolls-Royce Motor Cars Limited, Chichester, UK (member of the Board of Directors);
Dr Liliana Solomon Supervisory Board member	Member of the Board of Directors (CFO) of Arqiva Broadcast Ltd., Winchester, UK	4 September 2015	AGM 2020	– Metro AG, Düsseldorf, Deutschland (Supervisory Board member);
Vicente Vento Bosch Supervisory Board member	Chief Executive Officer, Managing Director, Deutsche Telekom Capital Partners Management GmbH, Hamburg, Germany	4 September 2015	stepped down as of 31 October 2017	– 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, Hamburg, Germany (Managing Director) – Deutsche Telekom Capital Partners Management GmbH, Hamburg (Member of the investment committee / “Beirat”) – Strato AG, Berlin, Germany (Chairman of the Supervisory Board) – Telekom Innovation Pool GmbH, Bonn, Germany (Member of other governing body / “Beirat”) – Ströer Management SE, Düsseldorf, Germany (Member of the Supervisory Board) – Ströer SE & Co. KGaA, Cologne, Germany (Member of the Supervisory Board)

Name Function	Profession exercised	Member since	Appointed until	Other board positions in 2017
				– eValue 2nd Fund GmbH, Berlin, Germany (Member of other governing body / "Beirat")
Michael Zahn Supervisory Board member	Chief Executive Officer of Deutsche Wohnen AG, Berlin, Germany	8 June 2017	AGM 2020	– GSW Immobilien AG, Berlin, Deutschland (Supervisory Board Chairman); – TLG Immobilien AG, Berlin, Deutschland (Supervisory Board Chairman); – WCM Beteiligungs- und Grundbesitz AG, Frankfurt, Deutschland (Chairman of the Supervisory Board, from November 2017 until February 2018); – G+D Gesellschaft für Energiemanagement mbH, Magdeburg, Deutschland (Advisory Board Chairman); – Funk Schadensmanagement GmbH (Advisory Board Chairman); – DZ Bank AG, Frankfurt, Deutschland (Advisory Board Member); – Füchse Berlin Handball GmbH, Berlin, Deutschland (Advisory Board member); – GETEC Wärme &Effizienz GmbH, Magdeburg, Deutschland (Real Estate Consulting member).

Supervisory Board Committees in the financial year 2017

Executive Committee

Name	Position
Stefan Goetz	Chairman
Patrick Healy	Member
Alexander Graf Matuschka von Greiffenclau (until 23 January 2017)	Member
Vicente Vento Bosch (until 31 October 2017)	Member
David Roche (since 29 November 2017)	Member

Audit Committee

Name	Position
Dr Liliana Solomon	Chairwoman
Blake Kleinman	Member
Robert D. Reid (until 19 April 2017)	Member
Vicente Vento Bosch (until 31 October 2017)	Member
Michael Zahn (since 29 November 2017)	Member

Dear shareholders,

The Scout24 Group continued its positive development during the financial year 2017, 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 2017.

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 financial year 2017. At the Supervisory Board meeting on 23 March 2017, two Supervisory Board members were excused, and at the Supervisory Board meeting on 7 June 2017, one Supervisory Board member. At the meeting on 27 September 2017, three members were excused, and at the 29 November 2017 meeting, two members. Two Supervisory Board members were not present in at least the half of the meetings relevant for such members.

Name	Participation in Supervisory Board meetings	Notes
Stefan Goetz	4	
Patrick Healy	2	
Blake Kleinman	4	
Thorsten Langheim	-	Supervisory Board member until 31 October 2017
Alexander Graf Matuschka von Greiffenclau	-	Supervisory Board member until 23 January 2017
Robert D. Reid	-	Supervisory Board member until 19 April 2017
David Roche	4	
Peter Schwarzenbauer	-	Supervisory Board member since 8 June 2017
Dr Liliana Solomon	4	
Vicente Vento Bosch	3	Supervisory Board member until 31 October 2017
Michael Zahn	1	Supervisory Board member since 8 June 2017

The Supervisory Board supervised 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 23 March 2017, the Supervisory Board concerned itself with the budget and the current financials for 2017. Moreover, the Supervisory Board approved the separate financial statements for 2016 of Scout24 AG as well as the 2016 consolidated financial statements, and decided concerning the application of profit. The Supervisory Board also passed a resolution concerning the draft agenda and proposed resolutions for the 2017 Ordinary 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 its 7 June 2017 meeting, the Supervisory Board concerned itself with the general business trends within the Scout24 Group. In addition, the Supervisory Board was given an overview by the committee chair of the Audit Committee's activities.

At the 27 September 2017 meeting, the Executive Committee Chairman gave a report on the committee's activities. The financial outlook for the current and next financial year were also discussed, including a presentation and discussion of the individual operating segments' trends.

At the meeting on 29 November 2017, the Supervisory Board held extensive discussions together with the management regarding the financial situation of both Scout24 AG and the Group, discussing in-depth with the management the individual segments' business trends. Furthermore, the Supervisory Board discussed the budget for the financial year 2018. Finally, the concept of a partial refinancing to further optimise the interest burden of the Scout24 Group was presented to the Supervisory Board.

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 concerns itself especially with supervising the financial accounting, the financial accounting process, the efficacy of the internal control system, the risk management system, the internal audit system, the auditing of financial statements as well as compliance. The Audit Committee submits a well-founded recommendation for the election of the external auditor to the Supervisory Board. It supervises the independence of the external auditor and concerns itself with services additionally rendered by the auditor, the awarding of the audit mandate to the auditor, the determination of audit focus areas, and arranging the audit fee to be paid.

Pursuant to the German Stock Corporation Act (Sections 107 (4), 100 (5) AktG), the Audit Committee must include at least one 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. Furthermore, Dr Liliana Solomon meets the further criteria of Section 5.3.2 (3) of the German Corporate Governance Code whereby the audit committee chair should be independent and not a former Management Board member whose appointment ended less than two years previously. Besides the Chair, the Audit Committee also included Supervisory Board members Blake Kleinman, Robert D. Reid (until 19 April 2017), Vicente Vento Bosch (until 31 October 2017) and Michael Zahn (since 29 November 2017).

The Audit Committee held a total of two plenary meetings and two telephone conferences in 2017. All committee members required to pass resolutions were present at all such meetings. The main focus of consultations in the Audit Committee included:

- the proposal for the appropriation of profits
- internal audits
- the risk management and the compliance report
- IT security and data protection

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 corporate governance area 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 2017: Vicente Vento Bosch (until 31 October 2017), Patrick Healy, Alexander Graf Matuschka von Greiffenclau (until 23 January 2017) and David Roche (since 29 November 2017).

The Executive Committee held two meetings in the financial year 2017. All committee members required to pass resolutions were present at all such meetings. Main topics of consultations included:

- Management Board compensation
- Management compensation
- Appointments to replace Supervisory Board and Executive Committee members who stepped down

Corporate governance and statement of conformity

At its meeting on 23 March 2017, 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/PortalData/2/Resources/ir/Entsprechenserklaerung_DCGK_de_akt uell.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. At its 4 September 2015 meeting, the Supervisory Board confirmed its objective, among others, that at least one woman should belong to the Supervisory Board, setting a related implementation deadline of 30 June 2017. This target has been implemented.

[For the first management tier below the Management Board, the Management Board of Scout24 AG had resolved upon a target for the proportion of women of one fourth, with an implementation deadline at the end of 30 June 2017. As of 30 June 2017, the proportion of women at the first management level below the Management Board stood at 0%, thereby not yet reaching the 25% target. For the second tier below the Management Board, the Management Board of Scout24 AG had resolved a target for the proportion of women of one fifth, with an implementation deadline at the end of 30 June 2017. As of 30 June 2017, the proportion of women amounts to 15%, slightly below the target level.]

Finally, on 22 March 2018, the Supervisory Board concerned itself with corporate governance within the Scout24 Group.

Composition of the Management and Supervisory boards

No changes occur to the composition of the Management Board in the financial year 2017.

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

Supervisory Board member Robert D. Reid stepped down from the Supervisory Board on 19 April 2017.

Supervisory Board members Thorsten Langheim and Vicente Vento Bosch relinquished their Supervisory Board mandates with effect as of 31 October 2017.

To replace the Supervisory Board members who had stepped down, Alexander Graf Matuschka von Greiffenclau and Robert D. Reid, the AGM of Scout24 AG on 8 June 2017 elected Mr. Peter Schwarzenbauer and Mr. Michael Zahn as new members to the Supervisory Board.

Audit of financial statements and annual financial statements

Pursuant to the resolution of the AGM on 8 June 2017, the Supervisory Board mandated KPMG AG Wirtschaftsprüfungsgesellschaft ("KPMG"), Berlin, to audit the annual financial statements and consolidated financial statements of Scout24 AG for the financial year ending 31 December 2017. Responsible auditors in accordance with § 319a Abs. 1 S. 4 and § 319a Abs. 2 S. 2 HGB are Haiko Schmidt and Stefanie Jordan. KPMG audited the annual financial statements for the financial year from 1 January 2017 to 31 December 2017, prepared by the Management Board according 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 2017 to 31 December 2017 and the Group management report that is combined with the Company's management report were prepared pursuant to § 315e 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 for the consolidated financial statements and the combined management report. Moreover, the auditor found that the Management Board had established an appropriate information and monitoring system whose design and use were suitable to detect any going concern risks to the Company at an early stage. The Supervisory Board also mandated KPMG to voluntarily review the content of the non-financial declaration in accordance with section 111 (2) sentence 4 of the AktG.

KPMG had confirmed to the Chairman of the Supervisory Board and the Audit Committee, before the Supervisory Board proposed them to the Annual General Meeting as auditors, that there were no circumstances that could impair their independence as auditors or cast doubt on their independence. KPMG also explained to what extent services were rendered for the company in the previous financial year outside of the audit or are contractually agreed for the following year. The Supervisory Board has agreed with KPMG that the latter will inform it and note in the audit report if facts are established during the performance of the audit which reveal an inaccuracy in the declaration on the German Corporate Governance Code issued by the Executive Board and Supervisory Board. The Audit Committee informed the Supervisory Board that it had been informed by KPMG that there were no circumstances that could give cause for concern about its impartiality and about the services rendered by KPMG outside the audit. The Committee also reported on its monitoring of the independence of the auditor, taking into account non-audit services rendered, and its assessment that the auditor has the necessary independence.

The financial statement documents, the audit reports, including the result of the audit of the non-financial declaration, were submitted to all members of the Supervisory Board in good time, as was the proposal of the Management Board for the appropriation of the balance sheet profit.

The complete documentation of the financial statements and the audit reports were discussed in detail at the meetings of the Audit Committee and the Supervisory Board on 22 March 2018. The auditors reported on the key findings of their audit. Furthermore, they informed the Supervisory 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 22 March 2018, the Supervisory Board then approved the annual financial statements and consolidated financial statements of Scout24 AG for the 2017 financial year. The annual financial statements of Scout24 AG are adopted as a consequence.

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

The report on relations with associated companies in the 2017 financial year (dependency report) pursuant to Section 312 of the German Stock Corporation Act (AktG), which the Management Board prepared, 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:

1. the factual statements of the report are correct,
2. the consideration paid by the company for the legal transactions stated in the report was not inappropriately high."

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 as well as all of Group staff for their outstanding commitment and personal contribution in the 2017 financial year. The company's growth story can only be continued with your help.

Munich, March 2018

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 Sections 289f, 315d of the German Commercial Code (HGB), is available on our corporate website (www.scout24.com) in the section › Investor Relations/Corporate Governance.

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 29/12/2017	EUR 34.05
52-week high*	EUR 36.02
52-week low*	EUR 30.19
Market capitalisation as of 29/12/2017	EUR 3,663.78 million
Average daily trading volume (52 weeks until 29/12/2017)	126,814 shares/day

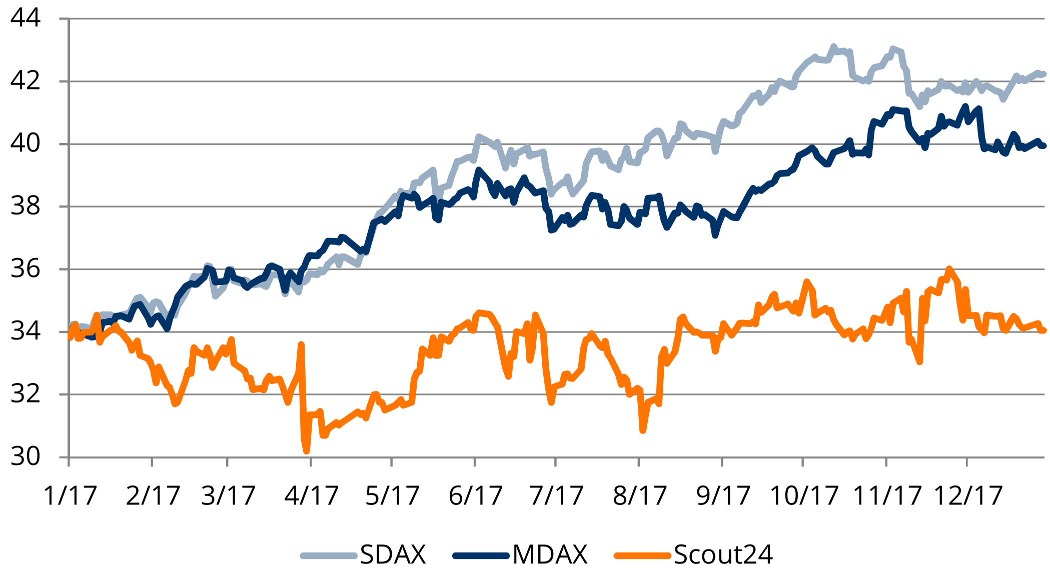
* in each case based on the closing price

In 2017, the stock market environment in Germany, measured in terms of the leading German index DAX, was generally positive. Political uncertainties such as the civil war in Syria, the growing strength of Euro-critical parties in the context of national elections in France, the Netherlands and Austria, and the lagging government formation in Germany were largely ignored. Only the intensified conflict between the US and North Korea had a somewhat greater impact on the markets in the third quarter. On the other hand, stock markets were boosted by companies' good earnings performance and the still relatively easy monetary policy. In the US, which is also an important source of impetus for the German stock market, the sustained rise in technology stocks and the long-awaited tax reform had a very positive impact on share prices. Accordingly, the DAX reached its low[1] for the year of 11,510 points on 6 February 2017 and marked its high[1] for the year of 13,4791 points on 3 November 2017. The DAX ended the year 2017 on 29 December 2017 with 12,9181 points and a year-over year increase of 12.5%.

The Scout24 share benefited only to a limited extent from these good conditions. The forecast for 2017, published in March 2017, was critically received by some investors and led to a significant drop in the share price to a year-low of 30.191 euros (30 March 2017). The share recovered only slowly from this but increased more strongly after the publication of the quarterly results in May 2017. From mid-June 2017, technology stocks were put under short-term pressure globally after a study by a renowned investment bank warned of risks in the technology sector and even pointed to parallels to the bursting of the technology bubble in 2000. In Germany, this had a negative impact on both the TecDAX technology index and the technology-related stocks in the SDAX index. The complete sale of the remaining stake of Deutsche Telekom AG on June 21,2017 in Scout24 put additional pressure on the share price at the end of the first half of the year. After publication of the half-year results on 9 August 2017, the Scout24 share price increased significantly and rose by more than 15% to EUR 35.60[1] as at 2nd October 2017. The year-high was marked at EUR 36.02[1] on 24 November 2017. On 4 October and 27 November 2017 respectively, the major shareholder Hellman & Friedman announced the placement of around 10 million shares in Scout24 AG, which had a dampening effect on the share price in the short-term. MEP Ord GmbH & Co KG, the investment vehicle for certain current and former Group managers, also participated in all transactions. Meanwhile, the further share placements by existing shareholders in 2017 had a positive impact on the free float and liquidity of Scout24 shares. The free float increased from 62.08% (31 December 2016) to 90.26% (31 December 2017). The average daily trading volume also more than doubled from 87,149 shares in Q1/2017 to 195,728 shares in Q4/2017. In Q1/2016, it was still 20,441 shares, which is a nearly tenfold increase since then. In an environment dominated by profit-taking and concerns of overheating markets in December 2017, the Scout24 share could not withdraw from the general market trend and ended the year on 29 December 2017 with a closing price of EUR 34.05, only slightly (0.7%) higher than at the end of the previous year. Thus, in the year 2017, the Scout24 share developed less dynamically than the relevant benchmark indices SDAX and MDAX, which each achieved gains of 24.9% and 18.1% respectively.

[1] all share prices based on closing prices

Share price of Scout24 (indexed)



Investor relations activities

Along with quarterly statements for the first and third quarters as well as the half-year financial report, Scout24 informed investors, analysts and other interested capital market participants in numerous press and IR releases, as well as conference calls and one-on-one meetings about the Company's further development. As part of national and international roadshows as well as participating in relevant conferences (totalling 27 days) in 2017, company representatives met with investors in Munich, Frankfurt, Baden-Baden, Zurich, Lugano, London, New York, and Sonoma (California). Details of roadshows and conference participations are listed in the tables below. The overall objective of Investor Relations work at Scout24 is the transparent presentation of the business development as well as cultivating an 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
3 – 7 April 2017	Frankfurt, London, New York
28/29 August 2017	Zurich, Lugano
4 – 8 September 2017	Frankfurt, London, New York

Conferences

Date	Conference
25 January 2017	Annual Digital Ecosystems Conference 2017 (Macquarie, London)
14/15 March 2017	European Internet & Fintech Conference 2017 (Bank of America Merrill Lynch, London)
21 March 2017	Second Disruptive Technology Symposium 2017 (Goldman Sachs, London)
30 March 2017	Deutschlandkonferenz (Bankhaus Lampe, Baden-Baden)
18 May 2017	Media & Telecoms CEO Conference (J.P. Morgan, London)
2 June 2017	Internet Day 2017 (Barclays, London)
15/16 June 2017	European Select Conference 2017 (Barclays, Sonoma)
19/20 September 2017	German Corporate Conference 2017 (Berenberg und Goldman Sachs, München)
15 – 17 November 2017	European Technology, Media & Telecom Conference 2017 (Morgan Stanley, Barcelona)
6 December 2017	Second Digital Ecosystems Conference 2017 (Macquarie, London

Capital Markets Day

On 14 November 2017, Scout24 held its first Capital Market Day for institutional investors and analysts in Berlin. In addition to deeper insights into the strategy and finances of Scout24 Group by its CEO and CFO, other managers of the Company presented the divisions ImmobilienScout24, AutoScout24 and Scout24 Consumer Services (formerly known as Scout24 Media). The presentations were complemented by a extensive round of questions and answers. In addition, the Company gave an outlook for the years 2018 and 2019. In total, the event received a positive response from the capital market.

The data on business development, the share, as well as annual and interim reports, IR releases, company presentations (including presentations at the Capital Markets Day), details of roadshows and conferences as well as the financial calendar are available at the Investor Relations section of the Company's website › 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
Bank of America Merril Lynch	John King
Barclays	Andrew Ross
Commerzbank	Sonia Rabussier
Credit Suisse	Joseph Barnet-Lamb
Equinet	Simon Heilmann
Goldman Sachs	Lisa Yang
J.P. Morgan	Marcus Diebel
Jefferies	David Reynolds
Kepler Cheuvreux	Craig Abbott
Liberum	Ian Whittaker
Macquarie	Bob Liao
Morgan Stanley	Andrea Ferraz
ODDO BHF	Alexander Rummler
RBC	Sherri Malek
UBS	Richard Eary
Warburg	Jochen Reichert

Annual General Meeting

On 8 June 2017, the Annual General Meeting of Scout24 AG took place in Berlin. At the Meeting, shareholders representing more than 72% of Scout24 AG's total share capital of 107,600,000 shares, were present. All resolutions of the Annual General Meeting were adopted by a great majority. The detailed voting results are available on the Scout24 AG website at › www.scout24.com/General-meeting. In particular, the following resolutions were passed: appropriation of the unappropriated net income of Scout24 AG for the financial year 2016, including the distribution of the first dividend since the IPO in October 2015, the discharge of the Management Board for the 2016 financial year, the discharge of the Supervisory Board for the 2016 financial year, the election of the auditor for the Group and company financial statements for the year 2017, the election of new Supervisory Board members and the amendment of the Supervisory Board remuneration system.

Shareholder structure

In the year 2017, the former majority shareholders of Scout24 AG (Deutsche Telekom AG and Willis Lux Holdings 2 S. à r. l. in liquidation) placed further blocks of shares with institutional investors in accordance with the respective lock-up agreements. Deutsche Telekom AG has completely withdrawn from the shareholder base. As a result, the free float increased by 30.3 million shares, which means that 90.26% of Scout24 shares were in free float as of 31 December 2017 – that is over 45% more than at the end of 2016. Correspondingly, the trading volume of the share also developed positively in the course of the year.

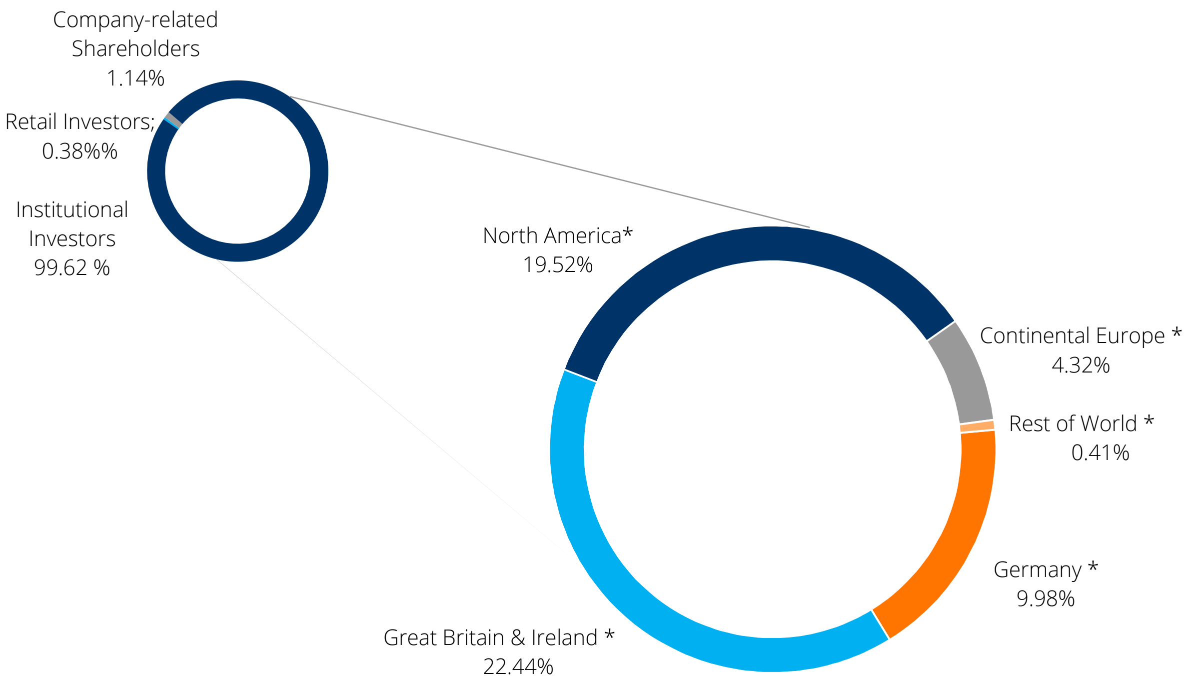
The shareholder structure of Scout24 as of 31 December 2017 was as follows:

Shareholder	Number of shares	in %
Willis Lux Holdings 2 S.à r.l. in liquidation	5,633,392	5.24 %
MEP Ord GmbH & Co. KG[1]	1,794,083	1.67 %
German BMEP Ord GmbH & Co. KG[2]	71,242	0.07 %
Scout Lux Management Equity Co S.à r.l.[3]	2,982,787	2.77 %
Free float	97,118,494	90.26 %
Total	**107,600,000**	**100.00 %**

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

Due to the complete sale of the remaining stake held by the major shareholder Hellman & Friedman through Willis Lux Holdings 2 S.à r.l. i. L. and Scout Lux Management Equity Co S.à r.l. on 15 February 2018, the free float share increased to 98.86%. Furthermore, MEP Ord GmbH & Co. KG, the investment vehicle for certain current and former executives of the Group has a shareholding of 1.14%. Further information can be found in the › Supplementary Report (subsequent events, p. 184).

The free float of 98.86 % is mainly held by institutional shareholders. The publicly available information covers about 58% of the free float. At 22.44%, institutional shareholders from Great Britain and Ireland account for the largest share, followed by institutional shareholders from North America (19.52%), Germany (9.98%) and Continental Europe (4.32%).



* Distribution of free float based on publicly available information on free float as of the reporting date 28 February 2018

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 accompany 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 digital 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. 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 for our listing customers as well as for other customers. In addition, users may also take advantage of special, partially fee-based, additional products and services that help them throughout the process of buying or selling real estate and cars.

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 or project 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. The unit Scout24 Consumer Services, previously “Scout24 Media”, is operating in both segments, bundles competencies in the services area along the value chain of real estate and automotive and drives lead-generation and advertising sales.

ImmobilienScout24 (IS24)

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. Users can browse the adverts free of cost. Inquiries and searches by users – meaning aspiring buyers or tenants – translate into traffic, which drives lead generation for both professional and private listers.

The main products are therefore classifieds for the sale and rental of real estate. IS24 also provides real estate professionals with additional services to acquire and manage customers. Customers who have a listings contract with IS24 can boost their listings' effectiveness with supplementary products to add on individually. Vendors can book visibility products to give their listing a more prominent placing in search results, for example. Supplementary products can also be added in the pay-per-ad model.

Additionally, IS24 offers its consumers additional assistance through valuations, credit checks, relocation services, mortgage financing and insurance services driven by Scout24 Consumer Services. In the form of a fee-based premium membership, users can easily order up-to-date credit information, save it in a digital application profile together with other application documents, and send it on to the listing the property. Furthermore, property hunters can use a premium membership to achieve a prominent placing of their inquiry in the inbox of the party offering the property, profiling themselves in relation to other applicants. For business customers, IS24 offers the possibility to address users through the display of advertising or other targeted advertising measures.

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] In the "Brand of the Year 2017" rankings awarded by market research institute YouGov in cooperation with German daily business newspaper Handelsblatt, the ImmobilienScout24 brand achieved first place among portals in the "Digital Living" category.[4]

In Austria, we also operate a leading vertical real estate marketplace with our portals ImmobilienScout24.at and Immobilen.net.[5] The Immodirekt.at portal has also formed part of the Scout24 Group in Austria since 2016.

AutoScout24 (AS24)

AS24 is a digital marketplace for automotive and offers listing platforms for used and new cars, motorcycles and commercial vehicles to dealers and private sellers, in order to reach potential customers. AS24 offers professional car dealers and private sellers the opportunity to place automotive classifieds in order to reach potential buyers. Users can browse the adverts free of cost. Inquiries and searches by users translate into traffic, which drives lead generation for both professional and private listers.

For placing a listing, car dealers have to pay a fee. The main products are therefore classifieds for the sale of new and second-hand cars. In addition, dealers who have a listing-contract with AS24 can can boost their listings' effectiveness with supplementary products to add on individually. In the second half of 2017, for example, a 360°-function was introduced as an additional product, which makes it possible to integrate a high-resolution, zoomable 360°-image of a car into the listing. Private sellers have the opportunity to list for free or to sell their car to verified dealers through the express sale. In addition, AS24 offers customers and consumers additional value-added products, for example the display of advertising for automotive original equipment manufacturers (“OEMs”) or other services like car financing.

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.[6]

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[2] Management estimate, based on the number of real estate listings compared to other real estate listings portals

[3] Based on visitor numbers (Unique Monthly Visitors, "UMVs") and user activity, comScore December 2017 (desktop PC for visitor numbers, desktop PC and mobile devices regarding user activity)

[4] YouGov BrandIndex, "Brand of the Year" in corporation with Handelsblatt, October 2017

[5] Management estimate based on the number of real estate listings compared to other real estate listings portals (excluding general classifieds portals comprising very different product categories).

[6] Autobiz, December 2017

AS24 also operates in Spain and France and offers local language versions of the marketplace in ten additional countries. Moreover, at AutoScout24.com, AS24 offers an English-language version that also enables cross-border searches.

The AutoScout24 Group also operates the digital automotive marketplaces AutoTrader.nl in the Netherlands and Gebrauchtwagen.at in Austria.

Along with the high degree of brand recognition, AutoScout24 enjoys users' confidence: a representative survey conducted by ServiceValue on behalf of German business magazine Focus-Money, highlighted the AutoScout24 app as the most customer-friendly mobile app in the category automotive marketplaces.[7]

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 and provides finance, accounting, controlling, internal auditing, risk management& compliance, business development and corporate strategy, communication, investor relations, human resources and legal services for its subsidiaries. Furthermore, the Scout24 AG provides services for its operating subsidiaries within the Scout24 Consumer Services business.

As of the balance sheet date, Scout24 AG holds indirect interests in 14 operating subsidiaries, which are fully consolidated in the consolidated financial statements, as well as in two companies accounted for applying the equity method, and one minority interest.

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. Pursuant to the company's Articles of Association, the Supervisory Board consisted of a total of nine members during the 2017 financial year. The size of the Supervisory Board reduced in the fourth quarter as some Supervisory Board members stepped down from office, and now consists of seven members until new nominations are made. The Supervisory Board is comprised of 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.

