Annual Report and Annual Financial Report 2019

Make it happen.

Scout24

Contents

Make it count

349.7 EUR million

revenue from continuing operations (ImmobilienScout24 and real estate-related Consumer Services activities)

60 %

ordinary operating EBITDA margin (continuing operations)

676 EUR

monthly ARPU with residential real estate partners

13.5 million

unique monthly visitors on ImmobilienScout24 (multi-platform)

425,000

listings on the ImmobilienScout24 marketplace at year end

1,761 EUR

monthly ARPU with business real estate partners

613.6 EUR million

revenue from continuing and discontinued operations (segments ImmobilienScout24, AutoScout24, Scout24 Consumer Services)

2.892 EUR billion

sales price for AutoScout24, FinanceScout24 and FINANZCHECK

52.5 %

ordinary operating EBITDA margin (Group with continuing and discontinued operations)

49 %

total shareholder return including dividend

150 EUR million

value of shares repurchased in first tranche until end of January 2020

TOBIAS HARTMANN
CEO, Scout24 AG

Dear shareholders,

2019 can probably be described best by our new brand essence: "Make it happen." We achieved record results in revenue and earnings and thus fully reached our targets for the Group. With our new CFO Dirk Schmelzer, we completed our Management Board team. We presented a new strategic roadmap and pursued it consistently. We adopted a new brand identity. We initiated the largest transaction in the history of our company. And our product portfolio is better filled than ever before.

More than that, 2019 was the first full financial year for which I was responsible as CEO. And it was the year in which we debated hard questions on the Management Board. Questions concerning the strategy, efficiency, competitiveness and the organisation of Scout24 – and regarding an appropriate return on your investment, dear shareholders.

Today, I can say: we have found compelling answers. This is not only evident from the figures for the 2019 financial year. It is also clear from our new orientation. In summer 2019, we initiated a strategic review process. After a careful and thorough review, we decided to sell all of our shares in AutoScout24, FinanceScout24 and FINANZCHECK.

Following the transaction, the company will now focus on the success of ImmobilienScout24. Our goal is to build a comprehensive ecosystem for real estate agents, home sellers and consumers. We are well prepared for this task: throughout the year we developed and tested new products and solutions, which we are now purposefully marketing with our partners. At the same time, we have increased our operating efficiency in order to act faster and in a more targeted manner. We firmly believe that Scout24's new focus is also in your interest, dear shareholders.

ImmobilienScout24 is more relevant than ever before – and therefore in an excellent position to generate further profitable growth. Although we have already achieved a great deal, the German real estate market is still at an early stage of development compared with other countries and holds enormous potential for us. In order to use it, we want to make real estate transactions as digital and efficient as possible – with the best user experience and with the greatest possible transparency. And we are aligning ourselves even more consistently with the most important user groups: agents not only want to sell real estate with us, they also want to acquire new mandates. Homeowners get the support they need from us when selling their property. And for consumers looking for a place to live, we don't only offer the best market overview but also better chances of securing a rental or purchase contract.

Consequently, our goals on the Management Board for 2020 are set. It is to be the year in which we expand our leading market position in real estate. The year in which we move even closer to our customers and users. The year in which we transform our data and market knowledge even better into products. And the year in which we ensure that we continue to attract and retain the best talent.

As far as I am concerned: in 2020, I want to create the best possible conditions in the company to ensure that our strategic vision becomes reality, step by step. 'Make it happen' is a self-imposed challenge to deliver operational excellence – and to do so together. Because as a strong team, we at Scout24 can achieve anything. We have proven this day after day for over 20 years – what a success story in the dynamic Internet sector! My colleagues on the Management Board and I would like to thank all employees for their outstanding commitment. 2019 was a great success. We want to continue this course in 2020 – especially if you, dear shareholders, accompany us!

Yours sincerely,

Tobias Hartmann
CEO, Scout24 AG

Making it happen in 2020

„We made the right strategic decisions. The goal is clear: we will take advantage of ImmobilienScout24's enormous growth potential and will continue to expand our market leadership in the future – with new products, state-of-the-art technologies and a greater reach in our market."

Tobias Hartmann is Chief Executive Officer (CEO) of Scout24 AG and responsible for the management of the entire operational business.

„We have fully achieved our targets for the Group in the 2019 financial year. We have initiated the largest transaction in the history of our company. And we are operating in a market environment that offers enormous potential. That is also reflected in our total shareholder return, including dividend, of 49% in 2019."

Dr Dirk Schmelzer is Chief Financial Officer (CFO) of Scout24 AG. In this position he is responsible for Finance, Treasury, Tax, Controlling, Procurement & Facilities and Investor Relations.

„In order to successfully build up the real estate ecosystem, we will cover the consumer and customer journeys even more consistently. And this with a focus on property rental and sale, commercial real estate and project development.“

As Chief Commercial Officer of Scout24 AG, Ralf Weitz is responsible for all sales activities of the Scout24 marketplaces.