[7] ServiceValue commissioned by Focus-Money, March 2017

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 289a (1), 315a (1) of the German Commercial Code (HGB), as well as additional disclosures relating to the individual financial statements of Scout24 AG, are provided as integral parts of the combined management report in the respective Sections starting at page 85.

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 289f, 315d 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:

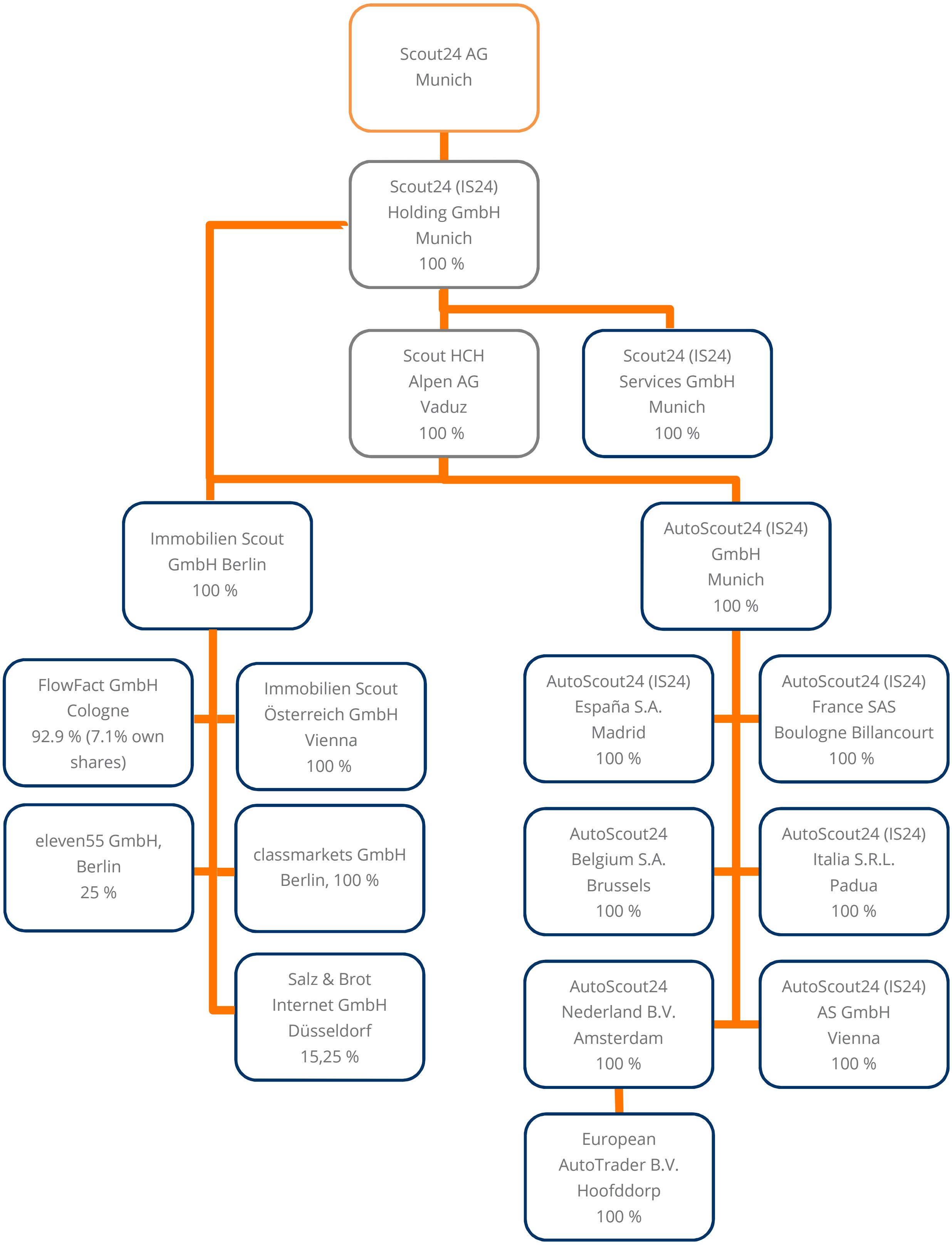
On 31 March 2017, Immobilien Scout GmbH, Berlin, acquired a 25% stake in eleven55 GmbH (hereinafter also referred to as "wg-suche.de").

The Scout24 International Management AG, i.L., Zug, was liquidated effective 18 April 2017. The FMPP Verwaltungsgesellschaft mbH, i.L. Munich, was liquidated on 13 March 2017 and ASPM Holding B.V., Amsterdam, was also liquidated on 10 August 2017.

On 22 August 2017, AutoScout24 GmbH, Munich, acquired a 100% interest in Gebrauchtwagen.at Internetportale GmbH, Leibnitz (hereinafter also referred to as "Gebrauchtwagen.at").

To streamline the Group structure, in the course of financial year 2017, my-next-home GmbH, Saarbrucken, was merged with Immobilien Scout GmbH, Berlin; IMPLIUS GmbH, Cologne, was merged with FloFact GmbH, Cologne; and AGIRE Handels- und Werbegesellschaft mbH, Vienna, was merged with Immobilien Scout Österreich Gmb, Vienna. The mergers were realized at carrying amounts.

The following presentation provides (in simplified form) an overview of the direct and indirect investments of the Scout24 AG as of 31 December 2017:



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 consequently, 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 continuously optimise the service commitment of our classifieds portals for our customers and users through attractive pricing models and other services and product innovations. 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. During the first half of 2017, amongst other optimisations, we added a technical feature to the IS24 platform that makes it possible to integrate not only images but also virtual tours – so-called 360°-tours or virtual reality (VR) tours to the real estate exposé. In the second half of 2017, we also launched a 360°-function for AS24, enabling our dealers to easily and cost efficiently use a mobile app to take a high-resolution, zoomable 360°-image of a vehicle – of both the interior and exterior of the car – and integrate it into the car listing. 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 shifting from a pure classifieds portal in the direction of a market network in the medium-term. The establishment of the Group-wide "Scout24 Consumer Services" area takes this strategy into account. We will also reflect the growing significance of this area in our internal and external reporting from 2018, and report it as an operating segment supporting the existing segments IS24 and AS24.

Our strategy for all business areas focuses on sustainable and profitable growth as well as on sustainable growth in our company's value.

In this context, our future M&A strategy will concentrate 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 operations, 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 in the medium-term.

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 twelve months). The Scout24 Management Board plans to further delever, aiming for a target leverage-ratio range between 1.5:1 and 1.0:1 (end of 2017: 2.22:1). In 2017, the company distributed to the shareholders its first dividend after its IPO in 2015, paying out a dividend for 2016 of EUR 0.30 per dividend-entitled ordinary share. The Management Board's dividend policy envisages shareholders continuing to participate appropriately in the company's success and profitability in the future.

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 on-demand 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[8].

These indicators are supplemented by capital expenditures in property, plant and equipment and intangible assets ("capex") as well as further segment-specific 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 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 (IS24)

- 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.[9]
- 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 contracts. Revenues from core agents also include purchases of listing services under the listing of project- or package-based pricing model

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[8] 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. 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. 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

[9] Data source: comScore

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, 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 with 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.
- 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 project- and/or package-based 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.

AutoScout24 (AS24)

- 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.[10]
- UMV (unique monthly visitors) refers to the monthly unique visitors visiting the website via desktop PC or via 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. The UMV for Benelux/Italy represent the aggregate of the UMVs for Belgium, the Netherlands, Luxembourg and Italy.[11]
- 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 our platform 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.

[10] Data source: autobiz
[11] Data source: comScore

Research and development

Innovations are an integral part of our strategy of sustainable and profitable revenue growth. We strive to continuously optimise our products for our customers and users and drive the digitisation of consumer experience along the value chain of real estate and automotive through the development of new products.

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 to 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.

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 launched in the 2015 financial year to technically align the two IS24 and AS24 platforms as part of migrating to a Cloud-based data system was advanced further in the 2017 financial year.

Having grown large as a classic desktop Internet company, nowadays already 71 % of the total IS24 and AS24 traffic in Germany is generated by mobile channels as a result of a stringent mobile-first strategy.[12] 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.

Our goal is to continuously 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.

With our platforms, we strive to enable real estate seekers and listers to get in touch and offer a space for simple and direct communication. We do this at IS24 by offering an integrated message-inbox, the so-called "Contact-Manager". During the past year, we have improved usability of the Contact-Manager, allowing the categorising and prioritising of messages with the help of tagging and filtering functions and added the possibility to send out collective messages. The "Contact-Manager 2.0" helps real-estate owners to deal with a great deal of inquiry in an efficient and stress-free way. For real-estate seekers, we have improved the search experience on mobile devices. Users can now fine-tune the search-radius with the help of an integrated map. At the same time, they can see listings fitting to their search directly in the map. The mobile landing page was also enhanced with recommendations of real estate objects, which do not fit the search criteria in every aspect but are still relevant for the user.

At AS24, we have added the technical feature, similar to the one at IS24, that allows the integration of 360°-images in the car listing. With the help of a mobile application, our dealers can easily produce high-resolution, zoomable 360°-images of a car – as well of the interior as of the exterior. This not only offers dealers a better possibility of presenting the car but also increases transparency for car seekers: users can convince themselves about the condition of the car directly online. In Germany, AutoScout24 has a two-year exclusivity for this tech-

[12] 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 2017

nique. Another feature on AutoScout24, that drives transparency, is the in the year 2017 introduced price comparison “Price Authority”. The price evaluation provides information about the price-performance ratio of an offer compared to similar vehicle models. The self-learning AutoScout24 algorithm calculates the market price for each vehicle. Thereafter, the market price is compared with the offer price of the seller. The difference leads to the awarding of various price stickers from "Top Offer" to "Fair Offer" to "Expensive".

The developed products 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 amounted to EUR 34,4 million in 2017 (2016: EUR 28.7 million), of which a total of EUR 19,4 million or 56,2 % (2016: EUR 16.0 million or 55.7 %) was capitalised on the basis of existing IFRS accounting regulations. Next to our own personnel costs, total expenditure for product development also comprises cost for external service providers, who support the development processes as an extended workbench. In 2017, cost for external service providers amounted to EUR 11,0 Million (2016: EUR 10,4 million).

The change in total expenditure for development derives mainly from taking the product function at AS24 into account of development activity as well as building up personnel, in order to facilitate the faster roll-out of product optimisation measures and new product developments for the platforms IS24 and AS24. The increase in capitalisation of development cost results mainly from a higher underlying internal hourly work rates and the capitalisation of working hours due to increased development activity.

Research cost exists only to an immaterial extent and are reported in the income statement.

Corporate social responsibility[13]

Social responsibility at Scout24 is a corporate culture that is lived and practised. We published our first publication on corporate social responsibility during the first half of 2017. In our Scout24 CSR Report, we 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. The next publication is scheduled for the first half of 2018 and will include the non-financial report according to article 315 (b) ff of the German Commercial Code.

Below we give a key overview of our perception on corporate social responsibility:

As a leading operator of digital marketplaces, we connect people with cars and homes every day. 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.

The Scout24 Group does not operate disengaged from its social environment but regards itself as a "Corporate Citizen" in all business activities and as a hub in a network of different actors and partners. For us, Corporate Social Responsibility (CSR) means dealing responsibly and sustainably with our internal and external stakeholders. On the one hand, this means avoiding potential negative influences on society and the environment. On the other hand, looking at CSR as a model for the future: Together with our employees, customers and partners, we want to develop solutions to contribute to sustainable development and, in addition, to make our business fit for the future. Therefore, we have set out to embed social and environmental aspects in our day-to-day activities and in the individual business areas.

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[13] This part of the report is <u>not</u> part of the audit by the auditors

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 working 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.

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 – Group business progress and 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, and consequently within the Eurozone. Germany remains the main market of Scout24, accounting for 82 % of its total revenue in the 2017 financial year. The economic situation in Germany in 2017 was marked by strong economic growth, registering 2.2 % year-on-year GDP expansion.[14] Strong growth of 2.6 % is expected for 2018.[15] A strong growth trend is also expected in the Eurozone, according to the "Eurozone Economic Outlook" published by an association of three leading European economic research institutes, where growth in the first quarter of 2018 will be somewhat more dynamic than in the second quarter of 2018. [16]

Given a stable economic trend, our business model is nevertheless supported mainly 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 2017 (2016: 87 %). A total of 81 % of the users went online via mobiles, an increase of 8 percentage points year-on-year (2016: 73 %). A total of 90 % used the Internet in searching for information on goods and services (2016: 89 %).[17] 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.[18] In Europe, 87 % of private households had Internet access in 2017, an increase of 2 percentage points compared to the previous year.[19]

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 36.6 % in 2007 to 22.7 % in 2017 and is expected to reduce further to 19.0 % in 2020. By contrast, the share of online has increased from 11.1 % of total advertising expenditures in 2007 to 34.0 % in 2017. In 2017, online advertising expenditure was already 50.8 % higher than TV marketing budgets. Online advertising expenditure is expected to continue to increase its share and reach 39.8 % in 2020.[20]

[14] German Federal Statistical Office, initial annual results of 11 January 2018
[15] Deutsche Bundesbank, Outlook for the German economy, December 2017
[16] Eurozone economic outlook of 10 January 2018
[17] Federal Statistical Office, Private households in the information society – Use of Information and communication technology, survey 2016 and 2017
[18] puls market research, December 2016
[19] Eurostat, Internet penetration – households, retrieval on 16 January 2018
[20] ZenithOptimedia, Advertising Expenditure Forecasts, December 2017

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[21], 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.[22]

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 608,000 sale transactions were realised in the residential property market in 2016 (excluding residential building land). Despite a slight drop in transaction figures to 604,000, the latest forecast from 12 October 2017 expects a 5 % increase in transaction turnover to EUR 153.7 billion in 2017 (2016: EUR 146.0 billion).[23] Reasons for the revenue increase cited by GEWOS include further price increases, especially in residential property, driven by high demand in connection with low construction activity. GEWOS also forecasts further sales increases in the German market for 2018. Residential real estate is expected to grow by by a further 2%. Price dynamics should also be decisive for the market development this year and next year, residential real estate transactions are likely to decline by 1 % according to the GEWOS forecast.[24]

Germany's real estate brokerage structure is highly fragmented. According to estimates by Scout24, market consolidation took place in 2016 in particular. In line with this consolidation and in spite of higher transaction volumes, the number of active agents in the market remained largely stable also in 2017. This stable development after a period of high fluctuation in the previous years 2015 and 2016 is partly due to the trend towards increasing professionalisation of the sector in reference to already more developed property markets.

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 primarily in the area of used car transactions.

Germany is the largest automotive market in Europe with a total number of 45.8 million registered passenger cars in 2016[25] and total sales of around EUR 184 billion from new and used cars transactions.[26] Approximately 7.3 million used cars changed owners in 2017, which is approximately 1 % less than in 2016, according to the German Federal Office for Motor Transport (KBA). A total of approximately 3.4 million new cars have been registered in 2017, an increase of 2.7 % compared to 2016.[27] For 2018, the German Federation for Motor Trades and Repairs (ZDK) expects a level of 3.4 to 3.5 million new car registrations thus a year-on-year growth, in line with the positive macroeconomic forecast. As far as the used car market is concerned, the ZDK has issued a lacklustre forecast due to recent events in the diesel vehicles area, predicting a similar or slightly reduced level, as in the previous year, anticipating 7.2 to 7.4 million ownership changes for 2018.[28]

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[21] 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)
[22] Based on the number of cars listed by dealer (Autobiz, December 2017)
[23] Excluding residential building land
[24] GEWOS 2017
[25] German Federal Office for Motor Transport (KBA)
[26] DAT, DAT Report 2017
[27] German Federal Office for Motor Transport (KBA), vehicle registrations in December 2016, January 2017
[28] German Federation for Motor Trades and Repairs (ZDK), November 2017

Italy is another big automotive market in Europe, with around 37.9 million registered cars.[29] The number of cars sold in Italy fell in the period after the economic crisis. For 2017, Italy's transport ministry reports 8 % year-on-year growth to almost 2 million vehicle registrations. The Italian automotive market continues to languish around 20 % below its pre-crisis level (2007: 2.5 million vehicle registrations), but is showing signs of recovery. For 2018, the Italian research institute for the automotive market, Centro Studi Promotor, expects the threshold of 2 million vehicle registrations to be exceeded. This growth is set to continue in 2019, with approximately 2.2 million registrations. [30]

The automotive markets in the Benelux region, by contrast to Italy, have proved relatively consistent in volume over the past ten years. Belgium reported 1.3 % year-on-year growth with 546,558 new registrations (2016: 539,519).[31] The Netherlands reported 414,538 new registrations in the year 2017, up 8.4 % compared with the previous year. The used car market grew by 0.1 % in the year 2017 compared with 2016, with around 1.8 million vehicles changing owners in 2017.[32]

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 significant growth in external revenues of 8.5 % to EUR 479.8 million in the 2017 financial year. This growth is primarily attributable to better monetisation of the existing dealer base as well as the further advancing penetration of visibility products at AS24, better addressing of target groups (programmatic advertising) with our advertising offerings and the improved and expanded offering of services for consumers and related monetisation along the entire real estate purchasing and rental process.

The monetisation Initiatives in the area of services across the entire real estate selling and rental process, driven by Scout24 Consumer Services, was further improved and expanded. In the advertising sales area, Scout24 managed to increase its reach as a digital marketer.[33] Overall, on the back of its broad offering, tailored to users' needs, Scout24 managed to cement its position as a market network around real estate and automotive 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 2017 was up by 12.6 % to EUR 252.8 million, representing a 52.7 % margin compared with 50.8 % in the full 2016 year.

Capital expenditure amounted to EUR 22.8 million in 2017, above the previous year's level (2016: EUR 19.5 million). Year-on-year and compared to the outlook given in 2016, the increase in investments reflects a higher level of capitalisation of internally generated assets in combination with more capitalised working hours due to higher underlying internal hourly work rates driven by increased product development for the IS24 and AS24 platforms. As a percentage of revenues, the investment ratio remained largely stable at 4.8 % compared to 4.4 % in the previous year.

[29] Automobile Club d'Italia, figure for 2016, 2016 statistical annual
[30] Automoto.it, December 2017
[31] FEBIAC, Immatriculations de véhicules neufs décembre 2017, January 2018
[32] VWE Automotive, January 2018
[33] AGOF Digital Facts, 03-2017

The cash contribution, defined as ordinary operating EBITDA less capital expenditure, rose by EUR 25.0 million year-on-year to reach EUR 230.0 million in the 2017 financial year (2016: EUR 205.0 million). The cash conversion rate[34], based on ordinary operating EBITDA, was 91.0 % compared to 91.3 % in the previous year's period.

› Cash and cash equivalents amounted to EUR 56.7 million as of 31 December 2017 (31 December 2016: EUR 43.4 million). Net financial debt[35] stood at EUR 560.9 million, compared with EUR 633.9 million as of 31 December 2016. This is mainly due to the repayment during the 2017 financial year of a total of EUR 60.0 million of financial liabilities on the existing syndicated loan.

The figures that have been presented lie fully within the range of the forecast published in the 2016 annual report. Revenue growth of 8.5 % was in line with expectations (growth in the high single-digit percentage range) and the ordinary operating EBITDA margin of 52.7 % in 2017 was ahead of expectations (increase of one percentage point compared with 50.8 % in 2016). Non-operating costs totalled EUR 20.0 million, and are above the targeted level (approximately EUR 14.5 million). This is mainly attributable to non-plannable costs relating to M&A activities as well as higher reorganisation costs. The investments totalling EUR 22.8 million were above the level forecast in the 2016 annual report, which assumed investments would be at approximately the same level as in the 2016 financial year (EUR 19.5 million).

Segment trends

To evaluate operating performance, the Scout24 management focuses on core operations, comprising IS24, AS24 and Corporate, and in so doing uses revenues, the ordinary operating EBITDA margin as well as other key performance indicators to measure corporate performance, 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.

[34] The cash conversion rate is defined as ordinary operating EBITDA less capital expenditure in relation to ordinary operating EBITDA.
[35] Net financial debt is defined as the sum of current and non-current financial liabilities less cash and cash equivalents.

ImmobilienScout24 (IS24)

Key performance indicators

(EUR million)	Q4 2017*	Q4 2016*	+/-	FY 2017	FY 2016	+/-
Revenues from core agents (Germany)	41.0	39.7	3.3 %	159.8	156.9	1.8 %
Revenues from other agents	9.0	9.1	(1.1) %	36.0	35.4	1.7 %
Other revenues	26.6	24.3	9.5 %	103.0	92.4	11.5 %
Total external revenues	**76.7**	**73.1**	**4.9 %**	**298.8**	**284.6**	**5.0 %**
Ordinary operating EBITDA	**46.9**	**45.7**	**2.6 %**	**185.7**	**179.2**	**3.6 %**
Ordinary operating EBITDA – margin %	**61.2 %**	**62.5 %**	**(1.3)pp**	**62.2 %**	**63.0 %**	**(0.8)pp**
EBITDA	**43.5**	**42.3**	**2.8 %**	**172.3**	**162.6**	**6.0 %**
Capital expenditure	**4.3**	**3.4**	**26.5 %**	**14.2**	**11.1**	**27.9 %**
Core agents (number at end of period)	**17,507**	**17,411**	**0.6 %**	**17,507**	**17,411**	**0.6 %**
Core agents (average number during period)	**17,369**	**17,390**	**(0.1) %**	**17,459**	**18,383**	**(5.0) %**
Core agent ARPU (EUR/month)	**787**	**762**	**3.3 %**	**763**	**711**	**7.3 %**
Unique monthly visitors (UMV)[36] (desktop only, in millions)	**5.8**	**5.1**	**14 %**	**5.9**	**6.4**	**(8) %**
Unique monthly visitors (UMV)[37] (Multiplatform, in millions)	**12.5**	**10.3**	**21 %**	**12.7**	**11.9**	**7 %**

* unaudited

External revenues in the IS24 segment grew by 5.0 % to EUR 298.8 million in the reporting period compared with EUR 284.6 million in 2016. Revenue growth was thereby in the range of expectations communicated in the 2016 annual report (growth in the mid single-digit percentage range). As in the previous year, the largest revenue share is attributable to revenue from core agents, which was up by 1.8 % to EUR 159.8 million (2016: EUR 156.9 million). In Q4 2017, revenues with core agents continued to report sequential growth, compared with both the previous quarter (2.2 %) and the previous year's equivalent period (3.3 %). This revenue growth was driven by a 7.3 % increase in ARPU[38] to EUR 763 for the full 2017 year (2016: EUR 711) After a reduction in the first quarter of 2017 to 17,041 core agents from 17,411 core agents at the end of 2016, the number of core agents stabilised during 2017. A slight year-on-year increase to 17,507 was registered as of the end of 2017. The growth in core agent numbers, also taking agents leaving the market into consideration, lies slightly above expectations (largely stable trend), reflecting lower churn rates, as well as high customer regain and new acquisition rates. A better monetisation of our customer base could only partly offset the counter-effect on ARPU growth, deriving from comparably high customer regain and new customer acquisition of core agents with a comparatively lower ARPU. Accordingly, this effect slowed the dynamic of year-on-year ARPU growth, which thereby came

[36] ComScore 2017, average for the respective period
[37] ComScore 2017, average for the respective period and for 2016 respectively. Average for the period from January to May 2016 and October to December 2016. 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.
[38] ARPU: Average revenue per user per month, calculated by the revenues generated with core dealers in the respective period 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

in only at the lower end of expectations (growth in the high single-digit to low double-digit percentage range). The migration of our customers to the membership model concluded in December 2017 due to the expiry of older contractual models at the end of 2017.

Revenues from other agents grew 1.7 % year-on-year to EUR 36.0 million (2016: EUR 35.4 million). Growth lies within the forecast communicated in the 2016 annual report (growth in the low single-digit percentage range).

The monetisation of initiatives in the services for users along the entire real estate selling and rental process, driven by Scout24 Consumer Services, contributed primarily to the 11.5 % growth in other revenues to EUR 103.0 million in 2017 (2016: EUR 92.4 million). Growth in other revenues consequently fully corresponds to expectations of growth in the low teens percentage range.

IS24 further expanded its market position during the financial year elapsed. 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 2017 (around 445 thousand listings as of December 2017 compared with approximately 466 thousand listings in December 2016), although market share was expanded.[39] The number of listings compared with the next competitor was raised from 1.6 times in 2016 to 1.8 times in 2017.[40]

Based on extensive content offering, IS24 was able to maintain its leading position in terms of consumer traffic and engagement with an average of 530 million minutes' monthly time spent in 2017 (desktop and mobile, 2.6 times compared to its closest competitor).[41] The average number of sessions per month on the website amounted to 81 million[42] in 2017 (2016: 72 million) and grew respectively by 13% whereas – driven by our "mobile-first" approach – the average number of sessions via mobile devices was up by 20%. The average number of visits via mobile devices meanwhile account for 74 % of total sessions (69 % in 2016).

Based on the positive revenue development ordinary operating EBITDA increased by 3.6 % to EUR 185.7 million in the 2017 financial year compared to the previous year (2016: EUR 179.2 million). The cost base increased at a slightly faster rate than the sales revenue growth rate in 2017 due to initiatives in the product development and product marketing. The ordinary operating EBITDA margin of 62.2 % is consequently slightly below the previous year's level (2016: 63.0 %). It is nevertheless slightly above the expectations communicated in the annual report 2016 as well as then specified in the2017 half-year report (ordinary operating EBITDA margin slightly lower or at a comparable level to the previous year, but at least 61.5 %).

Capital expenditure stood at EUR 14.2 million in the reporting period compared with EUR 11.1 million in the equivalent period of 2016. The main reason for the increase was a higher level of capitalisation of internally generated assets deriving from a combination of the higher underlying hourly work rates and more capitalised working hours as well as higher capitalised hours of external service providers.

[39] Management estimates

[40] Management estimates

[41] ComScore 2017, average for the relevant period and for 2016 respectively. Average for the period from January to June 2016 and November to December 2016. 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.

[42] 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).

AutoScout24 (AS24)

Key performance indicators

(EUR million)	Q4 2017*	Q4 2016*	+/-	FY 2017	FY 2016	+/-
Revenues from core dealers (Germany)	17.4	15.2	14.5 %	66.1	55.8	18.5 %
Revenues from core dealers (Benelux/Italy)	15.2	12.7	19.7 %	58.0	48.9	18.6 %
Revenues from other dealers	4.5	3.5	28.6 %	15.0	13.6	10.3 %
Other revenues	11.1	10.1	9.9 %	36.0	33.6	7.1 %
Total external revenues	**48.2**	**41.5**	**16.1 %**	**175.1**	**152.0**	**15.2 %**
Ordinary operating EBITDA	**23.9**	**16.7**	**43.1 %**	**85.9**	**64.2**	**33.8 %**
Ordinary operating EBITDA – margin %	**49.5 %**	**40.2 %**	**9.3pp**	**49.1%**	**42.2 %**	**6.9pp**
EBITDA	**20.6**	**14.1**	**46.1 %**	**76.1**	**55.9**	**36.1 %**
Capital expenditure	**2.2**	**1.7**	**29.4 %**	**7.5**	**7.3**	**2.7 %**
Germany						
Core dealers (number at end of period)	**26,209**	**24,421**	**7.3 %**	**26,209**	**24,421**	**7.3 %**
Core dealers (average number during period)	**26,183**	**24,351**	**7.5 %**	**25,315**	**23,360**	**8.4 %**
Core dealer ARPU (EUR/month)	**221**	**208**	**6.3 %**	**217**	**199**	**9.0 %**
Unique monthly visitors (UMV)[43] (desktop only, in millions)	**3.0**	**3.0**	**0.0 %**	**3.1**	**3.7**	**(16.2) %**
Unique monthly visitors (UMV)[44] (Multiplatform, in millions)	**6.3**	**5.3**	**18.9 %**	**6.4**	**6.1**	**4.9 %**
Benelux/Italy						
Core dealers (number at end of period)	**18,892**	**18,747**	**0.8 %**	**18,892**	**18,747**	**0.8 %**
Core dealers (average number during period)	**18,859**	**18,623**	**1.3 %**	**18,820**	**18,097**	**4.0 %**
Core dealer ARPU (EUR/month)	**268**	**228**	**17.5 %**	**257**	**225**	**14.2 %**
Unique monthly visitors (UMV)[45] (desktop only, in millions)	**2.5**	**2.5**	**0.0 %**	**2.5**	**2.8**	**(10.7) %**

* unaudited

[43] ComScore 2017, average for the respective period
[44] ComScore 2017, average for the respective period
[45] ComScore 2017, average for the respective period, Management estimates for region Luxembourg based on ComScore Data.

External revenues in the AS24 segment report a strong growth track with a 15.2 % increase to EUR 175.1 million in the 2017 financial year, compared with EUR 152.0 million in the 2016 financial year. This growth lies fully within the forecast formulated in the 2016 annual report, which assumed growth in the mid-teens percentage range. The dynamic development primarily reflects a strong increase in sales revenues of core dealers in Germany, which were up by 18.5 % to EUR 66.1 million (expected: mid-teens percentage range), and in Benelux/Italy, which grew by 18.6 % to EUR 58.0 million (expected: mid-teens percentage range). Better monetisation of the existing dealer base and related strong ARPU growth (average revenue per core dealer per month) comprised the main driver of this growth. This uplift in ARPU is attributable to price increases that have been implemented for basic contracts as well as rising penetration of visibility products. In the core dealers Germany area, ARPU increased by 9.0 % to EUR 217 in comparison with the full 2016 year (EUR 199). The number of core dealers in Germany also rose considerably during the course of the year, despite high market penetration and contrary to expectations, increasing by 7.3 % to 26,209 as of 31 December 2017 (31 December 2016: 24,421). ARPU in the area of core dealers in Benelux/Italy grew faster than in Germany at 14.2 %, with ARPU for the full 2017 year amounting to EUR 257, compared with EUR 225 in the full 2016 year. The number of core dealers in Benelux/Italy rose by 0.8 % to 18,892 as of 31 December 2017.

Revenues from other dealers (EUR 15.0 million compared with EUR 13.6 million in 2016), reporting 10.3 % growth, lay at the lower end of the forecast issued in the 2016 annual report (growth in the low teens percentage range). Gebrauchtwagen.at, which was acquired in August 2017, contributed EUR 1.0 million to revenues at AS24, attributable to revenues from other dealers. Adjusted for the consolidation effect, revenues from other dealers were up by 3.0%, with external revenue growing 14.5 % year-on-year. Other revenues of EUR 36.0 million (2016: EUR 33.6 million) performed less dynamically over the course of the year with 7.1 % growth, mainly reflecting trends in the display advertising area. This is chiefly due to the generally lower ordering volume by media agencies for OEM display advertising following the emissions scandal. As a consequence, the trend in other revenues in 2017 was below the expectations published in the 2016 annual report, which assumed growth in the low teens percentage range.

In 2017, AS24 recorded in Germany its listing inventory at a constantly high level of more than one million listings per month, with 1,180 thousand listings on average (compared with 1,243 thousand listings in the January to December 2016 period). The position as the number two in the market was thus successfully maintained. Moreover, AS24 successfully defended its market leadership based on numbers of listings in Belgium (including Luxembourg), the Netherlands and Italy, and significantly expanded its market position in Austria.[46] Driven by mobile functionality enhancements, mobile sessions in Germany increased to 65% of total sessions up on a year-average basis in 2017. In 2016, sessions via mobile devices averaged 63% 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 63 % to 70 % over the same period.[47]

The positive revenue trend and a disproportionately lower growth in costs compared with revenue growth is reflected in the ordinary operating EBITDA, which was up 33.8 % to EUR 85.9 million. The ordinary operating EBITDA margin rose by 6.9 percentage points to 49.1 %. The forecast from the 2016 annual report was also thereby exceeded (increase of at least five percentage points in the ordinary operating EBITDA margin).

[46] Autobiz, December 2017

[47] Management estimates, based on sessions on the AS24 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).

Capital expenditure amounted to EUR 7.5 million in the 2017 financial year, compared with EUR 7.3 million in the equivalent period. The main reason for the increase was a higher level of capitalisation of internally generated assets by EUR 0.4 million deriving from a combination of the higher underlying hourly work rates and more capitalised working hours as well as higher capitalised hours of external service providers.

Corporate

As expected, external revenues continued to decrease in the 2017 financial year (EUR 0.6 million compared with EUR 1.3 million in 2016). Ordinary operating EBITDA adjusted for the management fee was a negative EUR 19.5 million in the 2017 financial year, compared to EUR negative18.7 million in the full 2016 year. The expected cost increase is due to the continuation of the "OneScout24" approach and related greater bundling of Group-wide functions in the Corporate segment.

Group financial position and performance

Modification of the reporting structure

The following change has been implemented compared with the 2016 annual report: to enhance transparency, a reclassification from other operating expenses to IT expenses was realised as of 1 January 2017. Reclassifications between individual items of other operating expenses were also implemented. The aforementioned reclassifications comprise 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 2017 financial year, reporting revenues up EUR 37.6 million, or 8.5 %, to EUR 479.8 million compared with the 2016 financial year (EUR 442.1 million), driven mainly by the strong performance of AutoScout24 (AS24) and initiatives around monetisation of service offerings for consumers under the Scout24 Consumer Services umbrella. The new acquisition of Gebrauchtwagen.at contributed EUR 1.0 million to revenue in the 2017 financial year. Adjusted for acquisitions, revenues in the 2017 financial year were up 8.3 % compared to the full 2016 year.

Capitalised development costs increased by EUR 3.4 million to EUR 15.1 million in the 2017 financial year on the back of a combination of the higher underlying hourly work rates and driven by increased product development activity.

Other operating income of EUR 1.1 million in the 2017 financial year was below the previous year's level (EUR 2.6 million). This is mainly attributable to income derived from passing costs on to third parties.

Personnel expenses (including EUR 14.0 million of non-operating effects) increased by EUR 4.9 million, or 4.4 %, to EUR 116.9 million (2016: EUR 112.0 million including EUR 15.3 million of non-operating effects), thereby exceeding the growth rate of average number of employees (3.0 % growth); this chiefly reflects standard market adjustments to salaries.

Thanks to the operating leverage, advertising expenses, which reported a 6.9 % increase to EUR 54.1 million in 2017, and IT expenses, which registered a 5.0 % rise (EUR 17.0 million), increased at a slower rate than the rate of revenue growth (2016: EUR 50.6 million and EUR 16.2 million respectively).[48]

[48] The following change has been implemented compared with the 2016 annual report: to enhance transparency, a reclassification from other operating expenses

Other operating expenses rose by EUR 4.3 million compared with the 2016 financial year, or by 6.1 %, to EUR 75.1 million (2016: EUR 70.8 million). This is chiefly attributable to expenses for third-party service providers for product development area as well as other areas and other personnel-related costs.[49]

As a result of the aforementioned developments, operating earnings before interest, tax, depreciation and amortisation (EBITDA) grew by 12.6 % to EUR 232.8 million in the reporting period (2016: EUR 206.8 million).

EBITDA includes EUR 20.0 million of non-operating costs (previous year: EUR 17.8 million). These are mainly attributable to non-plannable costs in the context of M&A activities as well as higher expenses for the implemented reorganisation measures. Personnel expenses comprise chiefly EUR 7.6 million of expenses in connection with reorganisation measures as well as EUR 3.2 million from › share-based compensation deriving from the management equity programs (2014 and 2015 programs, previous year: EUR 4.1 million) and EUR 3.0 million of performance-based remuneration from share purchase agreements (previous year: EUR 2.8 million). Ordinary operating EBITDA grew accordingly by 12.6 % to EUR 252.8 million in the reporting period, compared with EUR 224.5 million in 2016.

The reconciliation to operating EBITDA is as follows:

Reconciliation account for ordinary operating EBITDA

Group (EUR million)	FY 2017	FY 2016
Ordinary operating EBITDA	**252.8**	**224.5**
Non-operating costs	-20.0	-17.8
of which personnel expenses	-14.0	-15.3
of which attributable to M&A transactions	-4.2	-3.3
of which other non-operating costs	-1.8	0.8
EBITDA	**232.8**	**206.8**

to IT expenses was realised as of 1 January 2017. Reclassifica-tions between individual items of other operating expenses were also implemented. The aforementioned reclas-sifications comprise 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.

[49] See footnote (15)

IS24 (EUR million)	FY 2017	FY 2016
Ordinary operating EBITDA	**185.7**	**179.2**
Non-operating costs	-13.4	-16.6
of which personnel expenses	-4.7	-9.6
of which attributable to M&A transactions	0.0	-0.1
of which other non-operating costs	-2.0	0.7
of which management fee[50]	-6.7	-7.5
EBITDA	**172.3**	**162.6**

AS24 (EUR million)	FY 2017	FY 2016
Ordinary operating EBITDA	**85.9**	**64.2**
Non-operating costs	-9.8	-8.3
of which personnel expenses	-2.0	-1.5
of which attributable to M&A transactions	-2.4	-2.4
of which other non-operating costs	-1.5	-0.3
of which management fee[51]	-3.8	-4.1
EBITDA	**76.1**	**55.9**

Depreciation, amortisation and impairment losses amounted to EUR 56.8 million, of which EUR 38.2 million was attributable to intangible assets arising from purchase price allocations (2016: EUR 65.5 million and EUR 49.6 million respectively).

The net financial expense amounted to EUR 10.4 million in the 2017 financial year, compared with EUR 42.8 million in the 2016 financial year. This is mainly attributable to the low interest rates due to the refinancing in December 2016 and the advancing deleveraging and related reduction in financial expense (2017: EUR 14.2 million, 2016: EUR 45.9 million). The net interest expense that is included in the financial expense amounted to EUR 11.8 million in the 2017 financial year (2016: EUR 45.8 million), representing a significant year-on-year reduction. The net interest expense includes EUR 1.9 million of expenses arising from a discount for the new facility agreement, as well as EUR 1.9 million of income of reimbursed default interest payments on a tax liability. In 2016, the financial expense was burdened by the amortisation of transaction costs in an amount of EUR 17.0 million.

Income tax expenses totalled EUR 54.6 million in the 2017 financial year, equivalent to a 33.0 % effective tax rate, compared with EUR 31.6 million of tax expenses in the 2016 financial year. Income tax expenses included offsetting effects from deferred tax income amounting to EUR 7.1 million, largely attributable to the amortisation

[50,51] The Corporate segment invoices IS24 and AS24 for a management fee to cover certain management services. 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.

of assets deriving from purchase price allocations. Deferred tax income totalled EUR 11.2 million in the 2016 financial year.

In consequence, Scout24 reported EUR 110.9 million of consolidated earnings after tax, which is attributable to the shareholders, for the 2017 financial year. This generates EUR 1.03 of earnings per share (2016: 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 monthly rolling liquidity planning, the Group's financial flexibility and solvency is ensured at all times. The cash pooling procedure is additionally used for all relevant Group companies.

For the first time after the IPO, in 2017 Scout24 AG distributed to its shareholders a dividend of EUR 0.30 per ordinary share for the 2016 financial year. Its current dividend policy envisages shareholders continuing to participate in the Group's financial success and performance. For 2017, the Management Board proposes to the Supervisory Board to pay out a dividend of EUR 0.56 per dividend-entitled share. This corresponds to a total distribution of EUR 60.3 million. Based on the share price as of 29 December 2017, this corresponds to a dividend yield of 1.6 %.

Capital resources and financing structure

Scout24 AG refinanced itself as of the end of the 2016 financial year. In consequence, as part of a new syndicated lending agreement (facility agreement, hereinafter abbreviated as the "FA"), Scout24 AG had access to a lending facility totalling EUR 800.0 million at the start of 2017, consisting of a EUR 600.0 million term loan and a revolving credit facility of EUR 200.0 million. After making a mandatory repayment of EUR 30.0 million, the remaining liability on the term loan amounts to EUR 570.0 million as of 31 December 2017. An amount of EUR 50.0 million had been drawn from the revolving credit facility as of 31 December 2017, following a EUR 30.0 million repayment at the year-end. A minimum of EUR 30.0 million of the term loan is to be paid down every year until the loan matures on 29 December 2021, with the remaining amount being due at maturity. The revolving credit facility is due at maturity, the disclosure of the revolving credit line drawn being either in the current or non-current liabilities based on an assessment of the repayment date.

The interest rate for the facilities drawn under the syndicated loan is based on EURIBOR plus an interest margin tied to gearing. The new FA enabled interest margins to be reduced significantly, with the highest interest margin now standing at 2.0 % (before the refinancing: 4.25 %). EURIBOR is limited to 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. As of 31 December 2017 the covenant was complied with in the reporting period, with an achieved leverage ratio of 2.22:1 resulting in an EBITDA headroom amounting to 40.9 % at 31 December 2017.

Failure to comply with the covenant will result in breach of contract and will result in the immediate expiration of the outstanding credit amount. However, failure to comply with the approved capital of up to 10% of the share capital in the calculation of the covenant or an actual capital increase and the corresponding use of the proceeds of the repayment until the compliance with the covenant is guaranteed can be remedied. This procedure is applicable up to twice during the repayment term.

Debt was reduced further over the course of 2017 on account of the good cash conversion rate[52]. In total, an amount of EUR 60.0 million was repaid on the overall lending facility, comprising an early redemption payment of EUR 30.0 million in August on the term loan and a further voluntary redemption payment of EUR 30.0 million on the revolving credit facility in December 2017.

The Scout24 Management Board plans to further reduce the leverage ratio over the course of time, aiming for a target range for the leverage ratio (ratio of net debt to ordinary operating EBITDA for the past 12 months) of 1.5:1 to 1.0:1.

Along with the liquid assets position of EUR 56.7 million (31 December 2016: EUR 43.4 million), the Group also has liquidity from the aforementioned revolving credit facility of EUR 150 million, which was not drawn as of 31 December 2017. For guarantee facilities, besides the FA a further lending agreement of EUR 0.4 million exists.

To the end of optimising the financing structure and taking advantage of favourable conditions on the financial markets, Scout24 plans to refinance a part of the FA through a Schuldschein. For further details go to the › subsequent events section (Notes, section 5.10).

As of the balance sheet date, › off-balance sheet liabilities totalled EUR 48.4 million, including EUR 15.2 million with a term of one year, EUR 21.0 million with a term between one and five years, and EUR 12.2 million with a term of more than five years. As of 31 December 2016, off-balance sheet liabilities amounted to EUR 30.2 million. The increase arises mainly from the utilisation of new guarantee lines by Scout24 AG to secure a new rental contract.

Liquidity and investment analysis

Scout24 generated EUR 164.2 million of cash flow from operating activities in the 2017 financial year, an increase of 6.0 % compared with EUR 154.9 million in the 2016 financial year. This mainly reflects EBITDA growth. Offsetting effects included cash outflows for income tax payments of EUR 66.1 million relating to the 2017 financial year as well as the previous year.

The negative cash flow from investing activities of EUR -43.5 million derives predominantly from EUR 22.8 million of investments in assets as well as the EUR 22.5 million acquisition of the company Gebrauchtwagen.at. Capital expenditure comprises EUR 20.0 million of investments in intangible assets and EUR 2.8 million of investments in property, plant and equipment. The investments in intangible assets include mainly the capitalisation of own and third-party development work, whereby a significant proportion is attributable to investments in internally generated assets arising from product development for the IS24 and AS24 platforms.

Cash flow from financing activities amounted to EUR -107.5 million in the reporting period. This includes repayments on the existing syndicated lending agreement totalling EUR 60.0 million, the payout of the first dividend to the shareholders after the IPO in a total amount of EUR 32.3 million for the 2016 financial year, and EUR 13.7 million of interest payments.

In total, cash and cash equivalents available in the 2017 financial year increased by EUR 13.2 million to EUR 56.7 million as of 31 December 2017, from EUR 43.4 million on 31 December 2016.

During the course of financial year 2017, Scout24 had enough liquid assets at its disposal to meet all due financial liabilities.

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

Net assets

The Group's consolidated total assets as of 31 December 2017 of EUR 2,140.5 million were almost unchanged compared to the previous financial year-end (31 December 2016: EUR 2,130.9 million).

Non-current assets reduced by EUR 9.5 million EUR 2,025.2 million (31 December 2016: EUR 2,034.7 million). This chiefly reflects a reduction in other intangible assets of 13.2 %, or EUR 28.7 million, to EUR 188.9 million through amortisation from purchase price allocations. This was offset by a EUR 20.4 million rise in goodwill, solely reflecting the acquisition of the company Gebrauchtwagen.at.

Current assets increased from EUR 96.2 million to EUR 115.3 million, chiefly due to the higher cash position of EUR 56.7 million on 31 December 2017 compared with EUR 43.4 million on 31 December 2016.

Current liabilities rose by EUR 46.9 million to EUR 159.2 million in the reporting period, compared with EUR 112.3 million in the previous year, primarily reflecting the reclassification to current liabilities of EUR 50.0 million drawn down from the revolving credit line.

Non-current liabilities reduced by EUR 112.0 million to EUR 915.8 million as of 31 December 2017 (31 December 2016: EUR 1,027.8 million). This is predominantly attributable to the repayment of EUR 30,0 million on the existing credit facility, the disclosure of the mandatory repayment for 2018 of EUR 30,0 million in the current liabilities as well as the disclosure of the amount drawn on the revolving credit line (EUR 50.0 million) in the current liabilities due to a re-assessment of the time of repayment compared to the previous year as well as a repayment towards the drawn revolving credit facility in 2017. 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 990.8 million to EUR 1,065.5 million. Correspondingly, the equity ratio now stands at 49.8 % as of 31 December 2017 compared with 46.5 % as of 31 December 2016.

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 managing social diversity among all its employees, is of great importance to Scout24. Scout24 stands for a respectful corporate culture where open and unprejudiced interaction forms a central aspect. Individuals with highly differing beliefs, cultural and career backgrounds, skills and views work for Scout24. 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 2017, Scout24 employed 1,244 full-time equivalent employees ("FTEs"), compared to 1,135 FTE as of 31 December 2016, excluding trainees, apprentices, short-term employees, interns, temporary agency employees and freelancers.

The following tables show the number of FTEs – including members of the Management Board and the management – as of 31 December 2017, as well as of 31 December 2016, presented by segment and region:

FTEs (end of period)	31/12/2017	31/12/2016
Group	1,244	1,135
IS24	656	653
AS24	367	378
Corporate	222	95
Other	0	9

FTEs (end of period)	31/12/2017	31/12/2016
Group	1,244	1,135
Germany	1,086	994
Abroad	158	141

Overall statement on financial position and performance

With overall very positive business development and growth during the reporting period, the Scout24 Group has 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 2017 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[53], 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.

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

Risks and opportunities

The Scout24 Group regularly faces 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. A going concern 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 on these trading platforms. We are positioned well, both operationally 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, and overall risk is manageable. Compared to the reporting period as of 31 December 2016, no (fundamental) change has occurred to overall risk. No identifiable risks currently exist that either individually or together would lead to a significant or 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 reflects 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 to the internal control system ("ICS"), which is also based on the COSO framework. This integrated approach helps the Company to 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, according to quantitative parameters, likelihood of occurrence and the potential financial impact, to the extent possible.

Our opportunity management is primarily oriented to identifying relevant market trends with value creation potential along our offering of products and services for our users and customers. Opportunities are measured based on their probability of being realised and their potential positive effect according to qualitative parameters.

The objective of the risk and opportunity management function 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 regard are the requirements for the risk management and compliance management systems for capital market-oriented companies.

Principles of risk and opportunity management of 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 Company value.

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

Scout24 evaluates 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, such that the opportunities and risks for the Scout24 Group are assessed on a quarterly basis.

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:

- Processes 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 regard to accounting-related IT systems, dual control system, and segregation of duties).
- Standardised and documented financial bookkeeping processes.
- Group-wide accounting requirements in the form of 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 and compliance in this context. These standards are set out in the Scout24 Group Governance, Risk & Compliance Handbook (GRC Handbook) and are put into effect by the Management Board. The here defined core GRC process– 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 additionally 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 concept newly introduced in the previous 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 arwarded in the category "Outstanding Initiative for Security Training" by the "Outstanding Security Performance Awards" (OSPAs). The Scout24 Group thereby operates a system of rules, processes including preventative trainings, and internal controls, with whose help potential deficits within the Company are identified at an early stage, allowing them to be minimised through corresponding measures.

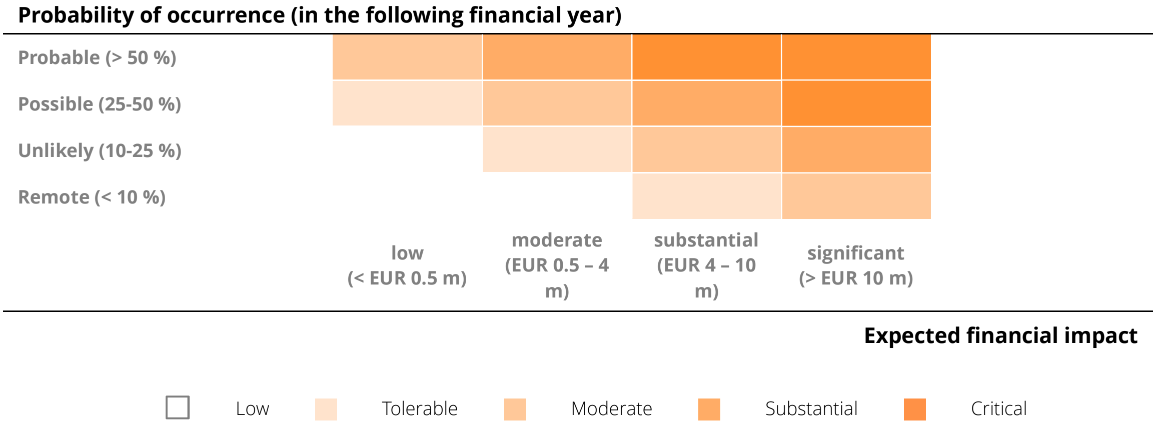
Development of the risk assessment

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 through 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 2018 financial year.

The risk assessment is performed taking into consideration the anticipated effects on the results of operations, financial position and net assets of the Group, as well as estimated probabilities of occurrence as "unlikely", "tolerable", "moderate", "substantial" or "critical". The 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 stress 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 one 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. Conversely, the net appraisal takes into account risk management measures that have been put in place. 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 weighted likelihood of occurrence 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 is also a part of the risk evaluation. Opportunities are not included in the measurement, but are covered as part of the planning account.

The last step consists of the risk management. Given the existence of certain risk indicators in relation to the defined materiality thresholds, counter-measures are developed and launched. The defined measures and risks are updated in the course of interim reporting to management.

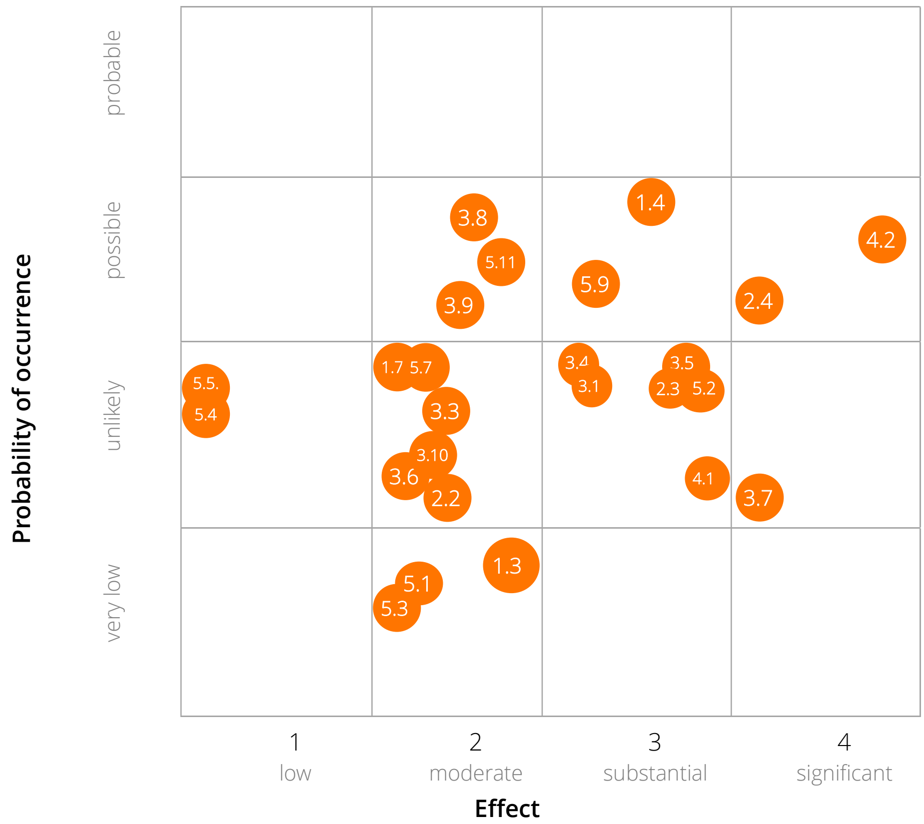
Decentralised risk managers in the various corporate units are responsible for risk recording and reporting. The managers categorise the risks according to a company-wide valid catalogue and document their results on a quarterly basis – or on an ad hoc basis – in a database.

Overall risk situation, risk clusters and risk fields

The overall risk situation (net) is determined by assessing the risk fields 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	very low	↓	moderate	↑	↓
1.4	Competition & market	possible	↓	substantial	↙↗	↓
1.5	Suppliers	very low	=	low	↙↗	=
1.6	Labour market	very low	=	low	=	=
1.7	General public	unlikely	↑	moderate	↑	↑
2	**Financial risks**					
2.1	Organisation & quality, financial accounting	very low	↑	low	↑	↑
2.2	Financial management	unlikely	↙↗	moderate	↙↗	=
2.3	Financial figures	unlikely	↓	substantial	↑	↙↗
2.4	Financial accounting	possible	=	significant	↙↗	=
3	**Operational risks**					
3.1	Human resources	unlikely	↙↗	substantial	↙↗	=
3.2	Advertising and brand	Very low	↓	low	↓	↓
3.3	Service providers, other business partners	unlikely	↙↗	moderate	↙↗	=
3.4	Customers	unlikely	↙↗	substantial	↙↗	=
3.5	Management & administration	unlikely	↑	substantial	↙↗	=
3.6	Purchasing	unlikely	↑	moderate	↑	↑
3.7	IT risks	unlikely	↓	significant	↑	↙↗
3.8	Project management	possible	↑	moderate	↑	↑
3.9	Product management & processes	possible	↙↗	moderate	↙↗	↑
3.10	Communication	unlikely	↙↗	moderate	↙↗	=
4	**Strategic risks**					
4.1	Strategic orientation	unlikely	↑	substantial	↓	↙↗
4.2	Sales, marketing & brand	possible	↑	significant	↙↗	=
5	**Compliance Risks**					
5.1	Code of Conduct	very low	↙↗	moderate	↑	↙↗
5.2	Data protection & data security	unlikely	↓	substantial	↓	↓
5.3	Corruption & fraud	very low	↙↗	moderate	↙↗	=
5.4	Law relating to resource offences	unlikely	↑	low	↓	↓
5.5	Competition law	unlikely	↑	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	↙↗	moderate	↓	↓

↓ Decrease ↑ Increase
= Unchanged ↙↗ Immaterial change



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

Risk clusters that from today's perspective could significantly affect the Scout24 Group's results of operation, financial position and net assets 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.

The EU General Data Protection Regulation (GDPR) will become effective on 25 May 2018 and will be valid across the entire European Union. Potential fines for offences will increase enormously, forming a risk that should not be underestimated. Significant infringements of these EU-wide regulations can entail fines of up to EUR 20 million in individual cases, or up to 4 % of total annual global revenue. The GDPR regulates the protection of natural persons in the processing of personal data.

As part of our operational activities, we receive and process the data of customers and users. Users of our platforms not only entrust us with their data necessary for registration, but also with information about their personal circumstances. The storage and processing of the data always takes place within the framework of legal requirements, and we protect all data and information against unauthorized access. We counteract the risks of data loss, unauthorized data transfer or use by securing the customer and user data entrusted to us with the latest technologies and security concepts, as well as corresponding internal regulations and processes. However, despite our extensive security measures, our data may be spied on, sold, deleted, published, or otherwise compromised by illegal access by criminals, both internally and externally.

Any change in Scout24's ability to use or share user and member information from their systems may influence our revenue performance. For example, the offering of value-added services such as real estate valuation would be hampered should the use of the data be prevented by law or regulation. Likewise, Scout24 relies on the use of e-mail and news services for marketing services. Limitations on contacting customers and users may therefore have a negative impact on business performance.

Due to the importance of data for our business model, we classify risks associated with data protection, and in particular data security, with the associated risks arising from violations of legal regulations, despite our extensive technical security measures, internal rules and processes as moderate (see table above, 5.2 Data Protection & Data Security.)

In addition to the aforementioned risks, the successful implementation of the new EU data protection requirements offers opportunities for revenue development and customer loyalty.

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 not being discussed anymore at the moment, but whether it can 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 bill on 31 August 2016 that should tighten the professional requirements for real estate agents and property managers, to ensure a common quality standard. The first draft of the bill foresaw a certification regime that agents and property managers would have to fulfil certain professional minimum requirements in form of a certificate of competency to be allowed to act in this area. In addition, professional liability insurance should be introduced for property managers. The Federal Government's bill was approved on 22 June 2017 in a version that was amended as recommended by the Economic Committee of the Federal Assembly. In doing so, the Bundestag extended the permission requirement for homeowners to the administrators of residential real estate (rental managers). However, the originally provided proof of qualification as a permit requirement for real estate agents and property managers was not included in the legislative procedure. Instead of the expert case law, the law now provides for a requirement of the traders to regular training measures. Residential property managers must also take out professional indemnity insurance. Whether this requirement subsequently affects the customer base and the number of advertisements of these customers at IS24 is still uncertain. In the unlikely event, this could have a negative impact on the sales of commercial customers, with which IS24 generates a large proportion of revenues.

In addition, properties sold and rented are subject to energy saving regulations that oblige sellers and landlords to issue an energy performance certificate. The requirements of such energy-saving regulations can be significantly tightened in the future, as was the case in 2014. Stricter regulation may have an impact on the volume of the advertisement, such as during the introduction of the energy-saving ordinance, which resulted in a temporary collapse 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 marketplaces 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.

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.

Compared with 2016, we have improved overall within this environment, according to our risk assessment. Despite new competitors entering the German market, we were able to hold and expand our market position thanks to our own successful product developments. In the real estate and automotive sector, examples include the launch of the Facebook classifieds platform "Marketplaces" and in the German online used car market also the start of the US-based platform CarGurus.de. CarGurus are already successfully established in the USA thanks to integrated vehicle evaluation, which we have set up as a first-mover in the German market on our AutoScout24 platform.