„With new products and membership models, we offer our customers and consumers genuine added value. The Home Seller Hub and the Property Atlas support homeowners as they begin to consider putting their property on the market. Premium member ship for tenants and buyers takes the search and application process to the next level. And the KOLUMBUS location analysis enables our partners to make reliable decisions on the basis of unique data spanning demand, supply and decisive location factors.“

As Chief Product Officer of Scout24 AG since December 2018, Dr Thomas Schroeter is responsible for the entire product development and marketing.

Investor relations

Investor relations activities

Scout24 AG maintains a constant, open and transparent dialogue with the capital market. Communication with investors and analysts seeks to ensure that the company's value adequately reflects the business development and future prospects of the Scout24 Group.

In addition to quarterly financial reporting and numerous press and IR releases, Scout24 used the following channels of exchange:

- Conference calls
- Personal meetings or group meetings on Scout24's premises
- Capital Markets Day
- Roadshows (in Germany and abroad)
- Investor conferences

Accordingly, discussions were held with almost 500 investors on 264 occasions, with the frequency increasing significantly in the second half of the year in view of the strategic developments in the company. In total, 16 days were dedicated to roadshows and conferences, all of which were attended by members of the Management Board.

ROADSHOWS

27 March 2019	Frankfurt
28–29 March 2019	London
1–2 April 2019	New York
3 April 2019	Edinburgh
5/6 June 2019	London
8 July 2019	London
9 July 2019	Edinburgh
18 July 2019	Frankfurt
18 November 2019	London

CONFERENCES

24 September 2019	Berenberg - Goldman Sachs: 8th German Corporate Conference, Munich
13–15 November 2019	Morgan Stanley European TMT Conference, Barcelona

Scout24 AG's second Capital Markets Day for institutional investors and analysts was held in Munich on 26 November 2019. In addition to deeper insights into the Scout24 Group's strategy and finances provided by the chief executive officer and the chief financial officer, the chief product officer and other executives of the company presented the plans for further developing the two core verticals into networked marketplaces of the future. The presentations were rounded off with an in-depth Q&A session. The company also provided an outlook for the period 2020 to 2022.

CAPITAL MARKETS DAY IN NUMBERS

Invited	
Analysts	16
Investors	200+
Participants	
Analysts	14
Investors	48 (11 from Germany, 37 international)
Corporate bankers	10
Journalists	3

Events in the stock market year

The 2019 stock market year was a very eventful year for the Scout24 Group. In addition to the usual communication with the capital market, investor relations work was marked in particular by the following events, which were accompanied by communications and conveyed to market participants in a meaningful and comprehensible manner.

TAKEOVER BID

On 15 February 2019, Scout24 AG's former major shareholders, Hellman & Friedman and the Blackstone Group, decided to issue a joint voluntary takeover bid with an offer price of EUR 46.00 per share. The offer was subject to a minimum acceptance threshold of 50 % plus 1 share. On 14 May 2019, the bidders announced that their takeover bid had failed. The acceptance threshold had reached around 42.8 %, clearly falling short of the minimum acceptance threshold of 50 % plus one share. In particular, a number of activist shareholders had in the meantime invested in the share and rejected the bid as insufficient.

STRATEGIC ROAD MAP FOR LONG-TERM VALUE ENHANCEMENT

On 19 July, the Scout24 Management Board presented a strategic road map for the company's long-term value enhancement. This was based on three essential pillars: (i) strengthening Scout24's two core verticals, (ii) growing revenue and enhancing operational efficiency and (iii) optimising the capital structure.

AUTOSCOUT24 STRATEGIC REVIEW

In August 2019, the Management Board announced a strategic review of all potential future options for AutoScout24. In a structured and careful process, several options, including merger, partial/full sale, spin-off and holding scenarios were examined and evaluated. The strategic review ended on 17 December 2019 with the decision to sell AutoScout24. The sales price of EUR 2.9 billion corresponds to an EBITDA multiple (based on the last twelve months until 30 September 2019) of 26.1x.

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of Scout24 AG took place in Munich on 30 August 2019. Shareholders representing more than 79 % of Scout24 AG's share capital, which is divided into 107,600,000 shares, were present at the meeting. All proposed resolutions were approved with the majority required in each case. In particular, the resolutions included a further increase in the dividend by 14 % from EUR 0.56 to EUR 0.64 per share and the election of three new members to the Supervisory Board. In addition, the Annual General Meeting exonerated the Management Board and Supervisory Board of Scout24 AG for the 2018 financial year by a clear majority.

A total of three members of the Supervisory Board of Scout24 AG had relinquished their board mandates before the end of their term of office. Michael Zahn stepped down from his office with effect as of 30 June 2019, while David Roche and Dr Liliana Solomon stepped down from their offices with effect as of the end of the Annual General Meeting on 30 August 2019.