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 significant 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 2.0 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 unscheduled 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 continue to 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. In order to ensure the security and stability of our systems, we pursue the strategy of utilising highly available cloud service providers and running backups of all critical data and systems. 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, ensure protection against unauthorised access and external attacks. Our measures in the cyber security area are also supplemented by ongoing, intensive penetration tests conducted by IT security experts. Furthermore, in the financial year under review we launched a so-called "Bug Bounty"[54] program to award prizes to registered "White Hat" hackers[55] for the identification and notification of potential attack vectors. From this, we consistently derive new, risk-reducing measures to secure against unauthorised access both our platform as well as internal and external access to our business data.

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 awareness. 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 thanks to our intensive market research and detailed analysis.

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[54] Explanation of term: compensation paid for the detection of program bugs

[55] Explanation of term: ethical computer hackers

Compliance Risks

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 substantial.

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 expenditure accounted for a 31.6 % share in 2016, for example, and are expected to reach 39.8 % by 2020.[56] It is precisely this change that generates a significant growth potential for the Scout24 business models.

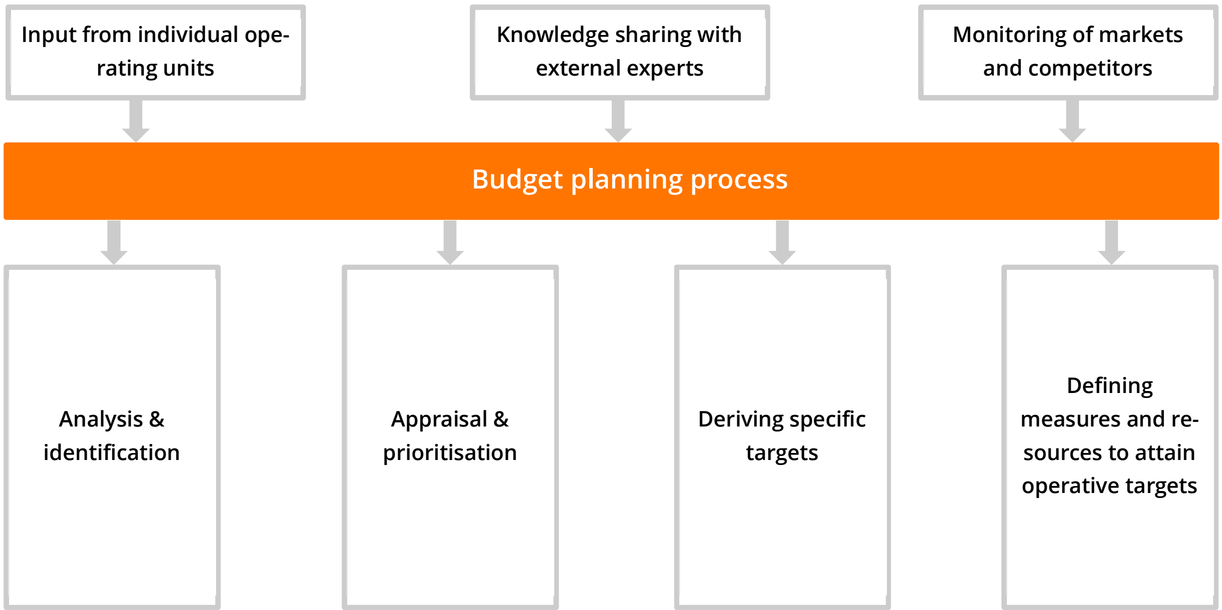
Through its high brand recognition and large number of users, the Scout24 Group has continued to achieve an excellent positioning in all significant business segments. For this reason, we see all Scout24 companies operating in the market continuing on a growth path overall.

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

Opportunities management

Our opportunity management forms part of our internal management system. The aim is to identify opportunities as early as possible and exploit them through appropriate measures. The management of opportunities is organised on a decentralised basis in the segments of the Scout24 Group and is supported by the Business Development & Strategy department. The department is in close contact with the segments' individual operating units and therefore retains a detailed overview of the business situation. Moreover, market and competitive analyses as well as the exchange of experience with external experts serve as important sources to identify growth opportunities for the Scout24 Group. The defined opportunities are recorded as part of the annual budget planning process. Thereby relevant growth options are prioritized, specific objectives derived, and measures and resources to achieve the operating targets are determined.

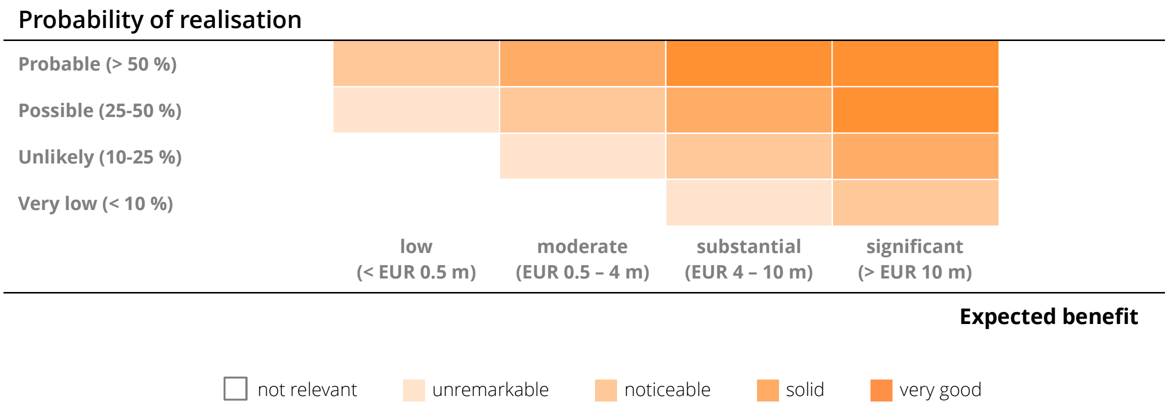
[56] ZenithOptimedia, Advertising Expenditure Forecasts, December 2017



Strategic opportunities of paramount importance – such as strategy adjustments or potential acquisitions and partnerships – are handled at Management Board level. This occurs as part of the annual budget process, in the case of current topics in the regularly scheduled meetings of the Executive Leadership Team, and where required when opportunities arise at short notice. For such topics, different opportunity-risk analyses are generally developed and submitted for decision-making.

Analogously to the risk management, the identification of opportunities forms the starting point for the opportunities management process. So called opportunity assessments are utilised for this purpose, which the Business Development & Strategy department updates and reports upon quarterly. Opportunities are assessed taking into consideration the expected benefit as well as an estimated probability of realisation. The time horizon for the assessment of opportunities amounts to approximately 2-3 years. The related quantification of opportunities primarily highlights the relevance of opportunities and occurs through a bandwidth assessment. By contrast with risk assessment, opportunities are evaluated based on qualitative characteristics. The following bandwidths have been determined for this purpose:

- Very good: Very beneficial opportunities support the successful further development of the Scout24 Group or its individual participating interests.
- Solid: Good opportunities exert a significant effect on reputation, the business model, liquidity, assets and results.
- Noticeable: Good opportunities exert a noticeable effect on reputation, the business model, liquidity, assets and results.
- Unremarkable: Minor opportunities have little effect on reputation, the business model, liquidity, assets and results.
- Not relevant: Very minor opportunities exert almost no effect on reputation, the business model, liquidity, assets and results.



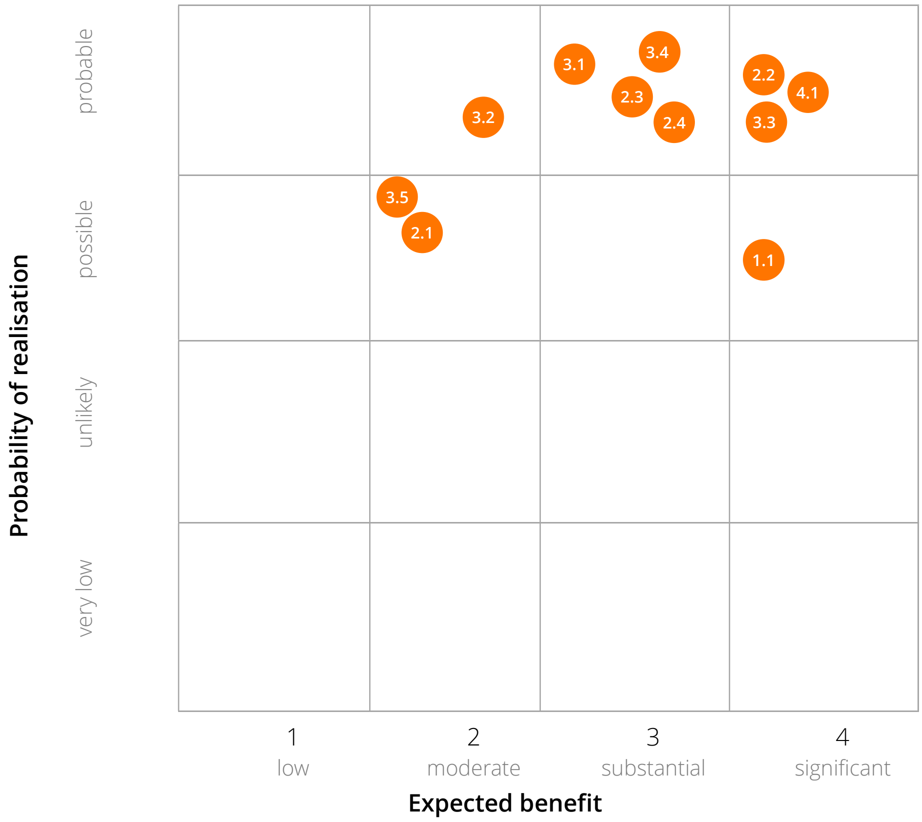
Opportunities are not measured according to the gross-net method, as with risk management. Measures to support or realise opportunities are not inventoried or reported upon separately.

Overall opportunity situation, opportunity clusters and opportunity areas

The year-on-year changes in the opportunity situation are as follows:

		Probability of occurrence	Quantitative effect	Change*
1	**Opportunities from changes in overall conditions**			
1.1	Higher share of wallet from ongoing shift from offline- to online marketing	possible	significant	unchanged
2	**Corporate strategy opportunities**			
2.1	Business-promoting partnerships	possible	moderate	new
2.2	Value enhancement from successful M&A transactions	probable	significant	new
2.3	Advantages for AS24 - foreign countries from participating in innovation within the OneScout- approach	probable	substantial	unchanged
2.4	Growing the sales of Scout24 marketplaces through overlapping of user interests	probable	substantial	unchanged
3	**Business performance opportunities**			
3.1	Stable business model with strong margins and high cash flow generation	probable	substantial	unchanged
3.2	Value enhancement through performance-improvement	probable	moderate	new
3.3	Expanding the IS24 and AS24 portals to include additional products and services	probable	significant	new
3.4	Improving the EBITDA margin at AS24 through centralising crucial business processes	probable	substantial	unchanged
3.5	Exceeding post-merger integration targets	possible	moderate	new
4	**Other opportunities**			
4.1	Further ARPU growth	probable	significant	unchanged

* compared to 2016



Opportunity clusters, which from today's perspective can exert a relevant beneficial effect on the development of the Scout24 Group or of its participating interests, are presented below. In this context, all opportunities that are included in the "very good" and "solid" fields in the underlying opportunity classification matrix are considered relevant. However, these are typically not the only opportunities we pursue operatively.

We assess the overall opportunity position as promising. The Scout24 Group identifies several opportunities over the coming years to successfully further develop the company.

Opportunities from changes in overall conditions

1.1 Higher share of wallet[57] from ongoing shift from offline- to online marketing

IS24 is the leading digital real estate classifieds platform in Germany in terms of number of real estate listings and customers[58] as well as consumer traffic and engagement.[59] AS24 is one of the leading digital marketplace for automotive in Europe (Management Estimate, based on the number of listings and the monthly individual visits). The expansion of the Internet in Germany and Europe significantly increased in the last ten years. The simultaneous development of several digital media and e-commerce websites as well as mobile apps, solidly an-

[57] Note: share of sales, share of our customers' advertising spend
[58] Management estimates
[59] Based on visitor numbers (Unique Monthly Visitors, "UMV") and user activity, comScore December 2017 (desktop PC for visitor numbers, desktop PC and mobile devices regarding user activity)

chored the use of the Internet in the consumers daily life. The platforms of Scout24 reach approximately 17 million visitors per month[60] and even today, almost 71 % of customers already use our services via mobile devices, as the services can be utilised across all devices.[61] Our own apps have already been downloaded more than 4.3 million times, which underscores the attractiveness of our platforms.[62]

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 advertising budgets (both with respect to classifieds as well as general advertising). The advantageous network effects in this sector should work in our favour, and we are convinced it will lead to a disproportionately high share of advertisements and visitors (measured by access numbers, reach and user engagement) on our marketplace. In the case of our commercial real estate providers as well as automotive dealers, especially regarding the larger ones, we see substantial potential to increase our share of their advertising expenditures ("share of wallet"). We appraise this opportunity as very good.

Corporate strategy opportunities

2.2 Value enhancement from successful M&A transactions

We believe we can create new value through relevant acquisitions. In this context, when identifying and agreeing new M&A transactions, we set particular store on supporting growth in our core business as well as along the value chain of the entire real estate purchasing and rental process, or of the automotive market.

In relevant transactions, significant added value for the core business of Scout24 lies in strengthening the key operating performance figures for the business area (listings and traffic, as well as revenue and ordinary operating EBITDA-margin contribution). Through targeted transactions, such as the acquisition of the portals AutoTrader.nl in the Netherlands or Gebrauchtwagen.at in Austria, we can create an improved and greater offering for our users and also offer our customers more reach.

In the activities of the Scout24 Consumer Services area, which bundles the competencies around services along the value chains of real estate and automotive, substantial opportunities can also arise from the possibility to offer additional products and solutions to our portals' users, which can exert a positive effect on various key operative performance indicators (such as the number of Unique Monthly Visitors, or, in the case of fee-based offers, also in the form of revenue contribution).

We appraise this opportunity as very good.

2.3 Advantages for AS24 – foreign platforms from participating in innovation within the “OneScout24” approach

The similarities in the sales processes and listing placements for cars and real estate allow us to use our expertise and our tried and tested practices for both areas, to optimise the processes and to exploit operational synergies. For example, especially with respect to our new developments for mobile devices, we can speed up mobile access to our mobile offering and improve user friendliness for our customers and users in our AS24 segment, particularly for our foreign platforms. 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 competitors. The consequent implementation of this strategy could lead to an increase in the ordinary operating EBITDA margin of our AS24 segment in the medium term. We appraise this opportunity as very good.

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[60] AGOF digital facts 2017-03

[61] Management estimate, based on the sum of visits to the IS24 and the AS24 platforms (non-deduplicated) via mobile devices, mobile optimised websites and apps relative to the whole sum of visits, measured with the own traffic monitor (Google Analytics), December 2017

[62] Management estimates

2.4 Growing the revenues of Scout24 marketplaces through overlapping of user interests

The Management Board 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[63].. This significant user base overlap allows Scout24 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 17 million monthly individual users.[64] We appraise this opportunity as very good.

Business performance opportunities

3.1 Stable business model with strong margins and high cash flow generation

From 2014 to 2017, our external revenues have grown at a compound annual growth rate of 12 %, and reached a total of EUR 479.8 million in the reporting period. Our revenues are not directly dependent on the market prices of real estate and cars or the number of real estate transaction or automobile 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 implementation of individually bookable visibility products we are detaching our pricing structure from the specific advertising quotas of our customers.

Through our marketplace model and our leading market position we benefit from a significant operational leverage and therefore from disproportionately lower growth of costs compared to our revenue. In the reporting period, our Group generated ordinary operating EBITDA of EUR 252.8 million, and consequently an ordinary operating EBITDA margin of 52.7 %. 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 significant cash flow generation. We appraise this opportunity as very good.

3.2 Value enhancement through performance-improvement

A substantial component of our operational business management is the improvement of our performance profile through measurable performance indicators such as our listings base and user reach or traffic. The objective of our internal management is the improvement of performance of the specific operational entities. Managing our revenues by main customer groups as well as the direct revenue drivers underlines this approach and enables an individual steering of specific influencing factors of segment results. The change in our disclosure starting 2018 going forward will enhance steering possibility and transparency within the segments and will add to our focus on sustainable and profitable revenue growth. We appraise this opportunity as solid.

3.3. Expanding of IS24- and AS24-portals to additional products and services

The leading position of the IS24-portal in Germany, measured by access numbers[65] and user activity, and of the AS24-portal on a European level provides us a strong and extensive access to ready-to-buy-customers and will enable us to achieve additional revenues for example by adding further fee-based service offerings along our value chain. We have already successfully implemented additional value-adding service offerings that shall serve as a support for our customers and users within the whole real estate- and automotive purchasing- and selling process as well as the real estate renting process. In 2015, Scout24 Consumer Services, previously known as “Scout24 Media”, was entrenched as a unit that should drive the generation of leads, the development of new service offerings and the advertising business. This contributes to the positioning of Scout24 as a leading digital marketer and as a market network around real estate and automotive in Germany and Europe. Assuming an intensive use of our markets and the significant synergies between IS24 and AS24, the Management Board is confident that Scout24 is well positioned to offer value-adding products and service offerings that exceed the pure

[63] Management estimate; based on own study in the context of re-alignment of the strategy and streamlining the portfolio in February 2014
[64] AGOF digital facts 2017-3
[65] Based on visitor numbers (Unique Monthly Visitors, "UMVs") and user activity, comScore December 2017 (desktop PC for visitor numbers, desktop PC and mobile devices regarding user activity)

selling of classified. We appraise the opportunity as very good. This opportunity and thus the increasing importance of Scout24 Consumer Services will be reflected in our disclosure starting 2018, in which we will disclose this as a stand-alone operational segment.

3.4 Improving the EBITDA margin at AutoScout24 through centralising crucial business processes

AS24 benefits from its Europe-wide presence through fixed-cost degression effects. The Europe-wide presence of the Scout24 Group allows it to allocate costs for parts of the business, especially the fixed costs for the development and the operation of the platforms and the mobile apps to the markets. Furthermore, the pan-European reach enables us to provide regional car dealer customers with access to demand from the European market, thereby expanding their target group of potential car buyers. With a view to the cross-border sales of automobiles in Europe, this offers substantial added value. We appraise this opportunity as very good.

Other opportunities

4.1 Further ARPU growth

Our average revenue per core agent or core dealer ("ARPU") enjoys scope for further growth when compared with average revenues for the relevant peer group from regions where the shift from offline media to online classifieds portals is already more advanced.

We believe that the added value from the presence on our platforms increases steadily for our customers and that the market constantly shifts from offline-products (e.g. print media) to online-products. We therefore see potential that our ARPU can be increased further through price adjustments and the sale of visibility products. Based on our significant operating leverage, we constitute that this development can affect further increases of our EBITDA-margin from ordinary business activities. We appraise this opportunity as very good.

Outlook

The following chapter provides an overview of the expectations for the financial year 2018. The new IFRS 9, 15 and 16 standards, which will be applied starting 2018, are not being taken into account in the following chapter regarding the Company's expectations for the financial year 2018. Further information on the new IFRS standards can be found in the chapter > New accounting standards as part of the Notes to the Consolidated Financial Statements (Section 1.3). There is no detailed planning for non-financial performance indicators, these are not reported upon separately in the outlook section.

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 2017 with 8.5 % revenue growth and an ordinary operating EBITDA margin of 52.7 %, 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 custom-ers 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 benefit-ing from the shift of marketing budgets from traditional marketing channels to online. Scout24 Consumer Services takes this trend and the increasing expectations of the partners and users of Scout24 regarding digitisation along the whole process of buying or selling real estate and cars into account. Due to the intensive usage of the marketplaces IS24 and AS24 and also on the back of the synergies between IS24 and AS24, Scout24 is well positioned to further exploit the potential in this area as well and to position Scout24 as a market network around real estate and automotive in Germany and in Europe. Our profitable growth is especially driven by revenues from our agent and dealer partners and as well by revenues from increasing consumer monetisation along the value chain of real estate or automotive.

We are confident that this momentum will continue in 2018, and expect group revenue to record a growth rate between 9 % and 11 %. Reflecting the scalable nature of our business model, our total cost base should grow at a disproportionally lower rate than revenues and we therefore expect the ordinary operating EBITDA margin to yield between 54.0 % and 55.5 %.

For 2018, we currently expect total non-operating costs to amount to between EUR 8.0 million to EUR 11.0 million. This will include approximately EUR 1.0 million related to our office relocation in Munich. We expect non-recurring cost, mainly in the context of post-merger integration, of around EUR 3.5 million. In addition, we expect around EUR 3.0 million for share-based compensation for the programs launched in 2014, 2015 and 2016. Non-recurring charges related to reorganisations shall not exceed EUR 3.0 million.

Finally, we expect capital expenditure to sum up to around EUR 34.0 million. This includes a non-recurring investment into our new office space in Munich of around EUR 8.0 million. The expected increase in other investments compared to 2017 is mainly driven by increased investment into product development fostering future growth.

Segment expectations

Based on the increasing importance of our Scout24 Consumer Services unit, the management board of Scout24, as the main decision maker, has decided to change the internal management and the reporting structure and system of the Group starting 2018. Thus, starting with January 2018 the operating segments according to IFRS 8 consist of "ImmobilienScout24", "AutoScout24" and "Scout24 Consumer Services". The Scout24 Consumer Services segment will subsume all activities relating to services provided along the value chain of the real estate or automotive market and to non-real estate and non-automotive third-party display advertising, primarily reported in the ImmobilienScout24, AutoScout24 and Other segments.

The key indicators applied by the management to assess the performance of the segments are external Revenues and ordinary operating EBITDA margin. If the new reporting structure had already been applied in 2017, the key indicators by segment would have been as follows:

(in EUR million)	External Revenues	Ordinary operating EBITDA	Ordinary operating EBITDA margin
ImmobilienScout24	236.0	157.5	66.7%
AutoScout24	162.6	76.6	47.1%
Scout24 Consumer Services	80.6	28.4	35.2%
Total, reportable segments	479.2	262.5	54.8%
Reconciling items	0.6	(9.7)	n/a
Total, consolidated (unchanged)	479.8	252.8	52.7%

For 2018, we expect IS24 to achieve a revenue growth rate between 4% and 6%. Revenue growth will be mainly driven by an ARPU growth of our agent customers in residential real estate as well as commercial real estate on the basis of continued low churn and stable customer regain and new acquisition rates. The ordinary operating EBITDA is expected to grow at a slightly higher rate than revenues driven by disproportional lower cost growth. Ordinary operating EBITDA margin is therefore expected to come in at least at 67.0%.

For AS24 we are targeting to record revenues of at least EUR 185.0 million in 2018. Main growth drivers of revenue growth for AS24 is also ARPU growth of our dealer customers, especially in Germany, Belgium, Netherlands, Italy and Austria. Driven by operating leverage the ordinary operating EBITDA is expected to grow at a higher rate and ordinary operating EBITDA margin shall at least come in at 50.0%.

Scout24 Consumer Services revenue is expected to come in at around EUR 90.0 million in 2018. Revenue growth will mainly be driven by increased usage of our service offerings along the value chain of real-estate and automotive, for example real-estate and car financing lead generation, credit checks, premium membership, and the sale of advertising. We expect as well for Scout24 Consumer Services to increase profitability and therefore ordinary operating EBITDA margin to increase by at least one percentage point.

Other disclosures

Dependent company report

Closing statement of the Management Board report concerning relations to associated companies pursuant to Section 312 of the German Stock Corporation Act (AktG)

During the period 01. January 2017 to 21. June 2017, Scout24 AG was a company dependent on Willis Lux Holdings 2 S.à r.l. i.L., Luxembourg, which is being managed by H&F Corporate Investors VII. Ltd. as the highest company in the chain of control. 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 obligated 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 period of dependency.

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

"According to circumstances known to us at the time, our company received appropriate compensation for the legal transactions mentioned in this report on the relationships to affiliated companies at the time when these legal transactions were executed. Other measures at the instigation or in the interests of the affiliated companies were not taken in the period 01 January to 22. June 2017."

Takeover-relevant information pursuant to Sections 289a (1) and 315a (1) of the German Commercial Code (HGB)

The following presents information according to Sections 289s (1) and 315a (1) of the German Commercial Code (HGB) as of 31 December 2017.

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.

Direct or indirect equity investments exceeding 10 % of voting rights

As of 31 December 2017, the company is aware of the following equity investments representing more than 10 % of voting rights: Morgan Stanley, Wilmington, Delaware, United States of America, 10.03 %.

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 Scout24 AG, the members of the Management Board 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 authorized to amend the wording of the articles of association 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 the instance 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 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 the instance 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;
- to issue 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 in an amount of EUR 7.6 million.

By resolution of the AGM of Scout24 AG on 8 June 2017, 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 107,600,000. This authorisation can be exercised in full, or in part, once, or on several occasions and is valid until 7 June 2022. The Company can purchase its own shares (1) through the stock market or (2) by means of a public purchase offer or by means of a public invitation to submit such an offer or (3) through the deployment of derivatives (put or call options or combination of both).

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. A chance of control occurs when a shareholder acquires 30% of the stakes in the company. In the case of a change of control and under additional preconditions, the Facility Agreement 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 pursuant Sections 289f, 315d 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.

Non-financial report pursuant to Section 315b et seq. HGB

The non-financial statement is part of the CSR-Reporting, which will be permanently available on our › website under Investor-Relations/Corporate-Governance with the publication of the CSR-Report, according to article article315 Sec. 3 No. 2 (b) of the German Commercial Code.

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) as adopted by the European Union. 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 Consumer Services business. Scout24 Consumer Services, 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 Consumer Services, 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.

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 Consumer Services is managed 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 as well as expanding the support services in the Scout24 Consumer Services business 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 2017	FY 2016	+/-	+/- in %
Revenues	76,310	37,659	38,651	102.6
Other operating income	3,802	3,065	737	24.0
Material costs	(37,192)	(18,664)	(18,528)	99.3
Personnel expenses	(30,583)	(18,371)	(12,212)	66.5
Amortizations and depreciation	(295)	(57)	(239)	420.2
Other operating expenses	(28,336)	(14,068)	(14,268)	101.4
Income from profit transfer agreements	154,869	129,852	25,017	19.3
Income from financial asset lendings	32,508	32,623	(116)	(0.4)
Other interest and similar income	1,200	2,211	(1,010)	(45.7)
Interest and similar expenses	(11,814)	(34,383)	22,568	(65.6)
Taxes on income and on revenue	(50,606)	(35,539)	(15,067)	42.4
Earnings after tax	109,863	84,329	25,534	30.3
Other taxes	(5)	135	(140)	(103.7)
Annual net profit	109,858	84,464	25,393	30.1

Revenues increased year-on-year by EUR 38.7 million, from EUR 37.7 million to EUR 76.3 million. This arises, firstly, from services charged for the first time to third parties for the entire financial year (increase by EUR 11.8 million) that Scout24 AG receives from its subsidiaries as part of the Scout24 Consumer Services business, and, secondly, from an increase in management services charged out to subsidiaries (increase by EUR 26.7 million).

Other operating income increased by 24.0 % compared with the previous year, from EUR 3.1 million to EUR 3.8 million. This is mainly attributable to the reversal of provisions amounting to EUR 3.4 million (increase of EUR 2.6 million).

The material costs were up from EUR 18.7 million in 2016 to EUR 37.2 million in the financial year under review. The reason for this increase is the expansion of services in the Scout24 Consumer Services business.

Personnel expenses rose from EUR 18.4 million in 2016 to EUR 30.6 million in 2017 in line with the higher number of employees as well as the employee structure. This was also driven by the creation of provisions for severance payments and share-based payments. Scout24 AG employed an annual average of 228 employees in the financial year 2017 (previous year: 93) excluding the members of the Management Board.

Other operating expenses increased by 101.4 % to EUR 28.3 million compared with the previous year (EUR 14.1 million). This is mainly due to an increase in other personnel-related costs of EUR 4.5 million (previous year: EUR 1.0 million), legal and consulting costs of EUR 5.4 million (previous year: EUR 3.8 million) and IT services of EUR 4.5 million (previous year: EUR 0.6 million). The increase is based on the implementation of new strategic alignments within the Group.

Income from profit transfer agreements amounted to EUR 154.9 million in the financial year under review (previous year: EUR 129.9 million), representing 19.3 % growth. The income arises from the profit transfer agreement with Scout24 Holding GmbH, Munich (hereinafter also referred to as "Scout24 Holding").

Interest and similar expenses fell by 65.6 % compared with the previous year (EUR 34.4 million) to EUR 11.8 million. The decline is mainly due to a lower interest rate level due to the refinancing carried out in December 2016 as well as the progressive reduction of debt and the associated reduction in financial expenses.

Due to the improved earnings situation of the subsidiaries and Scout24 AG, taxes on income and revenue amounted to EUR 50.6 million in the 2017 financial year (previous year: EUR 35.5 million), representing an increase of EUR 15.1 million (42.4 %). The disproportionately high increase in taxes compared to the increase in earnings arises from other internal effects such as a lower possibility of tax and the carry forward of losses from mergers in 2016.

Earnings after tax rose by 30.3 % from EUR 84.3 million to EUR 109.9 million.

As a consequence, the net profit for the year grew by a total of 30.1 % to EUR 109.9 million, compared with EUR 84.5 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 yearly financial planning and monthly rolling liquidity planning for the Group.

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

Balance sheet (condensed)

(EUR thousands)	31/12/2017	31/12/2016	+/-	+/- in %
Intangible assets	1,122	865	258	29.8
Property, plant and equipment	800	283	517	182.7
Financial assets	1,561,929	1,561,929	-	-
Fixed assets	**1,563,852**	**1,563,077**	**774**	**0.0**
Trade receivables	7,428	5,022	2,406	47.9
Receivables from affiliated companies	195,164	188,997	6,167	3.3
Other assets	152	263	-111	-42.2
Cash holdings and bank credit balances	10,447	143	10,304	7.204.5
Current assets	**213,191**	**194,425**	**18,766**	**9.7**
Deferred expense	5,690	2,953	2,737	92.7
Total assets	**1,782,733**	**1,760,456**	**22,278**	**1.3**
Subscribed share capital	107,600	107,600	-	-
Nominal value of treasury shares	-	-13	13	100.0
Capital reserve	422,956	423,170	-214	-0.0
Reserves for treasury shares	-	13	-13	-100.0
Retained earnings	53,800	53,800	-	-
Balance sheet profit	532,186	454,609	77,578	17.1
Equity	**1,116,542**	**1,039,178**	**77,364**	**7.4**
Provisions	**32,785**	**33,512**	**-727**	**-2.2**
Liabilities	**632,161**	**686,383**	**-54,222**	**-7.9**
Deferred income	1,245	1,383	-137	-9.9
Total liabilities and equity	**1,782,733**	**1,760,456**	**22,278**	**1.3**

As in the previous year, financial assets consist primarily of the investment in Scout24 Holding GmbH.

Trade receivables rose by EUR 2.4 million year-on-year to EUR 7.4 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 increase in receivables in 2017 from EUR 189.0 million to EUR 195.2 million results primarily from the increase in receivables from profit and loss transfers.

Equity changed by EUR 77.4 million, from EUR 1,039.2 million in the previous year to EUR 1,116.5 million. This effect is mainly attributable to the net profit.

The capital reserve also reduced by EUR 0.2 million. In connection with the acquisition of treasury shares and the subsequent issue of shares to executives under the stock option program, EUR 1.2 million (previous year: EUR 1.6 million) was withdrawn from the capital reserve. In addition, EUR 3.8 million were recorded in the previous year to create a provision for shares still to be acquired back. Personnel expenses of EUR 0.9 million (previous year: EUR 4.7 million) in connection with the › share-based payments were also recorded in the capital reserve.

The equity ratio improved by 3.6 percentage points to 62.6 % (previous year: 59.0 %).

Provisions decreased by EUR 0.7 million from EUR 33.5 million to EUR 32.8 million, mainly due to tax provisions being down from EUR 13.2 million to EUR 10.6 million as result of higher tax prepayments in 2017. On the contrary, other provisions increased from EUR 20.3 million to EUR 22.2 million, which is attributable to an increase in personnel-related provisions with a decrease in provisions for outstanding invoices.

Liabilities are characterised by EUR 620.0 million of bank borrowings (previous year: EUR 680.0 million). The reduction of EUR 60.0 million in bank borrowings arises chiefly from the partial repayment of a Term Loan in the amount of EUR 30.0 million as well as an extraordinary repayment on the revolving credit line also in the amount of EUR 30.0 million. Liabilities to affiliated companies, which increased by EUR 3.2 million from EUR 0.2 million in the previous year to EUR 3.4 million, mainly relate to trade accounts payable. This increase is mainly due to the fact that in 2017 Scout24 Consumer Services revenues were charged for the whole year for the first time.

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.

Munich, den 15 March 2018
Scout24 AG

The Management Board

Gregory Ellis

Christian Gisy

Group Financial Statements and Notes

Consolidated income statement

(EUR '000)	Note	2017	2016 (adjusted)
Revenue	**3.2**	**479,755**	**442,110**
Own work capitalised	3.3	15,087	11,654
Other operating income	3.4	1,059	2,594
Total operating performance		**495,901**	**456,358**
Personnel expenses	3.5	-116,896	-112,000
Advertising expenses	3.6	-54,091	-50,563
IT expenses	3.7	-16,994	-16,191
Other operating expenses	3.8	-75,142	-70,845
EBITDA (earnings before interest, tax, depreciation and amortisation)		**232,778**	**206,758**
Depreciation, amortisation and impairment losses	4.5; 4.6	-56,830	-65,457
EBIT (earnings before interest and tax)		**175,948**	**141,301**
Results from investments accounted for using the equity method	3.9	-31	17
Financial income	3.10	3,819	2,999
Financial expenses	3.11	-14,194	-45,858
Net financial result		**-10,406**	**-42,842**
Earnings before tax		**165,542**	**98,459**
Income taxes	3.12	-54,644	-31,560
Earnings after tax		**110,898**	**66,899**
of which attributable to:			
Non-controlling interests		-	-253
Shareholders of the parent company		110,898	67,152

Earnings per share

in EUR	Note	2017	2016
Basic earnings per share	3.13		
Earnings per share after tax		**1.03**	**0.62**
Diluted earnings per share	3.13		
Earnings per share after tax		**1.03**	**0.62**

Accompanying notes form an integral part of the consolidated financial statements

Consolidated statement of comprehensive income

(EUR '000)	Note	2017	2016
Earnings after tax		110,898	66,899
Items that cannot be reclassified to consolidated income statement:			
Measurement of pension obligations – before tax	4.13	-48	-19
Deferred taxes on remeasurement of pension obligations	4.13	12	-2
Measurement of pension obligations – after tax	4.13	-36	-21
	4.13	-36	-21
Items that are reclassified subsequently to consolidated income statement:			
Currency translation differences		-51	10
		-51	10
Other comprehensive income, after tax		**-87**	**-11**
Total comprehensive income		**110,811**	**66,888**
of which attributable to:			
Non-controlling interests		-	-253
Shareholders of the parent company		110,811	67,141
Total comprehensive income		**110,811**	**66,888**

Accompanying notes form an integral part of the consolidated financial statements

Consolidated balance sheet

Assets (EUR '000)	Note	31/12/2017	31/12/2016
Current assets		**115,275**	**96,175**
Cash and cash equivalents	4.1	56,659	43,441
Trade receivables	4.2	47,432	43,275
Financial assets	4.3	1,075	406
Income tax receivables	3.12	2,653	1,249
Other assets	4.4	7,456	7,804
Non-current assets		**2,025,188**	**2,034,722**
Goodwill	4.5	836,675	816,231
Trademarks	4.5	984,609	983,523
Other intangible assets	4.5	188,873	217,560
Property, plant and equipment	4.6	8,161	9,953
Investments accounted for using the equity method	4.7	1,052	1,666
Financial assets	4.3	991	535
Deferred tax assets	3.12	2,312	3,482
Other assets	4.4	2,515	1,772
Total assets		**2,140,463**	**2,130,897**

Equity and liabilities (EUR '000)	Note	31/12/2017	31/12/2016
Current liabilities		**159,194**	**112,300**
Trade payables	4.8	22,224	27,897
Financial liabilities	4.9	79,511	31,835
Other provisions	4.10	6,889	4,027
Income tax liabilities	3.12	12,843	15,870
Other liabilities	4.11	37,727	32,671
Non-current liabilities		**915,773**	**1,027,827**
Financial liabilities	4.9	538,043	645,539
Pensions and similar obligations	4.12	526	443
Other provisions	4.10	3,569	632
Income tax liabilities	3.12	62	29
Deferred tax liabilities	3.12	371,492	378,579
Other liabilities	4.11	2,081	2,605
Equity	**4.13**	**1,065,496**	**990,770**
Subscribed share capital		107,600	107,600
Capital reserve		423,302	427,570
Retained earnings		533,659	455,041
Measurement of pension obligations		-121	-85
Other reserves		1,056	1,107
Treasury shares (0 and 13,400 shares respectively)		-	-463
Equity attributable to shareholders of parent company		1,065,496	990,770
Non-controlling interests		-	-
Total assets		**2,140,463**	**2,130,897**

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 01/01/2016		**107,600**	**424,120**	**387,889**	**-64**	**1,098**	**-**	**920,643**	**687**	**921,330**
Measurement of pension obligations	4.12	-	-	-	-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		-	-	-	-	-	-	-	-435	-435
Balance on 31/12/2016 and 01/01/2017		**107,600**	**427,570**	**455,041**	**-85**	**1,107**	**-463**	**990,770**	**-**	**990,770**
Measurement of pension obligations	4.12	-	-	-	-36	-	-	-36	-	-36
Currency translation differences		-	-	-	-	-51	-	-51	-	-51
Earnings after tax		-	-	110,898	-	-	-	110,898	-	110,898
Total comprehensive income		**0**	**0**	**110,898**	**-36**	**-51**	**-**	**110,811**	**0**	**110,811**
Dividend		-	-	-32,280	-	-	-	-32,280	-	-32,280
Share-based payments	5.5	-	-804	-	-	-	-	-804	-	-804
Purchase of treasury shares		-	-	-	-	-	-1,378	-1,378	-	-1,378
Issue of treasury shares		-	-3,464	-	-	-	1,841	-1,623	-	-1,623
Balance on 31/12/2017		**107,600**	**423,302**	**533,659**	**-121**	**1,056**	**-**	**1,065,496**	**-**	**1,065,496**

Accompanying notes form an integral part of the consolidated financial statements

Consolidated cash flow statement

(EUR '000)	Note	2017	2016
Earnings after tax		**110,898**	**66,899**
Depreciation, amortisation and impairment losses		56,830	65,457
Income tax expense		54,644	31,560
Financial income		-3,819	-2,999
Financial expenses		14,194	45,858
Result from investments accounted for using the equity method		31	-17
Result on disposal of intangible assets and property, plant and equipment		-	-67
Other non-cash transactions		-237	2,930
Change in Trade receivables and other assets not attributable to either investing or financing activities		-5,139	-4,297
Change in Trade payables and other liabilities not attributable to either investing or financing activities		-2,765	-6,345
Change in provisions		5,678	-1,051
Income tax paid		-66,090	-43,043
Cash flow from operating activities	**5.1**	**164,225**	**154,885**
Investments in intangible assets, including internally-generated assets and assets in development	4.5	-19,997	-17,156
Investments in property, plant and equipment	4.6	-2,793	-2,352
Proceeds from disposal of intangible assets and property, plant and equipment		140	93
Investments in financial assets		-	-88
Proceeds from sale of financial assets		47	10
Investments in companies accounted for using the equity method		-350	-
Acquisition of subsidiaries, less cash and cash equivalents acquired	2	-22,424	-29,509
Interest received		1,889	225
Cash flow from investing activities	**5.1**	**-43,488**	**-48,777**

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...continuation

(EUR '000)	Note	2017	2016
Drawing down of short-term financial liabilities		1	30,002
Repayment of short-term financial liabilities		-30,172	-2,990
Drawing down of long-term financial liabilities		29	650,850
Repayment of medium- and long-term financial liabilities		-30,000	-781,000
Interest paid		-13,670	-29,101
Dividends paid		-32,280	-
Payments for purchases of treasury shares		-1,378	-1,077
Cash flow from financing activities	**5.1**	**-107,470**	**-133,316**
Effect of foreign exchange rate changes on cash and cash equivalents		-49	10
Change in cash and cash equivalents		**13,218**	**-27,198**
Cash and cash equivalents at beginning of period		**43,441**	**70,639**
Cash and cash equivalents at end of period	**4.1**	**56,659**	**43,441**

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).

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.

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, the Scout24 Group 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 Group 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 315e (1) of the German Commercial Code (HGB).

As of 31 December 2017, 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 2017 for the 1 January to 31 December 2017 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 2017 by Scout24 were implemented. No material effects arose from initial application. The standards applicable beginning as of 1 January 2017 are presented in the following table:

Standards/Interpretations	**Effects**
Amendments to IAS 7: Disclosure Initiative	Exclusively concerns mandatory disclosures; see also note 5.1 relating to the consolidated cash flow statement
Amendments to IAS 12: Clarification connected with deferred tax assets	No significant effects

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 2017 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; clarification	01/01/2018	See remarks below
IFRS 16	Leases	01/01/2019	See remarks below
IFRS 17	Insurance Contracts	EU endorsement outstanding	Not relevant
IFRIC 22	Foreign Currency Transactions and Advance Consideration	EU endorsement outstanding	No significant effects expected
IFRIC 23	Uncertainty concerning treatment in relation to taxes on income	EU endorsement outstanding	Still being analysed
IFRS 2	Amendments to IFRS 2: Share-based Payment	01/01/2018	No effect
IFRS 4	Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	01/01/2018	Not relevant
IFRS 9	Amendments to IFRS 9: Prepayment Features with Negative Compensation	EU endorsement outstanding	Still being analysed
IAS 19	Amendments to IAS 19: concerns the treatment of plan amendments, containments or settlements	EU endorsement outstanding	No significant effects expected
IAS 28	Amendments to IAS 28: Concerns non-current interests in associates and joint ventures	EU endorsement outstanding	No significant effects expected
IAS 40	Amendments to IAS 40: Investment Property	EU endorsement outstanding	Not relevant
	Improvements to the International Financial Reporting Standards, 2014-2016 Cycle	01/01/2017 and 01/01/2018	Not relevant or only disclosure requirement
	Improvements to the International Financial Reporting Standards, 2015-2017 Cycle	EU endorsement outstanding	Still being analysed and not relevant at present

1 Status as of 27 February 2018

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 will apply IFRS 9 for the first time as of 1 January 2018.

The estimated impact of the application of this standard on Group equity as of 1 January 2018 is based on current assessments and is summarized below. The actual effects of the application of this standard as of January 1, 2018 may differ because the new accounting policies may be subject to change until the first consolidated financial statements are published after the date of initial application.

The estimated impact on equity as of 1 January 2018 amount to in total:

EUR '000	As reported as of 31 December 2017	Estimated effect because of application IFRS 9	Estimated adjusted opening balance sheets as of 1 January 2018
Retained earnings	533,659	2,670	536,329

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 of the opinion that the new classification requirements will have no significant effects on the recognition of its trade receivables and other financial assets. As of 31 December 2017, the Group held participating interests classified as available-for-sale with a carrying amount of EUR 180 thousand. As the IFRS 9 available-for-sale category is no longer available, the company has selected the accounting option of recognising this asset's fair value changes in OCI (FVOCI). The transition to IFRS 9 entails no effect on results from this matter, as fair value changes are recognised in OCI as part of both IAS 39 and IFRS 9 accounting.

ii. Impairment – financial assets and contractual assets

IFRS 9 replaces the "incurred losses" of IAS 39 with the forward-looking 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.

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.

In accordance with IFRS 9, a simplified one-step model is planned for trade receivables as well as contract assets. The first-time application of the expected loss model to the Group's trade receivables and contract assets will prospectively have the following effect of the equity as of 1 January 2018:

EUR 000	**Estimated change of impairment as of 1 January 2018**
Trade receivables as well as other asset including contract assets as of 31 December 2017	3,897
Cash and cash equivalents	-
Reduced impairment loss (gross amount)	**3,897**
Deferred tax	-1,227
	Estimated adjustment of the equity as of 1 January 2018
Increase in retained earnings	2,670
Increase of equity	**2,670**

As far as liquid assets are concerned, an immaterial amount is assumed from the first-time of the impairment regulations. Bank balances are held exclusively at banks with good credit ratings. These have an investment grade rating or there are no other indications of banks for which there is no rating.

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 recognised in 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 2017, 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 the system and control modifications it believes necessary for the requisite data gathering.

v. Transition

Changes in accounting policies resulting from the application of IFRS 9 are generally applied retrospectively, except in the following cases:

- The Group will make use of the exception of not adjusting comparative information for previous periods with regard to the change in classification and valuation (including impairment). Differences between the carrying amounts of financial assets and financial liabilities resulting from the application of IFRS 9 are generally recognized in retained earnings as of 1 January 2018.
- The business model under which a financial asset is held must be determined on the basis of the facts and circumstances existing at the time of initial application.

IFRS 15 Revenue from Contracts with Customers, including clarification of IFRS 15

The new standard 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.

The Group is obligated to apply IFRS 15 Revenue from Contracts with Customers for the first time as of 1 January 2018. Scout24 plans to apply the retrospective method for the first-time application of the standard in the 2018 financial year and to consequently also present the comparable period in accordance with IFRS 15.

The Scout24 Group generates its revenues by rendering services. Revenues from the so-called "core services" comprise revenues from the placement of online classifieds, the generation of business contacts ("leads") and the provision of advertising space.

Revenue recognition pursuant to IFRS 15 occurs when the performance obligation is fulfilled, or when control is transferred. The revenues from online classifieds relate for the greater part to time-delimited performance obligations that are recognised pro rata temporis. The Scout24 Group also offers services in a bundle (for example online classifieds, combined with placement of corporate logo and providing market information), but these related exclusively to services invoiced over the same period (usually monthly). This means that, even if there are separable performance obligations arising from the allocation of consideration according to retail prices, there is no effect on the amount and timing of revenue recognition.

In relation to determining the consideration to the (individual) performance obligations, it is found that for some contracts variability exists in the form of staggered prices depending on volumes procured. Also, under IAS 18, billing and revenue recognition is performed on the basis of actual consumption, applying a consistent individual price for the relevant billing quantity per month.

In the case of certain contractual structures in connection with the provision of advertising space involving media agencies, the analysis indicated that the amount and the disclosure of revenues needs to be adjusted. For the 2017 comparable period, an amount of EUR 5.1 million was calculated by which the amount of reported revenue decreases while at the same time also reducing other operating expenses, which leads to an unchanged EBIT/EBITDA while increasing the EBITDA margin. No changes arise for the balance sheet as a consequence.

Above and beyond this, no significant effects on the financial position and performance arise from the first-time application of IFRS 15.

IFRS 16 Leases

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

The standard must be applied for the first time for financial years beginning on 1 January 2019. Early application is permitted if the company applies IFRS 15 before, or on, the first-time application date of IFRS 16. The Group intends to apply IFRS 16 for the first time as of 1 January 2018.

IFRS 16 introduces a standard accounting model for recognising leases on the lessee's balance sheet. A lessee recognises a 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 standard – in other words, the lessor continues to classify leases as either finance leases or operating leases.

i. Determining whether an arrangement contains a lease

In transitioning to IFRS 16, the Group can elect whether it:

- applies the definition of IFRS 16 for a lease to all its agreements, or
- applies a practical simplification rule, and does not reappraise whether an agreement constitutes a lease or whether it includes a lease.

On the transition, the Group intends to utilise the exception regulation in relation to retaining the definition of a lease. This means that the Group will apply IFRS 16 to all agreements that it entered into before 1 January 2018, and which were identified as leases pursuant to IAS 17 and IFRIC 4.

ii. Transition

As a lessee, the Group can apply the standard according to the following approaches:

- retrospective approach or
- modified retrospective approach with optional practical simplification rules.

The lessee applies the selected method consistently to all its leases.

The Group intends to apply IFRS 16 for the first time as of 1 January 2018 applying the modified retrospective method. For this reason, the cumulative effect from the application of IFRS 16 will be recognised as an adjustment to the opening balance sheet figures of retained earnings as of 1 January 2018 without adapting the comparable information.

When applying the modified retrospective method to leases classified as operating leases under IAS 17, for each lease the lessee can select whether exception regulations are utilised on transition. The Group is currently assessing the potential effects arising from utilising these exception regulations.

As a lessor, the Group is not obligated to implement any adjustments to leases where it acts as lessor, unless it acts as intermediary lessor in a sublease.

The Group has conducted an assessment of the potential effects on its consolidated financial statements.

Significant effects concern the following components of the consolidated financial statements and the presentation of the Group's financial position and performance:

- Balance sheet: Operating lease obligations have been disclosed exclusively in the notes to the financial statements to date. In future, rights and obligations from all leases are to be recognised, in principle, on the lessee's balance sheet as right-of-use assets and lease liabilities. The right-of-use is to be initially recognised at the present value of the future lease payments plus initial direct costs, and subsequently amortised over the lease duration. The lease liability is initially measured as the present value of the lease payments rendered during the lease term. In subsequent measurement, the carrying amount is increased utilising the applied interest rate and reduced to reflect the lease payments rendered. In connection with the lease obligations (see 5.2 notes on leases and other obligations), Scout24 anticipates a material increase in lease liabilities as of 1 January 2018 of EUR 19,657 thousand and in non-current assets in an equal amount. The equity ratio will decrease by 0,45 % due to this increase in total assets. Net financial liabilities will rise accordingly to EUR -580,552 thousand (see 5.4 Financial risk management and capital management).
- Income statement: Above and beyond this, the type of expenses connected with such leases will change, as IFRS 16 replaces linear operating lease expenses by amortisation charges for operating right-of-use assets and borrowing costs for lease liabilities. This amendment will lead to an improvement in the ordinary operating EBITDA figure. Scout24 expects an increase of EUR 5,930 thousand in the financial year 2018.
- Cash flow statement: Outgoing payments to repay lease liabilities and the outgoing payments attributable to the interest portion of lease liabilities are to be allocated in the future to cash flow from financing activities. Only payments not included in the calculation of the lease liability and payments from short-run and low-value leases, where use is made of the exemptions, are to be allocated to cash flow from operating activities. This allocation of lease expenses from operating leases, reflecting a modification compared with practice to date, will lead to an improvement in cash flows from operating activities and a deterioration in cash flows from financing activities.
- Notes to the financial statements: Compared with IAS 17, the new regulations lead to significantly more extensive mandatory disclosures for lessees and lessors.

No significant effects on the Group's finance leases are expected.

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 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	2017	2016
Scout24 AG and fully-consolidated subsidiaries		
Germany	7	10
Foreign	10	12
Investments accounted for using the equity method		
Germany	2	1
Foreign	-	1
Non-consolidated companies		
Germany	-	-
Foreign	-	-
Total	**19**	**24**

In March 2017, Immobilien Scout GmbH, Berlin, acquired a 25 % interest in eleven55 GmbH (wg-suche.de), Berlin. In August 2017, AutoScout24 GmbH, Munich, acquired all shares in Gebrauchtwagen.at Internetportale GmbH, Leibnitz (see also Section 2.1 Corporate acquisitions in the reporting period).

Moreover, the following mergers were realised in the 2017 financial year; the mergers were implemented at carrying amounts.

Transferee company	Transferor company
Germany:	
IMPLIUS GmbH, Cologne	FlowFact GmbH, Cologne
my-next-home GmbH, Saarbrücken	Immobilien Scout GmbH, Berlin
Austria:	
AGIRE Handels- und Werbegesellschaft mbH, Vienna	Immobilien Scout Österreich GmbH, Vienna
Gebrauchtwagen.at Internetportale GmbH, Leibnitz	AutoScout24 AS GmbH, Vienna

For the following companies, liquidation was concluded in the financial year elapsed, with the companies being discontinued: Scout24 International Management AG i.L., Switzerland, Zug, and FMPP Verwaltungsgesellschaft mbH i.L., Germany, Munich. Liquidation was also completed in the financial year elapsed for the equity accounted company ASPM Holding B.V., Netherlands, Amsterdam.

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 liabilities and contingent liabilities assumed. 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 Accounting policies).

Intercompany transactions are eliminated. Receivables and liabilities between consolidated companies are offset. Results of intragroup transactions are eliminated, and intragroup revenues are offset with corresponding expenses.

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. Changes in the other comprehensive income of associated companies are recognized in the other operating income of the Group. Furthermore, changes that were directly identified in the equity of the associated company or joint venture, are recognized in the Group in the amount of the participation and are disclosed, were required, in the consolidated statement of changes in equity. 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.

Foreign currency translation

The financial statements of subsidiaries and companies accounted for using the equity method, which are outside of the Eurozone are translated according to the functional currency concept. 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 translated 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 measured at historical cost are converted at the rate on the transaction date. In addition, non-monetary items measured at fair value in a foreign currency are translated 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 applying 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	31/12/2017	31/12/2016
Switzerland		
Spot rate CHF	1.1702	1.0739
Average rate CHF	1.1207	1.0902

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 concerning the interpretation regulations were made especially in connection with the classification of share-based payment programs, in relation to the capitalisation of internally-generated intangible assets and concerning the timing of future cash flows in the measurement and reporting of loans.

Significant (forward-looking) assumptions and estimates were made for purchase price allocations as well as for asset impairment testing, Group standard useful asset lives, the collectability of receivables, and the recognition and measurement of provisions, especially provisions for share-based payments. 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 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 20,444 thousand (previous year: EUR 27,423 thousand) and identifiable other intangible assets of EUR 4,697 thousand (previous year: EUR 3,059 thousand) were recognised as part of purchase price allocation in connection with initial consolidation. Detailed disclosures are presented in Section 2 Changes in the consolidation scope.

Goodwill impairment

In accordance with the accounting policy presented below, goodwill is impairment-tested at least once annually (as of 30 November) 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 836,675 thousand (previous year: EUR 816,231 thousand), which is described in more detail in Section 2Intangible assets.

Impairment of trademarks

Indefinite useful lives are applied 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 impairment-tested at least once annually (as of 30 November) and additionally when indications exist for a potential impairment. The consolidated balance sheet of Scout24 as of 31 December 2017 reports a trademark at EUR 984,609 thousand (previous year: EUR 983,523 thousand). More detailed disclosures are presented in Section 4.5 Intangible assets.

Remaining useful live of 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 138,532 thousand (previous year: EUR 168,194 thousand), which is described in more detail in Section 4.5 Intangible assets. The residual useful life of the contractual customer relationships of ImmobilienScout24 of EUR 121,075 thousand (previous year: EUR 151,344 thousand) was reduced from the 2017 financial year from 6.2 years to five years due to the introduction of the so-called "Bestellerprinzip" by the federal government in Germany in the 2015 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
Original amortisation charge	24,733	24,733	24,733	24,733	24,733	24,733	2,946	151,344
New amortisation charge	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	-

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 on the acquisition date. Subsequent value changes 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. Recognition is in equity on the settlement date.

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 Income statement, 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 comprise 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 were either designated as such 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 realised to a maximum of 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 by 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 substantially transferred 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 applying 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 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 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 applying the effective interest method. Any difference between the net loan amount and the repayment value is amortised over the term of the financial liabilities applying the effective interest method and recognised in the income statement. The estimate of the expected interest payments on variable rate loans is made based on the current market interest rate and current gearing-based lending margin.

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.

In 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 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 at the level of the smallest cash-generating unit. The approach corresponds to that for goodwill (see below).

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	1-10 years

* The value of trademarks with a definite useful life is not material and is therefore amortised over a period of 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 985 million had instead been amortised since acquisition applying a definite useful life of ten years, amortisation would have amounted to EUR 98.5 million per year.

Contractual customer relationships include existing subscribers, in particular commercial customers such as acquired 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 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 in the form of fair value, 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	3-13 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 an 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 instead 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 utilised.

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 offset 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

The company has various management equity programs. These programs partially the grant the company the contractual option to settle the share-based compensation in cash or in shares.

Pursuant to IFRS 2 "Share-based Payment", the management equity programs are recognised as equity-settled share-based payment transactions, or as cash-settled share-based payment transactions given the existence of a constructive obligation to settle in cash. Accordingly, the fair value of the work performed by employees is to be recognised as consideration for the equity instruments or cash settlement thereby granted both as expenses through profit or loss and as an increase in equity or as the formation of a provision. As the fair value of the work performed by employees cannot be reliably determined, however, if equity instruments are granted reference is made for measurement purposes to the fair value of the equity instruments at the time at which they are granted.

The value of a provision to be formed for a cash settlement is to be re-determined on each balance sheet date.

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, 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 reported 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 from online classifieds and from generating business contacts ("leads") are recognised on a straight-line basis over the period of the contract or based on consumption. Commissions from establishing and mediating business contacts ("leads") are recognised according to the transactions mediated. 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, 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. This item also includes value changes from financial instruments measured at fair value.

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

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

On 31 March 2017, Immobilien Scout GmbH, Berlin, acquired a 25 % interest in eleven55 GmbH, Berlin. This participating interest is accounted as an associate using the equity method. The purchase price amounted to EUR 1,050 thousand. Eleven55 GmbH operates the Internet portal wg-suche.de. The portal brings together offerors and seekers of rooms in apartment-sharing communities in German cities.

On 22 August 2017, AutoScout24 GmbH, Munich, acquired a 100 % interest in Gebrauchtwagen.at Internetportale GmbH, Leibnitz ("Gebrauchtwagen.at"). The purchase price amounted to EUR 24,984 thousand and was paid in cash.

Since this date, Scout24 AG, Munich, exercises control over Gebrauchtwagen.at. Gebrauchtwagen.at is one of the leading automotive classifieds portals in Austria. The company is well established among dealers and buyers of used cars in Austria thanks to its significant brand recognition and existing market position.

With Autoscout24.at, Scout24 already operates a digital automotive classifieds portal in Austria. With the takeover of Gebrauchtwagen.at and access to the company's contractual customer base, the Group aims to further expand its market position and leverage synergies. The company, which has formed part of the Scout24 Group since 22 August 2017, was merged retrospectively as of 1 January 2017 with AutoScout24 AS GmbH, which is allocated to the AutoScout24 segment.

The EUR 20,444 thousand of goodwill resulting from the transaction derives from the future earnings potential from exploiting acquiror-specific synergies as well as from strengthening its market position. The goodwill is not deductible for tax purposes.

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

(EUR '000)	**22/08/2017**
Consideration	
Cash and cash equivalents	24,984
Total consideration	**24,984**
Recognised fair value amounts of identifiable assets acquired and liabilities assumed as of the acquisition date	
Trademarks	1,422
Contractual customer relationships	3,275
Other intangible assets	88
Property, plant and equipment	2
Trade receivables and other assets	136
Cash and cash equivalents	2,560
Deferred tax liabilities	-1,174
Trade payables and other liabilities	-1,769
Total identifiable net assets	**4,540**
Goodwill	20,444
Total	**24,984**

The gross amounts of contractual receivables correspond to the fair value of trade receivables and other receivables. The fair value amounts to EUR 136 thousand in this context and is regarded in its entirety as collectable.

Acquisition-related costs in the amount of EUR 1,250 thousand were recognised as expense in other operating expenses.

Since the first consolidation, Gebrauchtwagen.at has contributed EUR 1,008 thousand of revenues and a result after taxes of EUR 569 thousand to the income statement. If Gebrauchtwagen.at had already been consolidated since 1 January 2017, the company would have contributed EUR 2,286 thousand to revenues, and earnings of EUR 890 thousand to earnings after tax.

3 Notes to the consolidated income statement

3.1 Modification of the reporting structure

To enhance transparency, maintenance costs were reclassified from other operating expenses to IT expenses as of 1 January 2017. Reclassifications between individual items of other operating expenses were also implemented. The aforementioned reclassifications represent 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 period, the corresponding figures were restated retrospectively.

3.2 Revenues

Revenues comprise those of the core services in the amount of EUR 458,630 thousand (previous year: EUR 420,901 thousand) as well as other revenues in the amount of EUR 21,125 thousand (previous year: EUR 21,209 thousand). The revenues from core services are generated from rendering services. These consist of revenues from the sale of online classifieds, the provision of advertising space, and the generation of business contacts (referred to as "leads"). The other revenues arise mainly from the activities of the companies acquired in previous financial 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 871 thousand (previous year: EUR 1,019 thousand) and revenue from rendering services in an amount of EUR 20,254 thousand (previous year: EUR 20,190 thousand).

3.3 Own work capitalised

This item reports the capitalisation of internally generated software. Of the total amount of EUR 15,087 thousand (previous year: EUR 11,654 thousand), an amount of EUR 12,619 thousand (previous year: EUR 9,607 thousand) is attributable to the ImmobilienScout24 segment, and an amount of EUR 2,468 thousand (previous year: EUR 2,047 thousand) is attributable to the AutoScout24 segment. The total amount of research and development costs expensed in the financial year under review stands at EUR 19,283 thousand (previous year: EUR 17,038 thousand).

3.4 Other operating income

Other operating income comprises the following:

(EUR '000)	2017	2016
Proceeds from written off trade receivables	135	599
Proceeds from reversal of allowances	323	200
Proceeds from disposal of fixed and intangible assets	20	79
Claims for damages received	35	52
Other	546	1,664
Total	**1,059**	**2,594**

The other item includes income from passing costs onto third parties, among other items.

3.5 Personnel expenses and number of employees

Personnel expenses are composed as follows:

(EUR '000)	2017	2016
Wages and salaries	-97,066	-93,160
Social security costs	-14,033	-13,130
Pension costs and other post-employment benefits	-1,046	-1,137
Share-based payments	-4,751	-4,573
Total	**-116,896**	**-112,000**

The average number of employees is composed as follows:

Number of employees	2017	2016
Executives	5	6
Other employees	1,389	1,347
Total	**1,394**	**1,353**

3.6 Advertising expenses

Advertising expenses are composed as follows:

(EUR '000)	2017	2016
Advertising expenses – online	-45,056	-41,735
Advertising expenses – offline	-9,035	-8,828
Total	**-54,091**	**-50,563**

3.7 IT expenses

IT expenses are composed as follows:

(EUR '000)	2017	2016 (adjusted)
Data transfer, network costs	-409	-593
EDV Services	-8,299	-7,663
Other EDV expenses	-8,286	-7,935
Total	**-16,994**	**-16,191**

To enhance transparency, maintenance costs were reclassified from other operating expenses to IT expenses as of 1 January 2017. The aforementioned reclassification 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 period, the corresponding figures were restated retrospectively (previous year: EUR 2,881 thousand).

3.8 Other operating expenses

Other operating expenses comprise the following:

(EUR '000)	2017	2016 (adjusted)
Third-party services	-22,737	-20,959
Purchased services	-9,704	-9,611
Sales commissions	-7,253	-9,014
Rent and related expenses	-7,191	-6,955
Other staff-related expenses	-5,121	-3,724
Travel expenses	-3,917	-3,319
Allowances for doubtful receivables	-3,594	-3,799
Car costs	-2,516	-2,546
Other	-13,109	-10,918
Total	**-75,142**	**-70,845**

To enhance transparency, individual items of other operating expenses were reclassified as of 1 January 2017. The aforementioned reclassification 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 period, the corresponding figures were restated retrospectively. See Note 3.7 regarding the reclassification of maintenance costs for the 2016 financial year.

3.9 Result from investments accounted for using the equity method

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

(EUR '000)	2017	2016
Energieausweis48 GmbH, Cologne	33	17
eleven55 GmbH, Berlin	-64	-
Total	**-31**	**17**

3.10 Financial income

Financial income comprises the following:

(EUR '000)	2017	2016
Interest income from third parties	1,889	222
Gains on derivative instruments	1,856	1,818
Gains from financing	44	61
Price gains on investments	30	-
Gains on disposals of subsidiaries	-	895
Interest income from associates	-	3
Total	**3,819**	**2,999**

Interest income from third parties relates largely to the reimbursement of default interest on a tax liability of Scout24 HCH Alpen AG, Vaduz.

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

3.11 Financial expenses

Financial expenses comprise the following:

(EUR '000)	2017	2016
Interest expense to third parties	-11,813	-45,777
Interest expense from discount	-1,923	-
Expenses from derivative instruments	-315	-
Losses from financing	-128	-59
Other	-15	-22
Total	**-14,194**	**-45,858**

The interest expense to third parties arises exclusively from the liabilities drawn upon under the FA. For details see Section 4.9 Financial liabilities.

The interest expense from the discount relates to the collection of ancillary purchase costs connected with the credit lines of the FA applying the effective interest method. 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 (all based in Munich) and Immobilien Scout GmbH (based in Berlin). 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)	2017	2016
Current tax on earnings of the period	-62,129	-48,081
Current tax/ adjustments in respect of prior years	406	5,344
Total current tax expense	**-61,723**	**-42,737**
Deferred tax income from changes in tax rates	-2,924	1,338
Deferred tax income from temporary differences	10,011	13,835
Deferred tax from tax losses carried forward	-8	-3,995
Total deferred tax income	**7,079**	**11,177**
Total income tax	**-54,644**	**-31,560**

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 2017 assessment period, with the solidarity charge to be applied with this amounting to 5.5 %. The trade tax rate changed to 15.7 % due to changes to trade tax breakdown amounts (previous year 15.5 %). This generates a Group tax rate of 31.5 % for 2017 (previous year: 31.3 %).

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

(EUR '000)	2017	2016
Earnings before tax	**165,542**	**98,459**
Tax expense expected for 2017: 31.5 % (2016: 31.3 %)	-52,270	-30,847
Adjustments in respect of prior periods	-2,047	2,676
Income not subject to tax	-	-
Expenses not deductible for tax purposes	-820	-1,866
Permanent differences	335	94
Tax effects from equity investments	-10	-
Tax effects from loss carry-forwards (current loss carry-forwards not retaining value)	-101	-228
Adjustment to domestic tax rates applicable to profit (losses) in the respective countries	-629	-1,490
National tax rates differing from Group tax rate	899	5
Other	-1	95
	-54,644	**-31,560**
Effective Group income tax rate	**-33.0 %**	**-32.1 %**

The adjustments in respect of previous years arise mainly from modifying the average Group tax rate compared with the previous period in the amount of EUR -2,924 thousand, as well as True Up effects based on the tax returns filed for previous years, in the amount of EUR 406 thousand for current and in the amount of EUR 471 thousand for deferred taxes.

The non-deductible expenses exist primarily from the five percent non-deductible operating expenses for the dividend of AutoScout24 Italia srl in an amount of EUR 449 thousand, the expense from the disposal of the interest in ASPM in an amount of EUR 1,632 thousand, the five percent non-deductible operating expenses of the liquidation proceeds from Scout International Management AG in an amount of EUR 33 thousand as well as non-deductible Supervisory Board compensation of EUR 140 thousand.

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 156 thousand (previous year: EUR 107 thousand) were recognised in OCI as well as EUR 34 thousand of deferred tax assets attributable (previous year: EUR 23 thousand).

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

(EUR '000)	31/12/2017	31/12/2016
Income tax receivables (current)	2,653	1,249
Income tax receivables	**2,653**	**1,249**
Income tax liabilities (current)	12,843	15,870
Income tax liabilities (non-current)	62	29
Income tax liabilities	**12,905**	**15,899**

The deferred tax assets report the following changes:

(EUR '000)	31/12/2017	31/12/2016
Opening balance	**3,482**	**6,746**
Change in consolidation scope / reorganisation/ recognised in equity	-	-
Recognised in consolidated income statement	-1,182	-3,262
Recognised in other comprehensive income	12	-2
Closing balance	**2,312**	**3,482**

The deferred tax liabilities report the following changes:

(EUR '000)	31/12/2017	31/12/2016
Opening balance	**378,579**	**392,961**
Change in consolidation scope / reorganisation/ recognised in equity	1,174	56
Recognised in consolidated income statement	-8,261	-14,438
Recognised in other comprehensive income	-	-
Closing balance	**371,492**	**378,579**

The deferred tax liabilities arise mainly from purchase price allocations at Group level. Taking depreciation and amortisation as of 31 December 2017 into account, deferred tax liabilities of EUR 355,430 thousand (previous year: EUR 363,480 thousand) were recognised in this context, of which EUR 316,819 thousand (previous year: EUR 324,966 thousand) were attributable to Immobilien Scout GmbH including its participating interests, and EUR 38,611 thousand (previous year: EUR 38,513 thousand) were attributable to AutoScout24 GmbH including its participating interests.

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)	31/12/2017		31/12/2016	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Trademarks	12	310,771	-	308,086
Other intangible assets	425	58,119	398	66,280
Property, plant and equipment	891	-	1,045	10
Financial assets	-	-	-	-
Other assets	227	763	189	1,600
Non-current assets	**1,555**	**369,653**	**1,631**	**375,977**
Other provisions	21	-	-	-
Other liabilities	1,975	-	3,173	2
Current liabilities	**1,996**	**-**	**3,173**	**2**
Pensions and similar obligations	58	-	77	26
Other provisions	38	994	47	1,206
Other liabilities	11	2,303	10	2,944
Non-current liabilities	**106**	**3,297**	**134**	**4,176**
Losses carried forward / interest carried forward	**112**	**-**	**120**	**-**
Total	**3,770**	**372,950**	**5,058**	**380,154**
Offsetting	-1,458	-1,458	-1,575	-1,575
Amount recognised	**2,312**	**371,492**	**3,482**	**378,579**

Of the total change in deferred taxes of EUR 5,913 thousand (previous year: EUR 11,118 thousand), income of EUR 7,079 thousand was recognised in the income statement (previous year: EUR 11,177 thousand), and EUR 12 thousand in OCI (previous year: EUR -2 thousand). In connection with accounting for corporate acquisitions, EUR -1,174 thousand (previous year: EUR 56 thousand) was recognised directly in 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.

Of the corporation tax loss carry-forwards in Germany of EUR 4,221 thousand (prior period: EUR 4,709 thousand), an amount of EUR 4,221 thousand (prior period: EUR 4,709 thousand) was not utilised for the recognition of deferred tax.

Of the trade tax loss carry-forwards in Germany of EUR 4,582 thousand (prior period: EUR 5,069 thousand), an amount of EUR 4,582 thousand (prior period: EUR 5,069 thousand) was not utilised for the recognition of deferred tax.

Of the corporation tax loss carry-forwards abroad – which are not subject to any time limit, according to the current status of knowledge – of EUR 17,903 thousand (prior period: EUR 17,695 thousand), an amount of EUR 17,567 thousand (prior period: EUR 17,326 thousand) was not utilised for the recognition of deferred tax.

Of the trade tax loss carry-forwards in Germany – which are not subject to any time limit, according to the current status of knowledge – of EUR 0 thousand (prior period: EUR 482 thousand), an amount of EUR 0 thousand (prior period: EUR 482 thousand) was not utilised for the recognition of deferred tax.

No deferred tax liabilities were recognised on temporary differences in connection with investments in subsidiaries amounting to EUR 6,106 thousand (previous year: EUR 5,167 thousand), as 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:

		2017	2016
Result attributable to owners of the parent	**(EUR '000)**	**110,898**	**67,152**
Weighted average number of shares to calculate earnings per share			
Undiluted (basic)	Number	107,599,941	107,599,927
Diluted	Number	107,684,291	107,702,233
Earnings per share			
Undiluted (basic)	EUR	1.03	0.62
Diluted	EUR	1.03	0.62

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

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 56,659 thousand prior year: EUR 43,441 thousand.

4.2 Trade receivables

Trade and other receivables consist of the following:

(EUR '000)	31/12/2017	31/12/2016
Trade receivable due from third parties	47,426	43,216
Receivables due from associates and joint ventures	6	59
Total	**47,432**	**43,275**

The allowances on trade receivables report the following changes:

(EUR '000)	
Balance on 01/01/2016	**-3,020**
Change in consolidation scope	-71
Addition	-1,776
Utilisation	356
Reversal	50
Currency translation differences	-1
Balance on 31/12/2016 and 01/01/2017	**-4,463**
Change in consolidation scope	-21
Addition	-1,932
Utilisation	977
Reversal	323
Currency translation differences	8
Balance on 31/12/2017	**-5,108**

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)	31/12/2017	31/12/2016
Net value	**47,432**	**43,275**
Allowances for doubtful accounts	**-5,108**	**-4,463**
Gross value	**52,540**	**47,738**
Doubtful trade receivables before impairment	**17,418**	**8,281**
Neither past due nor impaired	**28,057**	**22,108**
Not impaired and past due within the following time periods		
less than 30 days	4,438	13,565
30 to 90 days	1,940	3,272
more than 90 days	688	512

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)	31/12/2017	31/12/2016
Current		
Creditors with debit accounts	992	273
Receivables due from associates	83	86
Other	-	47
Total	**1,075**	**406**
Non-current		
Loan transaction costs	807	-
Investments	180	180
Refund claims	-	350
Other	4	5
Total	**991**	**535**

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

The loan transaction costs relate to incidental costs reported for the revolving credit line. For details see Section 4.9 Financial liabilities.

The participating interests item relates to the non-controlling interest in Salz & Brot Internet GmbH that was acquired in the previous year. 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)	31/12/2017	31/12/2016
Current		
Prepaid expenses and deferred charges	6,468	5,095
Payments in advance	409	1,114
Taxes other than income taxes	207	467
Rent deposit	-	799
Other	372	329
Total	**7,456**	**7,804**
Non-current		
Prepaid expenses and accrued income	1,516	1,663
Rent deposit	996	101
Other	3	8
Total	**2,515**	**1,772**

The increase in current prepaid expenses and deferred charges mainly reflects Scout24 AG expanding prepayments on time-limited licence fees as part of further centralising its management functions.

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

Rent deposits of the previous year in the amount of EUR 799 thousand were reclassified as long-term other assets. All further rent deposits for long-term leases are also disclosed as long-term other assets since the financial year 2017.

4.5 Intangible assets

(EUR '000)	Goodwill	Trademarks	Internally developed software	Conces-sions, rights and licences	Contractual customer relation-ships*	Intangible assets un-der devel-opment	Subtotal, other intan-gible assets	Total
Total cost								
Balance on 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 and 01/01/2017	**816,231**	**984,301**	**22,730**	**98,467**	**246,155**	**18,722**	**386,074**	**2,186,606**
Change in consolidation scope	20,444	1,422	-	88	3,275	-	3,363	25,229
Additions	-	-	1,900	396	-	17,701	19,997	19,997
Disposals	-	-	-	-271	-	-68	-339	-339
Reclassifications	-	-	20,114	1,038	-	-21,152	-	-
Currency translation differ-ences	-	-	-	-	-	-	-	-
Balance on 31/12/2017	**836,675**	**985,723**	**44,744**	**99,718**	**249,430**	**15,203**	**409,095**	**2,231,493**
Accumulated amortisation and impairment								
Balance on 01/01/2016	**-**	**-502**	**-763**	**-57,295**	**-50,792**	**-**	**-108,850**	**-109,352**
Change in consolidation scope	-	-	-	108	-	-	108	108
Additions (amortisation)	-	-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 and 01/01/2017	**-**	**-778**	**-7,766**	**-82,787**	**-77,961**	**-**	**-168,514**	**-169,292**
Change in consolidation scope	-	-	-	-	-	-	-	-
Additions (amortisation)	-	-336	-11,013	-8,028	-32,937	-	-51,978	-52,314
Additions (impairment)	-	-	-	-	-	-	-	-
Disposals	-	-	-	271	-	-	271	271
Balance on 31/12/2017	**-**	**-1,114**	**-18,779**	**-90,544**	**-110,898**	**-**	**-220,221**	**-221,335**
Net carrying amount								
Balance on 31 December 2016	816,231	983,523	14,964	15,680	168,194*	18,722	217,560	2,017,314
Balance on 31 December 2017	836,675	984,609	25,965	9,174	138,532	15,203	188,873	2,010,158

* The contractual customer relationships have a residual useful life of 4-13 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)	Cash-generating unit ImmobilienScout24	Cash-generating unit AutoScout24	Total
Goodwill as of 31/12/2016 and 01/01/2017	688,557	127,674	816,231
Additions	-	20,444	20,444
Goodwill as of 31/12/2017	688,557	148,118	836,675

The additions in the something segment relate to the company Gebrauchtwagen.at Internetportale GmbH (for details please see Note 2 Changes to the consolidation scope).

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, an after-tax WACC of 6.49 % (previous year 7.26 %) was applied for the CGUs ImmobilienScout24 and AutoScout24. The capitalisation rate was reduced compared with the previous year, as a switch was made from a five-year to a two-year observation in deriving the beta factor thanks to higher data quality. The discounted rate is based on a basic interest rate of 1.25 % (previous year 0.80 %) and a market risk premium of 7.00 % (previous year 7.00 %). 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 2018 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.

As in the previous year modifications of assumptions regarded as possible have not led to an impairment requirement at any of the CGUs.

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

(EUR '000)	31/12/2017	31/12/2016
Total: CGU ImmobilienScout24	**862,328**	**862,415**
Trademarks with indefinite useful lives	862,205	862,205
Trademarks with definite useful lives	123	210
Total: CGU AutoScout24	**111,163**	**109,990**
Trademarks with indefinite useful lives	109,300	109,300
Trademarks with definite useful lives	1,863	690
Total: CGU FlowFact	**11,118**	**11,118**
Trademarks with indefinite useful lives	11,118	11,118
Trademarks with definite useful lives	-	-
Total	**984,609**	**983,523**

One trademark of the ImmobilienScout24 CGU and various trademarks of the AutoScout24 CGU (carrying amount as of 31 December 2017: EUR 1,986 thousand; previous year: EUR 900 thousand) are amortised over their respective specific useful lives, for which positive cash inflows are expected.

Furthermore, indefinite useful lives are attributed to the CGUs ImmobilienScout24, AutoScout24 and the brands allocated to FlowFact (carrying amount as of 31 December 2017: EUR 982,623 thousand, previous year: EUR 982,623 thousand), because it is expected that they will generate positive cash inflows 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.

For all trademarks, a WACC after tax of 6.49 % (previous year 7.26 %) and a long-term growth rate of 2.00 % (previous year 2.00 %) were applied. 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).

As in the previous year modifications of assumptions regarded as possible have not led to an impairment write-down for the ImmobilienScout24 and AutoScout24 CGUs.

No impairment requirement would arise for the FlowFact trademark given a reduction in the revenue growth rate to 0.00 % while at the same time increasing the WACC to 8.35 %. The difference between carrying amount and recoverable amount amounts to EUR 15,517 thousand (previous year: EUR 30.002 thousand). In the previous year, a change in an assumption deemed possible for the CGU of the FlowFact brand did not lead to any impairment requirement

4.6 Property, plant and equipment

(EUR '000)	Lease-hold improvements	Other equipment, operating and office equipment	Total
Cost			
Balance on 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 and 01/01/2017	**189**	**24,356**	**24,545**
Change in consolidation scope	-	2	2
Additions	-	2,793	2,793
Disposals	-29	-209	-238
Reclassifications	-	-	-
Currency translation differences	-	-	-
Balance on 31/12/2017	**160**	**26,942**	**27,102**
Accumulated depreciation and impairment			
Balance on 01/01/2016	**-101**	**-9,142**	**-9,243**
Change in consolidation scope	-	18	18
Additions (amortisation)	-46	-5,316	-5,362
Additions (impairment)	-	-36	-36
Disposals	-	31	31
Currency translation differences	-	-	-
Balance on 31/12/2016 and 01/01/2017	**-147**	**-14,445**	**-14,592**
Change in consolidation scope	-	-	-
Additions (amortisation)	-39	-4,477	-4,516
Additions (impairment)	-	-	-
Disposals	28	139	167
Currency translation differences	-	-	-
Balance on 31/12/2017	-158	-18,783	-18,941
Net carrying amount			
Balance on 31 December 2016	42	9,911	9,953
Balance on 31 December 2017	2	8,159	8,161

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)	31/12/2017	31/12/2016
Assets capitalised on finance leases	265	265
Accumulated depreciation	-183	-120
Net carrying amount	**82**	**145**

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 2017 and 31 December 2016

				31/12/2017	31/12/2016
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	0.00 %	Associated company	n.a.	Equity
eleven55 GmbH	Berlin, Germany	25.004 %	Associated company	Equity	Equity

The carrying amount of all immaterial joint ventures stood at EUR 66 thousand (previous year: EUR 33 thousand). The carrying amount of all immaterial associates stood at EUR 986 thousand (previous year: EUR 0 thousand). The immaterial associate eleven55 GmbH, Berlin, was acquired on 1 March 2017. For details see Section 2.1 Corporate acquisitions. Liquidation was also completed in the 2017 financial year elapsed for company ASPM Holding B.V., Netherlands, Amsterdam. The 49.00 % interest was recognised with a carrying amount of EUR 1,632 thousand as of 31 December 2016.

The following tables present the summarised financial information for the immaterial joint venture and the immaterial associate, adjusted to the interest held by Scout24.

(EUR '000)	31/12/2017	31/12/2016
Net carrying amount for Energieausweis48 GmbH	66	33

(EUR '000)	2017	2016
Profit (loss) from continuing operations	33	17
Profit (loss) from discontinued operations	-	-
Other comprehensive income, after tax	-	-
Total comprehensive income	**33**	**17**

(EUR '000)	31/12/2017	31/12/2016
Net carrying amount for eleven55 GmbH	986	-

(EUR '000)	2017	2016
Profit (loss) from continuing operations	-64	-
Profit (loss) from discontinued operations	-	-
Other comprehensive income, after tax	-	-
Total comprehensive income	**-64**	**-**

The cumulative proportional gains from the equity consolidation of the joint venture amounted to EUR +66 thousand (previous year: EUR +33 thousand). The proportional gains from the equity consolidation amounted to EUR +33 thousand in the reporting period (previous year EUR +17 thousand). Decisions regarding Energieausweis48 GmbH can only be made jointly on the part of both partners.

The cumulative proportional losses from the equity consolidation of the associate amounted to EUR -64 thousand (previous year: EUR 0 thousand). The proportional losses from the equity consolidation amounted to EUR -64 thousand in the reporting period (previous year EUR 0 thousand).

The companies accounted for using the equity method employed 10 staff as of 31 December 2017 (previous year: 9).

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

4.8 Trade payables

Trade payables exclusively comprise trade accounts payable to third parties in an amount of EUR 22,224 thousand (previous year: EUR 27,897 thousand).

4.9 Financial liabilities

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

(EUR '000)	31/12/2017	31/12/2016
Current		
Bank borrowings	78,262	30,062
Liabilities to third parties	850	-
Liabilities to associates	350	1,632
Finance lease liabilities	49	47
Accrued bank interest	-	31
Other	-	63
Total	**79,511**	**31,835**
Non-current		
Bank borrowings	535,247	640,682
Derivative financial instruments	2,380	3,921
Liabilities to associates	350	-
Finance lease liabilities	38	86
Liabilities to third parties	28	850
Total	**538,043**	**645,539**

On 19 December 2016, Scout24 AG signed a new lending agreement with a syndicate of eleven European banks (Term and Revolving "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 previously existing Senior Facility Agreement "SFA" was redeemed in full with repayment amount of EUR 681,000 thousand.

Furthermore, Scout24 AG wound up a side loan agreement to the SFA with one bank. This agreement included a guarantee facility of up to EUR 1,500 thousand, among other items. 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. As of 31 December 2017, the guarantee facility continues to amount to EUR 417 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 were deducted from the original fair value of the loan and are amortised over the term of loan applying the effective interest method. Furthermore, 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.

In the 2017 financial year, a repayment of EUR 30,000 thousand was implemented on 17 August 2017. This relates to an early repayment of the Term Loan, which, pursuant to the agreement, falls due on 29 December of a respective year within the term. Furthermore, a repayment of EUR 30,000 thousand was made to the revolving credit line on 29 December 2017. As a consequence, the FA liabilities amounted to a nominal total of EUR 620,000 thousand as of 31 December 2017.

No collateral was provided for the FA.

The current (previous financial year: non-current) 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.

The current non-current financial liabilities to associates relate to a purchase price liability during the financial year elapsed. In the previous financial year, the current financial liabilities to associates related to outstanding capital contributions due to ASPM Holding B.V.

Finance leases are composed as follows:

(EUR '000)	**31/12/2017**	**31/12/2016**
Gross liabilities from finance leasing – minimum lease payments		
up to 1 year	51	51
1-3 years	38	89
3-5 years	-	-
more than 5 years	-	-
	89	140
Future finance costs for finance leasing	-1	-3
Net present value of finance leasing	**88**	**137**

The net present values are distributed as follows:

(EUR '000)	**31/12/2017**	**31/12/2016**
up to 1 year	51	51
1-3 years	37	86
3-5 years	-	-
more than 5 years	-	-
	88	**137**

4.10 Other provisions

(EUR '000)	Provisions for litigation risks	Provisions for antici-pated losses / guarantees	Personnel provisions	Other provi-sions	Provisions for reorgan-isation	Provisions for tax risks	Provisions for share-based pay-ments	Total
Balance on 31/12/2016 and 01/01/2017	**989**	**-**	**75**	**154**	**3,091**	**350**	**-**	**4,659**
of which: current	931	-	-	5	3,091	-	-	4,027
Change in consolidation scope	-	-	-	-7	-	-	-	-7
Addition	84	-	-	506	4,045	-	5,555	10,189
Utilisation	-568	-	-82	-20	-2,448	-	-	-3,117
Reclassification	-	-	-	-1	-	-	-	-1
Reversal	-346	-	-	-4	-574	-350	-	-1,274
Interest	-	-	7	2	-	-	-	8
Balance on 31/12/2017	**159**	**-**	**-**	**630**	**4,114**	**-**	**5,555**	**10,458**
of which: current	109	-	-	450	4,114	-	2,216	6,889

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

Other provisions comprise mainly provisions for obligations due to the ending of a rental agreement.

The reorganisation provisions of the reporting period as well as of the prior year relate to Group-wide reorganisation measures. Offers to terminate their employment contracts were submitted to the respective employees, most of which will come to bear in the subsequent year.

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 3,544 thousand (previous year: EUR 619 thousand) is expected within the next two to five years and EUR 40 thousand (previous year: EUR 38 thousand) for the period over five years.

4.11 Other liabilities

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

(EUR '000)	31/12/2017	31/12/2016
Current		
Liabilities to employees	19,071	16,674
Deferred revenues	10,154	9,071
Taxes other than income taxes	6,104	5,485
Liabilities to parent companies	-	66
Liabilities to other related companies	-	4
Other	2,398	1,371
Total	**37,727**	**32,671**
Non-current		
Deferred revenues	1,814	1,618
Liabilities to employees	267	370
Liabilities to parent companies	-	580
Liabilities to other related companies	-	37
Total	**2,081**	**2,605**

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

4.12 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 6,591 thousand (previous year: EUR 6,140 thousand).

The defined benefit obligations remaining as of 31 December 2017 relate exclusively to the company AutoScout24 Italia S.R.L. These are based on the regulations of the TRF (Trattamento di Fine Rapporto) entailing capital payments on leaving 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 2017, the pension obligations from defined benefit pension plans amount to EUR 526 thousand (previous year: EUR 443 thousand EUR).

The scope of obligations for defined benefit commitments reports the following changes:

(EUR '000)	Present value of obligation
Balance as of 01/01/2017	443
Current service cost	62
Interest expenses	6
Gains (losses) on remeasurement	48
of which:	
– Actuarial experience gains (losses)	45
– Actuarial gains (losses) from change in financial assumptions	3
Payments	./. 33
Balance on 31/12/2017	**526**

(EUR '000)	Present value of obligation
Balance as of 01/01/2016	527
Current service cost	68
Interest expenses	10
Gains (losses) on remeasurement	19
of which:	
– Experience gains (losses)	4
– Actuarial gains (losses) from change in financial assumptions	15
Payments	./. 181
Balance on 31/12/2016	**443**

The following actuarial assumptions for its new were applied to calculate the pension provision as of 31 December 2017: actuarial interest rate: 1.35 % (previous year: 1.40 %); salary growth rate: 3.00 % (previous year: 3.00 %) and inflation 1.80 % (previous year: 1.75 %).

The pension obligations in Italy have a term of 8.41 years (previous year 9.23 years).

In the 2018 financial year, payments of EUR 46 thousand will be made prospectively by the Company to the plan participants. In the previous year, payments of EUR 40 thousand were made by the Company to the plan participants.

4.13 Equity

Subscribed share capital

The subscribed share capital amounts to EUR 107,600 thousand as of 31 December 2017 (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.

A total of 107,600,000 shares are outstanding as of the balance sheet date (previous year: 107,586,600), see section on "Treasury shares".

Number of shares outstanding	Number
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**
Opening balance (01/01/2017)	**107,586,600**
Purchase of treasury shares	./. 42,399
Issue of treasury shares	55,799
Closing balance (31/12/2017)	**107,600,000**

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

Pursuant to AGM authorisation, the Management Board is authorised until 7 June 2022, to purchase treasury shares pursuant to Section 71 (1) No. 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 as well as during the previous financial year. Due to the related process, the Company held a total of 13,400 treasury shares as of the previous year's reporting date. These shares were acquired at a price of EUR 34.53 per share and consequently reduced the equity by EUR 463 thousand as of the previous 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 4,751 thousand was allocated to the capital reserve in connection with share-based compensation and its settlement in own shares (previous year: EUR 4,573 thousand). This is offset by a withdrawal from capital reserves of EUR 3,464 thousand (previous year: EUR 1,123 thousand) due to the settlement by equity instruments in connection with the exercise of share-based payment programs. Furthermore, the capital reserve was reduced by EUR 5,555 thousand in the fiscal year ended (previous year: EUR 0 thousand) as part of modifying the classification of the 2015, 2016 and 2017 program from an equity-settled share-based payment to cash-settled share-based payment (see also Note 5.5 Share-based payments concerning the formation of a provision in an equal amount).

Retained earnings

Retained earnings as of balance sheet date contain undistributed profits from previous financial years as well as the result for the financial year elapsed (31 December 2017: EUR 533,659 thousand; previous year: EUR 455,041 thousand).

Measurement of pension obligations

Equity is reduced by EUR 121 thousand (previous year: EUR 85 thousand) for actuarial losses from performance-related obligations.

Other reserves

Included in other reserves are primarily translation differences.

Dividend

Based on a corresponding AGM resolution, in the 2017 financial year the company paid a dividend of EUR 32,280 thousand to its dividend-entitled shareholders, equivalent to EUR 0.30 per dividend-entitled share. No dividends were paid in the 2016 financial year.

Non-controlling interests

The EUR -253 thousand results contribution attributable in the income statement for the 2016 financial year to "non-controlling interests" relate 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. To this extent, no non-controlling interests were reported as of 31 December 2016 and 2017.

5 Other disclosures

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 164,225 thousand in the reporting period (previous year EUR 154,885 thousand. The other non-cash transactions mainly comprise amounts from share-based payments recognised in profit or loss.

Cash flow from investing activities (reporting period: EUR -43,488 thousand; previous year: EUR -48,777 thousand) mainly includes outgoing payments to acquire non-current assets as well as for the acquisition of the subsidiary Gebrauchtwagen.at Internetportale GmbH.

Cash flow from financing activities of EUR -107,470 thousand (previous year: EUR -133,316 thousand) chiefly consists of the repayment of the FA Term Loan in an amount of EUR 30,000 thousand and the partial repayment of the FA Revolver in an amount of EUR 30,000 thousand (for further remarks see 4.9 Financial liabilities). Furthermore, cash flow from financing activities includes the EUR 13,670 thousand interest paid on the 2017 financial year as well as the EUR 32,280 thousand dividends paid (for further remarks see 4.13 Equity).

The total of liabilities from financing activities reports the following changes during the financial year elapsed:

(EUR '000)	**31/12/2016**	cash	non-cash				**31/12/2017**
			Acquisition/disposal of subsidiaries	**Exchange rate changes**	**Fair value changes**	**Other changes**	
Bank borrowings	670,745	-73,702	-	-	-	16,467	613,510
Liabilities to third parties	850	29	-	-	-	-	879
Derivative financial instruments	3,921	-	-	-	-1,541	-	2,380
Liabilities to associates	1,632	-	-	-	-	-932	700
Finance leases	133	-47	-	-	-	-	86
Accrued bank interest	31	-31	-	-	-	-	-
Other	63	-63	-	-	-	-	-
Total liabilities from financing activities	**677,374**	**-73,814**	**-**	**-**	**-1,541**	**15,535**	**617,555**

5.2 Disclosures on leases and other obligations

The obligations from operating leases and other obligations as of the closing dates are as follows:

(EUR '000)	31/12/2017				31/12/2016			
	Total	Residual term up to 1 year	Residual term 1 to 5 years	Residual term more than 5 years	Total	Residual term up to 1 year	Residual term 1 to 5 years	Residual term more than 5 years
Obligations from operating leases	38,940	5,793	20,996	12,152	23,225	6,428	14,916	1,881
Obligations on maintenance and service agreements	9,497	9,444	53	-	6,905	6,586	319	0
Other obligations	22	22	-	-	72	72	-	-
Total	**48,459**	**15,259**	**21,049**	**12,152**	**30,202**	**13,086**	**15,235**	**1,881**

Obligations on operating leases arise mainly from rental contracts for offices.

Rental expenses in the amount of EUR 5,693 thousand (previous year: EUR 5,346 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, its 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 pursuant to IAS 39

(EUR '000)	Measurement category pursuant to IAS 39	Carrying amount on 31/12/2017	At amortised cost	At cost	Fair value through profit or loss	Fair value on 31/12/2017	Level in fair value hierarchy
Assets							
Cash and cash equivalents	LaR	56,659	56,659	-	-	n/a	
Trade receivables	LaR	47,432	47,432	-	-	n/a	
Current financial assets	LaR	1,075	1,075	-	-	n/a	
Other current assets		7,456					
– Other current financial assets	LaR	275	275	-	-	n/a	
– Other current non-financial assets	n/a	7,181	7,181	-	-	n/a	
Non-current financial assets		991					
Available-for-sale financial assets	AfS	180	-	180	-	180	
Derivative financial instruments	FAHfT	-	-	-	-	-	
Other non-current financial assets	LaR	811	811	-	-	811	2
Other non-current assets		2,515					
– Other non-current financial assets	LaR	996	996	-	-	948	
– Other non-current non-financial assets	n/a	1,519	1,519	-	-	n/a	
Equity and liabilities							
Trade payables	FLAC	22,224	22,224	-	-	n/a	
Current financial liabilities		79,511					
Finance leases	n/a	49	49	-	-	51	
Other current financial liabilities	FLAC	79,462	79,462	-	-	87,736	2
Contingent purchase price liabilities	n/a	-	-	-	-	-	
Other current liabilities		37,726					
Other current financial liabilities	FLAC	1,882	1,882	-	-	n/a	
Other current non-financial liabilities	n/a	35,845	35,845	-	-	n/a	
Non-current financial liabilities		538,043					3
Derivative financial instruments	FLHfT	2,380			2,380	2,380	
Finance leases	n/a	38	38	-	-	38	
Other non-current financial liabilities	FLAC	535,625	535,625	-	-	530,159	2
of which aggregated by IAS 39 categories							
Loans and receivables	LaR	107,249					
Available-for-sale financial assets	AfS	180					
Financial assets held for trading	FAHfT	-					
Financial liabilities held for trading	FLHfT	2,380					
Financial liabilities measured at amortised cost	FLAC	639,194					

Recognition 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 payables	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
Equity and 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					

Other current financial assets comprise mainly creditors with debit accounts and current (short-term) rental deposits. Due to the current term of these items, the carrying amount represents an appropriate approximation of the fair value.

The main balance sheet item "other non-current financial assets" largely comprises mainly EUR 996 thousand of non-current rental deposits (previous year: EUR 350 thousand from the previous shareholders of FlowFact GmbH), whose fair values are 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 instruments are assigned to Level 2. This item also includes deferred transaction costs allocated to the revolving credit line.

The current financial liabilities mainly comprise the current portion of Term Loan A in an amount of EUR 30,000 thousand as well as the revolving credit line in an amount of EUR 50,000 thousand. Other current financial liabilities also include current liabilities deriving from the interest held in eleven55 GmbH in an amount of EUR 350 thousand. Due to the current term of these items, the carrying amount represents an appropriate approximation of the fair value. The fair value of the current portion of Term Loan A was calculated in line with the non-current portion of this loan.

Non-current financial liabilities largely comprise the liabilities connected with the loan agreed in December 2016 (Term Loan A). The term loan's fair value is calculated applying a discounted cash flow model based on a discount rate derived from the risk-free market rate adjusted to reflect a suitable lending risk premium. Premiums on corporate bonds with the same rating as Scout24 were utilised as the lending risk premium. The yield curve that was modelled takes into consideration trends similar to the market.

Furthermore, other non-current financial liabilities include a purchase price liability of EUR 350 thousand, which is to be paid into the free capital reserve of eleven55 GmbH. As all inputs are directly or indirectly observable, the instrument is assigned to Level 2. Other non-current financial liabilities were recognised at amortised cost.

The fair value of the interest-rate floor, which is assigned to Level 3 of the fair value hierarchy, is determined applying 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 changed by +5 %, the effect on the result would be EUR -42 thousand (31/12/2016: EUR -115 thousand). A negative -5 % change in volatility (absolute value change) generates an effect on results of EUR +28 thousand (31/12/2016: EUR +100 thousand).

Scout24 AG held three caps in the previous year. These were written down to a value of zero on 31 December 2016. The caps expired 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 2017 and 31 December 2016

(EUR '000)	2017	2016
Balance at start of period	**3,921**	**1,818**
Newly added financial liability (interest-rate floor)	-	3,921
Total result for the period reported in income statement under "financial Income/expenses"	-1,541	-1,818
Balance at end of period	**2,380**	**3,921**
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	205	-

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	2017	2016
Loans and receivables	LaR	-1,246	-1,880
Financial liabilities at amortised cost	FLAC	-13,820	-45,776
Financial assets and liabilities held for trading	FAHfT/FLHfT	1,541	1,817
Recognised in the income statement	**Total**	**-13,525**	**-45,839**
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 in the "FLAC" category comprises current interest expenses from applying the effective interest method to loan liabilities. This item in the previous year also includes the reversal of the transaction costs for the SFA loan that was redeemed. 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.

Offsetting

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. Rebates were also taken into consideration.

a) Financial assets
The following financial assets were netted in the balance sheet under the master offsetting agreements or similar agreements:

(EUR '000)	**31/12/2017** Trade receivables	**31/12/2016** Trade receivables
Gross amount of recognised financial assets	51,809	48,935
Gross amount of financial liabilities netted on the balance sheet	-4,370	-5,660
Net amounts of financial assets recognised on the balance sheet	47,432	43,275
Amounts recognised on the balance sheet without netting		
– Financial instruments	-	-
– Cash collateral received	-	-
Net amount	47,432	43,275

b) Financial liabilities
The following financial liabilities were netted in the balance sheet under the master offsetting agreements or similar agreements:

(EUR '000)	**31/12/2017** Trade payables	**31/12/2016** Trade payables
Gross amount of recognised financial liabilities	26,595	33,557
Gross amount of financial assets netted on the balance sheet	-4,370	-5,660
Net amounts of financial liabilities recognised on the balance sheet	22,224	27,897
Amounts recognised on the balance sheet without netting		
– Financial instruments	-	-
– Cash collateral received	-	-
Net amount	22,224	27,897

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 performed 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 response 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.

Compared with the previous year, no significant changes have arisen in this respect. The maximum default amount corresponds to the receivables' net carrying amount.

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 31/12/2017	**up to 1 year**	**1-3 years**	**3-5 years**	**more than 5 years**	**Total**
Non-derivative financial instruments	**110,287**	**72,682**	**485,683**	**-**	**668,653**
Trade payables	22,224	-	-	-	22,224
Financial liabilities	88,063	72,682	485,683	-	646,428
Finance leases	**51**	**37**	**-**	**-**	**88**
Derivative financial instruments	**1,753**	**631**	**-**	**-**	**2,383**
Derivative financial instruments	1,753	631	-	-	2,383

(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 payables	27,847	-	-	-	27,847
Financial liabilities	40,021	155,330	523,757	-	719,108
Finance leases	**51**	**89**	**-**	**-**	**140**
Derivative financial instruments	**1,801**	**2,017**	**15**	**-**	**3,833**
Derivative financial instruments	1,801	2,017	15	-	3,833

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 2017.

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. In the previous year, cash management receivables of EUR 210 thousand were reported at a subsidiary with the Swiss franc as its functional currency. The liquidation of this subsidiary was concluded in the 2017 financial year.

A sensitivity analysis was performed on the Swiss franc. In this connection, a strengthening and weakening of the respective currency by +10 % and -10 % respectively 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)	31/12/2017 Change in foreign exchange rate		31/12/2016 Change in foreign exchange rate	
Effects on earnings before income tax	**-10 %**	**10 %**	**-10 %**	**10 %**
CHF	-88	108	-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 620,000 thousand as of 31 December 2017 (previous year: EUR 680,000 thousand EUR).

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)	31/12/2017 Change in market interest rate Basis points		31/12/2016 Change in market interest rate Basis points	
Effects on earnings before income tax	**-30**	**+100**	**-30**	**+100**
Non-derivative financial instruments	2,038	-6,793	1,271	-5,868
Derivative financial instruments	-4,032	2,380	-6,754	3,921

In 2017, due to the continued very low interest rates, a move in interest rates to below 0 % is seen as possible.

Since no hedge accounting is applied, no effects on other comprehensive income exist.

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)	31/12/2017	31/12/2016
Financial liabilities	-617,554	-677,375
Cash and cash equivalents	56,659	43,441
Net financial liabilities	-560,895	-633,934

The ratio of net debt according the definitions of FA in relation to EBITDA from operating activities for the last twelve months amounts to 2.22:1. The target for the leverage ratio, which is to be further reduced over the course of time, lies between 1.50:1 and 1.0:1.

The external minimum capital requirements of a leverage ratio of 3.75:1 in accordance with FA (here: covenant) were complied with in the financial year. The EBITDA headroom amounted to 40.9 % as of 31 December 2017.

5.5 Share-based payments

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 between 0 % and 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 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.
- 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 %. With the sale of their remaining stake in Scout24 AG on 15 February 2018, the vested shares of the participants will no longer be subject to any restrictions on disposal in the future.

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 2017:

(EUR '000)	Number
Number of shares[1] 01/01/2016	**3,771.0**
Number of shares exercisable as of 01/01/2016[2]	**854.8**
Issued	-
Exercised	656.2
Forfeited	432.8
Number of shares 31/12/2016 and 01/01/2017	**2,682.0**
Exercisable shares 31/12/2016[2]	**974.9**
Issued	-
Exercised	1,249.5
Forfeited	197.8
Number of shares 31/12/2017	**1,234.7**
Exercisable shares 31/12/2017[2]	**422.3**

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 2017 have a weighted average remaining contractual term of 0.9 years (previous year 1.2 years).

For individualised disclosures, please see Section 5.7 Compensation report.

As part of the block trade in June 2017, managers participating in the MEP and Supervisory Board members participating in the BMEP were able to sell their shares at a price of EUR 32.20. The Management Board members participating in the MEP did not participate in the block trade in June 2017. Above and beyond the block trade in October 2017, managers participating in the MEP sold vested shares in at a price of EUR 34.10 and in November 2017 at a price of EUR 34.45.

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 stock option program that was started in the 2015 financial year was expanded on 20 June 2017 by a further 50,000 virtual stock options with an exercise price of EUR 0. The vesting period started retroactively as of 1 October 2015, although each quarter is vested at a rate of 8.325 %. In accordance with the contractual arrangements the Company has the option to settle the share-based payment in cash or in shares. In the time of granting, 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 a value of EUR 34.27. A risk-free rate of -0.62 % 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 31.97 % was determined in this context. The expansion will incur personnel expenses of approximately EUR 1,713 thousand over the entire term. In the past fiscal year, personnel expenses of approximately EUR 1,324 thousand were recognized for this expansion of the share-based payment program.

In December 2017, the company has decided and communicated to the participants to settle its share-based payments in cash in the future. This payment form has been determined as a cash-settled transaction as a consequence. The conversion effect due to the different measurement principles amounted to EUR 235 thousand, whereby the value of the provision exceeded the amount accumulated so far in the capital reserve. To this end, an amount of EUR 3,042 thousand from the capital reserve was transferred into a provision. The related stock options were measured at the respective fair value on the balance sheet date in this context. The stock options' fair values were calculated applying an option price model in the form of a Monte Carlo simulation. The risk-free rate lay in a range between -0.15 % and -0.31 %. Due to the lack of observable volatility in the market, recourse was made to listed companies similar to the Scout Group. Annual volatility in a range between 25 % and 27 % was determined in this context.

The position of shares held from the aforementioned program is as follows as of 31 December 2017:

(in '000)	**Number**	**Average exercise price in EUR**
Number of shares[1] 01/01/2016	**258.3**	**1.84**
Number of shares exercisable as of 01/01/2016	**-**	
Issued	-	
Exercised	62.5	1.84
Forfeited	-	
Number of shares 31/12/2016 and 01/01/2017	**195.8**	**1.84**
Number of shares exercisable as of 31/12/2016	**2.1**	
Issued	50.0	0.00
Exercised	83.3	1.47
Forfeited	-	
Number of shares 31/12/2017	**162.5**	**1.46**
Number of shares exercisable as of 31/12/2017	**-**	

1 One share corresponds to one ordinary share.

The share price on the exercise date amounted to EUR 31.97 in April 2017, EUR 33.30 in July 2017 and EUR 34.58 in October 2017.

The shares outstanding as of 31 December 2017 have a weighted average remaining contractual term of 0.9 years (previous year 1.5 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. In the time of granting, the program was determined as a share-based transaction with settlement in equity instruments in accordance with the rules of IFRS 2 in the absence of a present obligation to settle cash. 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 % 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.

In December 2017, the company has decided and communicated to the participants to settle its share-based payments in cash in the future. This payment form has been determined as a cash-settled transaction as a consequence. The conversion effect due to the different measurement principles amounts to EUR 52 thousand, whereby the value of the provision exceeded the amount accumulated so far in the capital reserve. To this end, an amount of EUR 1,018 thousand from the capital reserve was transferred into a provision. The related stock options were measured at the respective fair value on the balance sheet date in this context. The stock options' fair values were calculated applying an option price model in the form of a Monte Carlo simulation. The risk-free rate lay in a range between -0.15 % and -0.31 %. Due to the lack of observable volatility in the market, recourse was made to listed companies similar to the Scout Group. Annual volatility in a range between 25 % and 27 % was determined in this context.

The position of shares held from the aforementioned program is as follows as of 31 December 2017:

(in '000)	Number
Number of shares[1] 31/12/2015 and 01/01/2016	**-**
Issued	56
Exercised	-
Forfeited	-
Number of shares 31/12/2016 and 01/01/2017	**56**
Number of shares exercisable as of 31/12/2016	**-**
Issued	-
Exercised	-
Forfeited	4.2
Number of shares 31/12/2017	**51.8**
Number of shares exercisable as of 31/12/2017	**-**

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 2017 have a weighted average remaining contractual term of 1.0 years (previous year 1.4 years).

Programs 2017

In December 2017, the company has decided and communicated to the participants for all 2017 programs to settle its share-based payments in cash in the future. The below mentioned programs were determined as a cash-settled transaction as a consequence. The conversion effect due to the different measurement principles amounts to EUR 444 thousand, whereby the value of the provision exceeded the amount accumulated so far in the capital reserve. To this end, an amount of EUR 1,495 thousand from the capital reserve was transferred into a provision. The related stock options were measured at the respective fair value on the balance sheet date in this context. The stock options' fair values were calculated applying an option price model in the form of a Monte Carlo simulation. The risk-free rate lay in a range between -0.15 % and -0.31 %. Due to the lack of observable volatility in the market, recourse was made to listed companies similar to the Scout Group. Annual volatility in a range between 25 % and 27 % was determined in this context. See the following paragraphs for further details on the programs issued in the financial year 2017.

Program 2017-1

In January 2017, 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. In the time of granting, the program was determined as a share-based transaction with settlement in equity instruments in accordance with the rules of IFRS 2 in the absence of a present obligation to settle cash. Participants cannot exercise the virtual stock options until the share price has at least reached the contractually agreed exercise price of EUR 33.83 at the exercise date, increased by the agreed hurdle rate of 30 % to the exercise price. The fair value the stock option was calculated at EUR 14.11 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. For the volatilities, recourse was made to the share price of Scout24 AG. Annual volatility of 34.67 % 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 2017:

(in '000)	Number
Number of shares[1] 31/12/2016 and 01/01/2017	**-**
Issued	5.5
Exercised	-
Forfeited	0.4
Number of shares 31/12/2017	**5.1**
Number of shares exercisable as of 31/12/2017	**-**

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 2017 have a weighted average remaining contractual term of 1.5 years

Program 2017-2

In June 2017, 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. In the time of granting, the program was determined as a share-based transaction with settlement in equity instruments in accordance with the rules of IFRS 2 in the absence of a present obligation to settle cash. Participants cannot exercise the virtual stock options until the share price has at least reached the contractually agreed exercise price of EUR 32.25 at the exercise date, increased by the agreed hurdle rate of 30 % to the exercise price. The fair value the stock option was calculated at EUR 11.74 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. For the volatilities, recourse was made to the share price of Scout24 AG. Annual volatility of 31.92 % 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 2017:

(in '000)	Number
Number of shares[1] 31/12/2016 and 01/01/2017	**-**
Issued	119.9
Exercised	-
Forfeited	6.2
Number of shares 13/12/2017	**113.7**
Number of shares exercisable as of 31/12/2017	**-**

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 2017 have a weighted average remaining contractual term of 2.0 years

Program 2017-3

In July 2017, 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. In the time of granting, the program was determined as a share-based transaction with settlement in equity instruments in accordance with the rules of IFRS 2 in the absence of a present obligation to settle cash. The fair value the stock option was calculated at EUR 34.27 applying a Monte Carlo simulation option pricing model. A risk-free rate of 0.00 % was imputed. For the volatilities, recourse was made to the share price of Scout24 AG. Annual volatility of 31.97 % 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 2017:

(in '000)	Number
Number of shares[1] 31/12/2016 and 01/01/2017	**-**
Issued	25
Exercised	-
Forfeited	-
Number of shares 31/12/2017	**25**
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 2017 have a weighted average remaining contractual term of 2.0 years.

Total personnel expenses of EUR 4,751.5 thousand (previous year: EUR 4,573 thousand) were recognised for the aforementioned share-based payment programs.

For any dilutive effects resulting from share-based payments see Section 3.13 Earnings per share.

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

Significant shareholders of Scout24 AG as of the balance sheet date include Willis Lux Holdings 2 S.à r.l. in liquidation (shares in percent: 5.24 %, previous year: 22.98 %), Scout Lux Management Equity Co S.à r.l. (shares in percent: 2.77 %, previous year: 2.77 %) and management participation companies (shares in percent: 1.67 % and 0.07 %, previous year: 1.67 % and 0.07 %). Willis Lux Holdings 2 S.á r.l. in liquidation was regarded as a company controlling Scout24 AG until 21 June 2017.

As of the balance sheet date, none of the aforementioned parties can exert a controlling or significant influence over Scout24 AG. To this extent, only business relationships with parties in the "associates" category are reported in the notes to the balance sheet.

(EUR '000)	Total	Associate
	2017	
Income statement		
Services rendered	-	-
Net financial result	3	3
	31/12/2017	
Balance sheet		
Trade receivables	6	6
Financial assets	83	83
Financial liabilities, current	350	350
Financial liabilities, non-current	350	350

Furthermore, the income statement of Scout24 includes EUR 66 thousand of other operating income generated from passing costs on to Willis Lux Holdings 2 S.á r.l. in liquidation. In the previous financial year, this company was allocated to the "parent company" category.

The extent of business dealings with related companies in the 2016 financial year is presented in the following overview:

(EUR '000)	Total	Parent company	Associate	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

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)	2017	2016
Short-term benefits	2,284	2,727
Post-employment benefits	87	87
Other long-term benefits	489	499
Termination benefits	10	10
Other consultancy services	-	-
Share-based payments	438	891
Total	**3,308**	**4,214**

As of 31 December 2017, the Supervisory Board of Scout24 AG consisted of seven members (previous year: nine members). Each member is entitled to receive an amount of EUR 80.0 thousand as a fee for their Supervisory Board activities. A resolution was passed at the 8 June 2017 AGM that the Audit Committee Chair should additionally receive fixed annual compensation of EUR 20.0 thousand. This amount was taken into consideration pro rata temporis in the 2017 financial year. 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

The Management Board of Scout24 AG comprised the following individuals during the financial year elapsed:

Gregory Ellis
Management Board Chairman (Chief Executive Officer), Berlin

Christian Gisy
Chief Financial Officer, Düsseldorf

The Management Board members exercised the following mandates within the Group:

Gregory Ellis:

Company	Mandate
Immobilien Scout GmbH	Supervisory Board member

Christian Gisy:

Company	Mandate
Immobilien Scout GmbH	Supervisory Board member
AutoScout24 Italia S.R.L.	Supervisory Board member
AutoScout24 Nederland B.V.	Commissaris

The following Management Board members hold similar further positions:

Christian Gisy: Business Heads AG, Winnweiler.

Supervisory Board member

As of 31 December 2017, the Supervisory Board comprised the following seven individuals with the following further mandates. Two Supervisory Board positions pursuant to the Company's articles were vacant.

Name Function	Profession exercised	Member since	Appointed until	Other board positions in 2017
Stefan Goetz Chairman	Managing Director of Hellman & Friedman LLC, San Francisco, USA	4 September 2015	AGM 2020	– Verisure Holding AB, Malmö, Sweden and certain related entities in the holding structure of Verisure Securitas Direct AB, Malmö, Sweden (Member of Board of Directors); – Asa GP GmbH, Düsseldorf, Germany (Member of Board of Directors); – Evergood 1 ApS, Copenhagen, Denmark, and further related companies within the shareholding structure of Nets A/S group, Ballrup, Denmark (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 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);

Name Function	Profession exercised	Member since	Appointed until	Other board positions in 2017
				– Allfunds Bank S.A.U., Madrid, Spain and further entities in the holding structure of Allfunds Bank S.A.U. (Chairman of the Board of Directors);
Thorsten Langheim Supervisory Board member	Senior Vice President Group Corporate Development of Deutsche Telekom AG, Bonn, Germany	4 September 2015	stepped down as of 31 October 2017	– 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 of VimpelCom Limited, Amsterdam, Netherlands	4 September 2015 to 23 January 2017	stepped down as of 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	stepped down as of 19 April 2017	– Intelenet Global Services Private Limited, Mumbai, India (member of the Board of Directors);
David Roche Supervisory Board member	Chairman of the Board of Directors of	4 September 2015	AGM 2020	– Guestline Ltd., Shrewsbury, UK;

Name Function	Profession exercised	Member since	Appointed until	Other board positions in 2017
	goHenry Ltd., Lymington, UK			– The Roomstudio Ltd., Stanmore, UK (member of the Board of Directors, from January 2017 until February 2018);
Peter Schwarzenbauer Supervisory Board member	Member of the Board of Management of BMW AG, Munich, Germany	8 June 2017	AGM 2020	– Rolls-Royce Motor Cars Limited, Chichester, UK (member of the Board of Directors);
Dr Liliana Solomon Supervisory Board member	Member of the Board of Directors (CFO) of Arqiva Broadcast Ltd., Winchester, UK	4 September 2015	AGM 2020	– Metro AG, Düsseldorf, Deutschland (Supervisory Board member);
Vicente Vento Bosch Supervisory Board member	Chief Executive Officer, Managing Director, Deutsche Telekom Capital Partners Management GmbH, Hamburg, Germany	4 September 2015	stepped down as of 31 October 2017	– 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, Hamburg, Germany (Managing Director) – Deutsche Telekom Capital Partners Management GmbH, Hamburg (Member of the investment committee / “Beirat”) – Strato AG, Berlin, Germany (Chairman of the Supervisory Board) – Telekom Innovation Pool GmbH, Bonn, Germany (Member of other governing body / “Beirat”) – Ströer Management SE, Düsseldorf, Germany (Member of the Supervisory Board) – Ströer SE & Co. KGaA, Cologne, Germany (Member of the Supervisory Board)

Name Function	Profession exercised	Member since	Appointed until	Other board positions in 2017
				– eValue 2nd Fund GmbH, Berlin, Germany (Member of other governing body / “Beirat”)
Michael Zahn Supervisory Board member	Chief Executive Officer of Deutsche Wohnen AG, Berlin, Germany	8 June 2017	AGM 2020	– GSW Immobilien AG, Berlin, Deutschland (Supervisory Board Chairman); – TLG Immobilien AG, Berlin, Deutschland (Supervisory Board Chairman); – WCM Beteiligungs- und Grundbesitz AG, Frankfurt, Deutschland (Chairman of the Supervisory Board, from November 2017 until February 2018); – G+D Gesellschaft für Energiemanagement mbH, Magdeburg, Deutschland (Advisory Board Chairman); – Funk Schadensmanagement GmbH (Advisory Board Chairman); – DZ Bank AG, Frankfurt, Deutschland (Advisory Board Member); – Füchse Berlin Handball GmbH, Berlin, Deutschland (Advisory Board member); – GETEC Wärme &Effizienz GmbH, Magdeburg, Deutschland (Real Estate Consulting member).

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-. 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 7 February 2017.

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 2017 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 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 298.35 thousand (previous year: EUR 292.50 thousand) gross for Mr Ellis and EUR 166.89 thousand (previous year: 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.

Since 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 in the financial year 2016 for the financial years 2016 to 2018 and informs the Management Board in writing. The targets are financial targets (e.g., revenue growth rate and adjusted EBITDA growth rate) and/or other targets. The target amount for the financial year 2017 (2016) variable compensation is EUR 298.35 thousand (previous year: EUR 292.50 thousand) gross for Mr Ellis and EUR 166.89 thousand (previous year: 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. The payment is made annually in the following financial year.

Payment of such compensation can also lapse entirely if targets are missed.

Share-based payments

The Management Board members received share-based payment from the Management Equity Program (abbreviated as "MEP"). 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 payments

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 2,517.30 thousand (previous year: EUR 2,490.00 thousand) gross, and in the case of Mr Gisy to a maximum amount of EUR 1,378.84 thousand (previous year: 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 including 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 he may claim relocation costs of up to EUR 50 thousand upon termination of his contract with the Executive Board. The present value of the accrual provision set up for this purpose amounts to EUR 32.0 thousand. Expenses from the allocation in financial year 2017 amounted to EUR 9.6 thousand.

Disclosures pursuant to the German Corporate Governance Code

Pursuant to the requirements of the German Corporate Governance Code (DCGK) dated 7 February 2017, the following table presents the sums granted for the 2017 reporting year and for the preceding 2016 financial year to the Management Board members in office as of 31 December 2017, 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

	Gregory Ellis CEO since 03/2014				**Christian Gisy** CFO since 09/2014			
(EUR '000)	**2016**	**2017**	**2017** min	**2017** max	**2016**	**2017**	**2017** min	**2017** max
Fixed compensation	780.0	795.6	795.6	795.6	430.0	445.1	445.1	445.1
Ancillary benefits	249.0	296.4	296.4	296.4	35.9	36.5	36.5	36.5
Total	**1,029.0**	**1,092.0**	**1,092.0**	**1,092.0**	**465.9**	**481.6**	**481.6**	**481.6**
One-year variable compensation[1]	292.5	298.4	-	1,076.9	161.3	166.9	-	561.8
Multi-year variable compensation[1]	292.5	298.4	-	298.4	161.3	166.9	-	298.4
Total	**1,614.0**	**1,688.8**	**1,092.0**	**2,467.3**	**788.5**	**815.4**	**481.6**	**1,341.8**
Pension expense	50.0	50.0	50.0	50.0	37.0	37.0	37.0	37.0
Total compensation	**1,664.0**	**1,738.8**	**1,142.0**	**2,517.3**	**825.5**	**852.4**	**518.6**	**1,378.8**

1 The variable compensation components are limited by annual total compensation.

Allocation according to DCGK

	Gregory Ellis		**Christian Gisy**	
(EUR '000)	**2017**	**2016**	**2017**	**2016**
Fixed compensation	795.6	780.0	445.1	430.0
Ancillary benefits	296.4	249.0	36.5	35.9
Total	**1,092.0**	**1,029.0**	**481.6**	**465.9**
One-year variable compensation[1]	204.8	984.4	112.9	480.0
Special payment[1]	-	75.0	-	75.0
Multi-year variable compensation[1]	409,5	-	225,8	-
Total	**1,706.3**	**2,088.4**	**820.3**	**1,020.9**
Pension expense	50.0	50.0	37.0	37.0
Total compensation	**1,756.3**	**2,138.4**	**857.3**	**1,057.9**

1 The variable compensation components are limited by annual total compensation.

In the financial year elapsed, Mr Ellis sold 350,000 shares in October 2017 at a price of EUR 34.10 per share. The proceeds amounted to EUR 11,564 thousand after deducting standard market fees. In November 2017, Mr Ellis sold 325,000 shares at a price of EUR 34.45 per share. The proceeds amounted to EUR 11,169 thousand after deducting standard market fees.

In the financial year elapsed, Mr Gisy sold 36,971 shares in November 2017 at a price of EUR 34.10 per share. The proceeds amounted to EUR 1,220 thousand after deducting standard market fees.

The Management Board members did not make any share sales in the previous year.

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 2017 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		**Christian Gisy**		**Total**	
(EUR '000)	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Non-performance-related compensation components						
Fixed compensation	795.6	780.0	445.1	430.0	1,240.7	1,210.0
Ancillary benefits	296.4	249.0	36.5	35.9	332.9	284.9
Pension expense	50.0	50.0	37.0	37.0	87.0	87.0
Total	**1,142.0**	**1,079.0**	**518.6**	**502.9**	**1,660.6**	**1,581.9**
Performance-related compensation components						
One-year variable compensation	204.8	984.4	112.9	480.0	317.7	1,464.4
Special payment	-	75.0	-	75.0	-	150.0
Total	**204.8**	**1,059.4**	**112.9**	**555.0**	**317.7**	**1,614.4**
Components of long-term incentive effects						
Multi-year variable compensation	409.5	-	225.8	-	635.3	-
Total compensation excluding third-party remuneration	**1,756.3**	**2,138.4**	**857.3**	**1,057.9**	**2,613.6**	**3,196.3**

For the 2017 (2016) financial year, each Management Board member was granted one-year variable compensation with a target value for Mr Ellis of EUR 298.4 thousand (EUR 292.5 thousand), and for Mr Gisy of EUR 166.9 thousand (EUR 161.3 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 2017 financial year.

The one-year variable compensation included in the total compensation for 2017 (2016) derives from a commitment in 2016 (2015).

For the 2017 (2016) financial year, each Management Board member was granted multi-year variable compensation with a target value for Mr Ellis of EUR 298.4 thousand (EUR 292.5 thousand), and for Mr Gisy of EUR 166.9 (EUR 161.3 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 preparation of the annual financial statements, such commitments are not included in the total compensation for the 2017 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		Christian Gisy		Total	
(EUR '000)	2017	2016	2017	2016	2017	2016
Short-term benefits	1,376.0	1,638.2	640.7	848.3	2,016.7	2,486.5
Post-employment benefits	50.0	50.0	37.0	37.0	87.0	87.0
Other long-term benefits	313.3	321.8	175.2	177.4	488.5	499.1
Termination benefits	9.6	9.5	-	-	9.6	9.5
Share-based payment (MEP)	366.3	643.0	56.6	111.0	391.0	754.0
Total compensation	**2,115.2**	**2,662.5**	**909.5**	**1,173.6**	**3,024.7**	**3,836.1**

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)	2017	2016	2017	2016	2017	2016
Short-term benefits	91.7	80.0	-	-	-	80.0
Post-employment benefits	-	-	-	-	-	-
Other long-term benefits	-	-	-	-	-	-
Termination benefits	-	-	-	-	-	-
Other consultancy services	-	-	-	-	-	-
Share-based payment (BMEP)	-	-	8.6	26.3	-	79.1
Total compensation	**91.7**	**80.0**	**8.6**	**26.3**	**-**	**159.1**

Compensation of key management personnel pursuant to IAS 24 – Supervisory Board

Part 2:

(EUR '000)	Vicente Vento Bosch 2017	Vicente Vento Bosch 2016	David Roche 2017	David Roche 2016	Peter Schwarzenbauer 2017	Peter Schwarzenbauer 2016
Short-term benefits	-	-	80.0	80.0	46.7	-
Post-employment benefits	-	-	-	-	-	-
Other long-term benefits	-	-	-	-	-	-
Termination benefits	-	-	-	-	-	-
Other consultancy services	-	-	-	-	-	-
Share-based payment (BMEP)	6.6	31.6	-	-	-	-
Total compensation	**6.6**	**31.6**	**80.0**	**80.0**	**46.7**	**-**

Part 3:

(EUR '000)	Michael Zahn 2017	Michael Zahn 2016	Total Part 1+ Part 2 + Part 3 2017	Total Part 1+ Part 2 + Part 3 2016
Short-term benefits	46.7	-	267.1	240.0
Post-employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
Other consultancy services	-	-	-	-
Share-based payment (BMEP)[1]	-	-	15.2	137.0
Total compensation	**46.7**	**-**	**282.3**	**377.0**

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 2017 financial year:

Shareholdings deriving from the MEP

(in '000) Number	Gregory Ellis CEO	Christian Gisy CFO
Number of shares[1] 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 and 01/01/2017	**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
Issued	-	-
Exercised	675.0	36.9
Forfeited	-	-
Number of shares[1] 31/12/2017	**541.6**	**184.9**
Exercisable shares 31/12/2017[2]	**183.8**	**98.6**
Average remaining contractual term	0.7 years	0.9 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 366 thousand (previous year: EUR 643 thousand) and to Mr Gisy in the amount of EUR 56 thousand (previous year: EUR 111 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. A resolution was passed at the 8 June 2017 Annual General Meeting of Scout24 that the Audit Committee Chair should additionally receive fixed annual compensation of EUR 20 thousand. For this reason, Mrs Solomon received additional pro rata compensation of EUR 11.7 thousand for her work as the Audit Committee Chair in 2017. 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, Mrs Solomon, Mr Roche and Mr Schwarzenbauer 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 received the following compensation in the financial year 2017:

Supervisory Board remuneration[1]

(EUR '000)		Fixed Remuneration	Total
Stefan Goetz [2]	2017	-	-
	2016	-	-
Patrick Healy [2]	2017	-	-
	2016	-	-
Blake Kleinman [2]	2017	-	-
	2016	-	-
Thorsten Langheim [2]	2017	-	-
	2016	-	-
Alexander Graf Matuschka von Greiffenclau	2017	-	-
	2016	80.0	80.0
Robert D. Reid [2]	2017	-	-
	2016	-	-
David Roche	2017	80.0	80.0
	2016	80.0	80.0
Peter Schwarzenbauer	2017	46.7	46.7
	2016	-	-
Dr Liliana Solomon	2017	91.7	91.7
	2016	80.0	80.0
Vicente Vento Bosch [2]	2017	-	-
	2016	-	-
Michael Zahn	2017	46.7	46.7
	2016	-	-
Total	**2017**	**265.1**	**265.1**
	2016	**240.0**	**240.0**

1 Without expenses and VAT reimbursed
2 Waiving of fixed remuneration for the term of appointment

Reimbursement of outlays (excluding VAT reimbursed) paid to Supervisory Board members amounted 47.8 thousand in the financial year under review (previous year: EUR 53 thousand). Along with reimbursement of necessary outlays, Supervisory Board members receive, in addition to their compensation claim, a lump sum 1 thousand each for each year in which they are a Supervisory Board member.

Shareholdings deriving from the BMEP (Supervisory Board)

(in '000) Number	Thorsten Langheim	Alexander Graf Matuschka von Greiffenclau	Vicente Vento Bosch
Number of shares[1] 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 and 01/01/2017	**34.6**	**71.2**	**20.0**
Exercisable shares 31/12/2016[2]	**8.3**	**-**	**-**
Issued	-	-	-
Exercised	34.6	-	20.0
Forfeited	-	71.2	-
Number of shares[1] 31/12/2017	**-**	**-**	**-**
Exercisable shares 31/12/2017[2]	**-**	**-**	**-**

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.

During the block trading in June 2017, the Supervisory Board members participating in the BMEP were able to sell their earned shares at a price of 32.20 euros.

In the reporting period, personnel expenses resulting from equity-settled share-based payments in the amount of EUR 15.2 thousand (previous year: EUR 137.0 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 marketplace for real estate 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 and services 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 area of digital marketplaces for automobiles, 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 and services 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 revenue and 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 -20,006 thousand (previous year: EUR -17,768 thousand).

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	2017	298,785	193	298,979	172,338	185,706	14,166
	2016	284,626	674	285,300	162,617	179,192	11,147
AutoScout24	2017	175,102	109	175,211	76,099	85,908	7,543
	2016	152,009	812	152,821	55,939	64,239	7,303
Corporate	2017	572	71,837	72,408	-16,322	-8,957	1,081
	2016	1,341	37,273	38,615	-12,358	-7,132	1,023
Total, reportable segments	**2017**	**474,459**	**72,139**	**546,598**	**232,115**	**262,656**	**22,790**
	2016	**437,976**	**38,759**	**476,735**	**206,197**	**236,299**	**19,473**
Other	2017	5,295	1,710	7,005	663	695	-
	2016	4,134	270	4,404	562	918	35
Other reconciling items	2017	-	-73,848	-73,848	-	-10,567	-
	2016	-	-39,029	-39,029	-	-12,691	-
Total, consolidated	**2017**	**479,755**	**-**	**479,755**	**232,778**	**252,784**	**22,790**
	2016	**442,110**	**-**	**442,110**	**206,758**	**224,527**	**19,508**

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)	**2017**	**2016**
Ordinary operating EBITDA	**252,784**	**224,527**
Non-operating effects	-20,006	-17,769
EBITDA	**232,778**	**206,758**
Depreciation, amortisation and impairment	-56,830	-65,457
Result from investments accounted for using the equity method	-31	17
Other financial result	-10,375	-42,859
Earnings before tax	**165,542**	**98,459**

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)	2017 Revenues from external customers	2016 Revenues from external customers	2017 Non-current assets*	2016 Non-current assets*
Germany	392,570	365,116	1,954,096	1,986,971
Foreign	87,185	76,993	67,789	43,733
Total	**479,755**	**442,110**	**2,021,885**	**2,030,704**

* 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 mainly from the activities of the companies acquired in previous financial 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 871 thousand (previous year: EUR 1,019 thousand) and revenue from rendering services in an amount of EUR 20,254 thousand (previous year: EUR 20,190 thousand).

(EUR '000)	Revenues from external customers 2017	Revenues from external customers 2016
Revenues from core services	458,630	420,901
Revenues from other services	21,125	21,209
Total	**479,755**	**442,110**

Restructuring of segments for the 2018 financial year

Thanks to the growing significance of the Scout24 Consumer Services area, the Management Board, as the chief operating decision-making, has decided to adapt the internal steering and reporting structure and system of the Scout24 Group starting from the 2018 financial year. As a consequence, starting from January 2018, the operating segments according to IFRS 8 will comprise the "ImmobilienScout24", "AutoScout24" and "Scout24 Consumer Services" segments. The Scout24 Consumer Services segment comprises all activities in the area of services along the value chain of the real estate and automotive market and in the area of listings of non-real estate and non-automotive third parties. These activities were previously reported in segments ImmobilienScout24, AutoScout24 and Other.

The most important steering metrics to which the Management Board makes recourse to assess segment performance include revenues generated from external customers and the ordinary operating EBITDA margin. If the new reporting structure had already been applied in the 2017 financial year, the steering metrics would have been as follows:

(In Tsd. Euro)	Revenues from external customers	Ordinary operating EBITDA
ImmobilienScout24	236,045	157,550
AutoScout24	162,646	76,554
Scout24 Consumer Services	80,637	28,353
Total, reportable segments	**479,328**	**262,457**
Other reconciling items	427	-9,673
Group total (unchanged)	**479,755**	**252,784**

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 315e (1) in combination with Section 314 (1) No. 9 of the German Commercial Code (HGB) are as follows:

(EUR '000)	2017
Audit services	480
Other certification services	47
Tax advisory services	-
Other services	3
Total	**529**

The fee for the auditing services of KPMG AG related mainly to the auditing of the consolidated financial statements and the separate financial statements of Scout24 AG as well as various audits of the separate financial statements of its subsidiaries. Moreover, reviews of interim financial statements were integrated into the audit.

The other certification services comprise the fee for reviewing the non-financial reporting of Scout24 AG and other services comprise fees for courses on accounting topics.

5.10 Subsequent events

On 15 February 2018, Willis Lux Holdings 2 S.à r.l. in liquidation sold a total of around nine million shares of Scout24 AG as part of an accelerated book building procedure. Willis Lux Holdings 2 S.à r.l. in Liquidation no longer holds any shares in Scout24 AG following this disposal.

The Management Board proposes to the Supervisory to pay a dividend of EUR 0.56 per dividend-entitled share for the 2017 financial year. This is equivalent to a distribution in the amount of EUR 60,256 thousand. In this context, no dividend liability has yet been recognised in this set of consolidated financial statements.

Thanks to the growing significance of the Scout24 Consumer Services area, the Management Board, as the chief operating decision-making, has decided to adapt the internal steering and reporting structure and system of the Scout24 Group starting from the 2018 financial year. As a consequence, starting from January 2018, the operating segments according to IFRS 8 will comprise the "ImmobilienScout24", "AutoScout24" and "Scout24 Consumer Services" segments. The Scout24 Consumer Services segment subsumes all activities in the area of services along the value chain of the real estate and automotive market and in the area of listings of non-real estate and non-automotive third parties. These activities were previously reported in the ImmobilienScout24 and Scout24 segments. The most important steering metrics to which the Management Board makes recourse to assess segment performance include revenues generated from external customers and the ordinary operating EBITDA margin. Note 5.8 Segment reporting presents the steering metrics that would have arisen had the new reporting structure already been applied in the 2017 financial year. The aforementioned modifications to the composition of the cash-generating units has not generated an effect on goodwill value.

Scout24 AG initiated to sell a “Schuldschein” in the amount of EUR 200 million on 20 February 2018. The “Schuldschein” loan aims to ensure long-term favorable interests and to optimize the financial structure of the Group by partly refinancing the existing loan liabilities. The disbursement of funds of the “Schuldschein” is planned to take place on 28 March 2018.

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 2017.

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) 31/12/2017
Scout24 HCH Alpen AG	Vaduz (Liechtenstein)	EUR	100.00 %	F
Scout24 Holding GmbH [1]	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
FlowFact GmbH [1]	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
eleven55 GmbH	Berlin (Deutschland)	EUR	25.00 %	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 March 2017 (www.scout24.com).

5.13 Date of release for publication

The Company's Management Board will release the consolidated financial statements on 15 March 2018 for publication and forwarding to the Supervisory Board. The Supervisory Board will decide on 22 March 2018 concerning the approval of the consolidated financial statements. Publication will occur on 28 March 2018.

Munich, 15 March 2018

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 the 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, 15 March 2018

Scout24 AG

The Management Board

Gregory Ellis Christian Gisy

Copy of the Independent Auditor's Report

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Opinions

We have audited the consolidated financial statements of Scout24 AG, Munich, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2017, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the financial year from 1 January 2017 to 31 December 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Scout24 AG, Munich, which has been combined with the management report of Scout24 AG, for the financial year from 1 January 2017 to 31 December 2017. We have not audited disclosures extraneous to management reports which have been included in the group management report and which have been marked as unaudited.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of 31 December 2017, and of its financial performance for the financial year from 1 January 2017 to 31 December 2017, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the disclosures extraneous to management reports which have been included in the group management report and which have been marked as unaudited.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the EU Audit Regulation No. 537/2014 (referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report” section of our auditor’s report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January 2017 to 31 December 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Recoverability of the carrying amount of goodwill

For further information on the applied accounting principles and policies please refer to the notes to the consolidated financial statements in note 1.6. Disclosure of the assumptions made for impairment testing and the amount of goodwill is provided in the notes to the consolidated financial statements in note 4.5.

THE FINANCIAL STATEMENT RISK

As at 31 December 2017 goodwill totaled EUR 836.7 million, thereby comprising 39% of the balance sheet total.

Goodwill is tested for impairment annually and in case there is an indication for impairment at the level of the operating segments ImmobilienScout24 and AutoScout24. The carrying amount is thereby compared with the recoverable amount of the respective operating segments. If the carrying amount exceeds the recoverable amount of the respective operating segment, an impairment is recorded. The recoverable amount is the higher of the fair value less costs to sell and value in use of the operating segment. The impairment test was carried out by Scout24 as at 30 November 2017 by determining the fair value less cost to sell.

The goodwill impairment test is complex and is based on a number of judgemental assumptions. These include, among others, the expected business and earnings development of the operating segments for the upcoming four years, the assumed long-term growth rates and the discount rate used.

On the basis of the impairment tests carried out by Scout24 as at 30 November 2017 the Company has not identified the need for the recording of an impairment. The company's sensitivity analysis has shown that reasonably possible changes in the discount rate, in the long-term growth rate or in the expected EBITDA-margin would not lead to an impairment to the recoverable amount.

There is the risk for the financial statements that the required impairments were not sufficiently recorded. In addition, there is the risk that the disclosures in the notes associated herewith are not appropriate.

OUR AUDIT APPROACH

With the support of our valuation specialists, we assessed, among other things, the appropriateness of the significant assumptions as well as the Company's valuation model. This included a discussion of the expected development of the business and results, which align with the budget prepared by the Executive Board and approved by the Supervisory Board, as well as of the assumed underlying long-term growth rates with those responsible for the planning process. Furthermore, we assessed the consistency of the assumptions with external market assessments by comparing the market capitalization of Scout24 as per the valuation date with the results of the impairment test.

We also assessed the Company's planning accuracy by comparing projections for previous financial years with the actual results realised and analysed deviations. As small changes in the discount rate can have a substantial impact on the results of the impairment test, we have compared the assumptions and parameters underlying the discount rate – in particular the risk-free rate, the market risk premium and the beta factor – with own assumptions and publicly available information to evaluate whether the assumptions made by Scout24 are in between the acceptable bandwidth.

To provide for the mathematical accuracy of the valuation model utilised, we recalculated the Company's calculations. Furthermore, we assured the compliance with the equivalence principle by recalculating the operating segments' book value and we verified that the book values used are taken from the Group books as per valuation date.

We have assessed reasonably possible changes of the discount rate, the expected earnings and the long-term growth rate on the recoverable amount (sensitivity analysis), respectively, to assure that the valuation results of Scout24 are in between the acceptable bandwidth.

Finally, we assessed whether the disclosures in the notes with respect to the recoverability of the carrying amount of the goodwill are appropriate. This also included an assessment with respect to the appropriateness of the omission of the disclosures in the notes pursuant to IAS 36.134(f) with respect to sensitivities resulting from reasonably possible changes of key assumptions underlying the valuation.

OUR OBSERVATIONS

The underlying valuation model used in the impairment test of goodwill is appropriate and consistent with the applicable accounting principles.

The Company's assumptions and parameters underlying the valuation are within an acceptable bandwidth and are, on the whole, balanced.

The disclosures in the notes associated herewith are appropriate.

Recoverability of trademarks

For further information on the applied accounting principles and policies please refer to the notes to the consolidated financial statements in note 1.6. Disclosure of the assumptions made for impairment testing and the amount of trademarks is provided in the notes to the consolidated financial statements in note 4.5.

THE FINANCIAL STATEMENT RISK

As at 31 December 2017 trademarks totaled EUR 984.6 million, of which trademarks with an indefinite useful life amount to EUR 982.6 million and account for 46% of the balance sheet total.

Trademarks with indefinite useful lives are tested for impairment annually and in case there is an indication for impairment. Scout24 determines the recoverable amount of the smallest cash-generating unit to which the trademark is allocated and compares this value to the book value as these trademarks do not generate cash flows that are widely independent of those of other assets. The recoverable amount is the higher of the fair value less costs to sell and value in use of the cash-generating unit. The impairment test was carried out by Scout24 as at 30 November 2017 by determining the fair value less cost to sell.

The impairment test for trademarks with an indefinite useful life is complex and is based on a number of judgmental assumptions. These include, among others, the expected business and earnings development of the cash-generating units for the upcoming four years, the assumed long-term growth rates and the discount rate used.

On the basis of the impairment tests carried out by Scout24, the Company has not identified the need for the recording of an impairment. The company's sensitivity analysis for the trademark FlowFact has shown that reasonably possible changes in the terminal value growth rate and the discount rate would lead to an impairment to the recoverable amount. For the trademarks ImmobilienScout24 and AutoScout24 the sensitivity analysis has shown that reasonably possible changes in the material assumptions would not lead to an impairment to the recoverable amount.

There is the risk for the financial statements that the required impairments were not sufficiently recorded. In addition, there is the risk that the disclosures in the notes associated herewith are not appropriate.

OUR AUDIT APPROACH

With the support of our valuation specialists, we assessed, among other things, the appropriateness of the significant assumptions as well as the Company's valuation model. This included a discussion on the expected development of the business and results, which was derived from the budget prepared by the Executive Board and approved by the Supervisory Board, as well as of the assumed underlying long-term growth rates with those responsible for the planning process. Furthermore, we assessed the consistency of the assumptions with external market assessments by comparing the market capitalization of Scout24 as per the valuation date with the results of the impairment test.

We also assessed the Company's planning accuracy by comparing projections for previous financial years with the actual results realised and analysed deviations. As small changes in the discount rate can have a substantial impact on the results of the impairment test, we have compared the assumptions and parameters underlying the discount rate – in particular the risk-free rate, the market risk premium and the beta factor – with own assumptions and publicly available information to evaluate whether the assumptions made by Scout24 are in between the acceptable bandwidth.

To provide for the mathematical accuracy of the valuation model utilised, we recalculated the Company's calculations. Furthermore, we assured the compliance with the equivalence principle by calculating the operating segments' book value and we verified that the book values used are taken from the Group books as per valuation date.

We have assessed reasonably possible changes of the discount rate, the expected earnings and the long-term growth rate on the recoverable amount (sensitivity analysis), respectively, to assure that the valuation results of Scout24 are in between the acceptable bandwidth.

Finally, we assessed whether the disclosures in the notes with respect to the recoverability of the carrying amount of the trademarks are appropriate. This also included an assessment with respect to the appropriateness of the omission of the disclosures in the notes pursuant to IAS 36.134(f) with respect to sensitivities resulting from reasonably possible changes of key assumptions underlying the valuation.

OUR OBSERVATIONS

The underlying valuation model used in the impairment test of trademarks with an indefinite useful life is appropriate and consistent with the applicable accounting principles.

The Company's assumptions and parameters underlying the valuation are within an acceptable bandwidth and are, on the whole, balanced.

The disclosures in the notes associated herewith are appropriate.

Other Information

Management is responsible for the other information. The other information comprises:

- disclosures extraneous to management reports which have been included in the group management report and which have been marked as unaudited, and
- the remaining parts of the annual report, with the exception of the audited consolidated financial statements, the group management report and our auditor's report.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 8 June 2017. We were engaged by the supervisory board on 3 November 2017. We have been the group auditor of Scout24 AG without interruption since the financial year 2016.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Haiko Schmidt.

Hamburg, March 21, 2018
KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

signed Schmidt Wirtschaftsprüfer [German Public Auditor]	signed Jordan Wirtschaftsprüferin [German Public Auditor]

Glossary

- ARPU: Average revenue per user per month, 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 net finance income and income taxes
- EBITDA:
- Ordinary operating EBITDA: Earnings before finance income, income taxes, amortisation, depreciation and the result of sales of subsidiaries 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.
- EBITDA margin (for a segment): EBITDA in ratio to the external revenues (of the respective operating segment).
- Ordinary operating EBITDA margin (of an operating segment): Ordinary operating EBITDA as a percentage of the external revenues (of the respective operating segment).
- 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 effects deriving new corporate acquisitions during the year
- 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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- Automobile Club d'Italia: Automobilclub Italien, 2015 data, 2016 statistical annual
- Automoto.it: online auto magazin › www.automoto.it, Milan
- Centro Studi Promotor, Dati e Analisi, January 2017 edition "Data and analysis" monthly magazine published by the Centro Studi Promotor, Italian research institution specialising in the automotive market; January 2017 edition
- Comscore: comScore MMX®, Mobile Metrix Media Trend, Germany, comScore, Long Term Media Trend, Germany; *In the June to September 2016 and July to October 2016 period, erroneous engagement (user activity) and UMV multiplatform data were gathered for IS24. To measure engagement for IS24, the average for the January to June 2016 and November to December 2016 periods were applied. To measure multiplatform UMV for IS24, the average for the January to May 2016 and October to December 2016 periods were applied.
- DAT: DAT, 2016, 2017, 2018: DAT-Reports 2016, 2017, 2018 Deutsche Automobil Treuhand GmbH, Ostfildern
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- Eurostat: European Commission, Eurostat, Luxembourg; percentage of private households with Internet access. Including any form of Internet use, population aged between 16 and 74
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- GEWOS: GEWOS Institut für Stadt-, Regional- und Wohnforschung GmbH, IMA® info 2017
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- Statistisches Bundesamt: German Federal Statistical Office, Wiesbaden
- VWE Automotive, January 2018: VWE Automotive; Dutch supplier of online tools, market data and vehicle information; press release " VWE OCCASION JAAROVERZICHT 2017" (Second hand car annual review 2017); January 2018
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- Zentralverband Deutsches Kraftfahrzeuggewerbe: German Federation for Motor Trades and Repairs (ZDK), November 2016: German Federation for Motor Trades and Repairs (ZDK), Bonn; press release "Motor vehicle trade: fewer new registrations in 2017", November 2017

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- ServiceValue commissioned by Focus Money, „Most user-friendly apps 2017" – Representative survey; online panel n=200, March 2017

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".

Scout24 also uses alternative performance measures, not defined by IFRS, to describe the Scout24 Group's results of operations. These should not be viewed in isolation, but treated as supplementary information. The special items used to calculate some alternative performance measures arise from the integration of acquired businesses, restructuring measures, impairments, gains or losses resulting from divestitures and sales of shareholdings, and other material expenses and income that generally do not arise in conjunction with Scout24's ordinary business activities. Alternative performance measures used by Scout24 are defined in the "Glossary" section of Scout24's Annual Report 2017.

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.

IMPRINT

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