As proposed by the Supervisory Board, the Annual General Meeting elected Frank H. Lutz and André Schwämmlein as new members of Scout24 AG's Supervisory Board. In addition, the Annual General Meeting accepted the countermotion of the shareholder Pelham Capital Ltd, London, to elect to Scout24 AG's Supervisory Board Christoph Brand, Deputy CEO and Head of Classifieds and Marketplaces at TX Group AG (renamed on 1 January 2020; previously: Tamedia AG), Zurich. The term of office in each case ends at the end of the Annual General Meeting that decides on the exoneration for the 2019 financial year.

The detailed voting results and presentations by the Management Board are available on Scout24 AG's website at WWW.SCOUT24.COM/INVESTOR-RELATIONS/HAUPTVERSAMMLUNG.

SHARE BUY-BACK

On 19 July 2019, Scout24 AG announced the implementation of a share buy-back programme of up to EUR 300 million. At the share price at the time of EUR 49.80, that corresponded to approximately 5.6 % of the share capital. The shares were intended to be repurchased in several tranches over a period of no more than twelve months from 2 September 2019 to 1 September 2020 at the latest.

The programme started on 2 September 2019 with a first tranche of EUR 150 million. A bank had been commissioned to buy back the shares and decided on the timing of the repurchase independently of, and uninfluenced by, the company. The tranche was completed on 31 January 2020 with a volume of EUR 150.0 million and 2.8 million shares bought back (2.6 % of share the capital). Further information on the share buy-back programme is available AT WWW.SCOUT24.COM/INVESTOR-RELATIONS/AKTIENRUECKKAUF.

REPURCHASED SHARES

Period	Aggregated volume (number of shares)	Total volume (EUR)
02/09–06/09/2019	250,207	13,086,675
09/09–13/09/2019	302,200	15,209,917
16/09–20/09/2019	304,500	15,209,289
23/09–27/09/2019	181,395	9,236,176
30/09–04/10/2019	88,250	4,624,897

Period	Aggregated volume (number of shares)	Total volume (EUR)
07/10–11/10/2019	108,900	5,790,420
14/10–18/10/2019	108,700	5,790,972
21/10–25/10/2019	107,800	5,789,352
28/10-01/11/2019	105,700	5,791,513
04/11–08/11/2019	107,700	5,788,855
11/11–15/11/2019	252,689	13,053,667
18/11–22/11/2019	113,300	5,928,374
25/11–29/11/2019	91,500	4,985,835
02/12–06/12/2019	88,800	4,970,841
09/12–13/12/2019	90,000	4,967,582
16/12–20/12/2019	85,000	4,964,194
23/12/2019–03/01/2020	83,800	4,971,566
06/01–10/01/2020	83,000	4,962,023
13/01–17/01/2020	80,454	4,923,527
20/01–24/01/2020	80,250	4,972,527
27/01–31/01/2020	79,728	4,981,772
Total	**2,793,873**	**149,999,973**

The Scout24 share

The shares of Scout24 AG, Munich, have been listed on the Prime Standard segment of the Frankfurt Stock Exchange since 1 October 2015. Scout24 AG has also been a constituent of Germany's MDAX equity selection index since 18 June 2018.

SHARE DATA

Type of shares	Registered shares (no-par value)
Stock exchanges	Frankfurt Stock Exchange, XETRA, Berlin, Düsseldorf, Hamburg, Hanover, Munich, Stuttgart, Tradegate
Frankfurt Stock Exchange transparency level	Prime Standard
Total number of shares	107,600,000
ISIN/WKN	DE000A12DM80/A12DM8
Ticker symbol	G24
Designated sponsors	Goldman Sachs, ODDO Seydler Bank AG
Paying agent	UniCredit Bank AG
Share price as of 30 December 2019	EUR 58.95
52-week high*	EUR 59.70
52-week low*	EUR 38.58
Market capitalisation as of 30 December 2019	EUR 6,343.02 million
Average daily trading volume (52 weeks prior to 30 December 2019)	304,186 shares/day

* In each case based on the closing price in XETRA trading

ANALYST COVERAGE

In addition to the company's financial communication, investors can access estimates and recommendations by various independent analysts. The following analysts cover Scout24:

ANALYSTS

Bank of America Merrill Lynch	John King
Barclays	Andrew Ross
Bankhaus Lampe	Christoph Bast
Credit Suisse	Joseph Barnet-Lamb
Deutsche Bank	Fathima Nizla Naizer
Exane BNP Paribas	William Packer
Goldman Sachs	Lisa Yang
HSBC	Christopher Johnen
J.P. Morgan	Marcus Diebel
Kepler Cheuvreux	Craig Abbott
Liberum	Ian Whittaker
Morgan Stanley	Miriam Adisa
Pareto Securities	Mark Josefson
Royal Bank of Canada	Sherri Malek
Société Générale	Rémi Grisard
UBS	Richard Eary
Warburg	Marius Fuhrberg

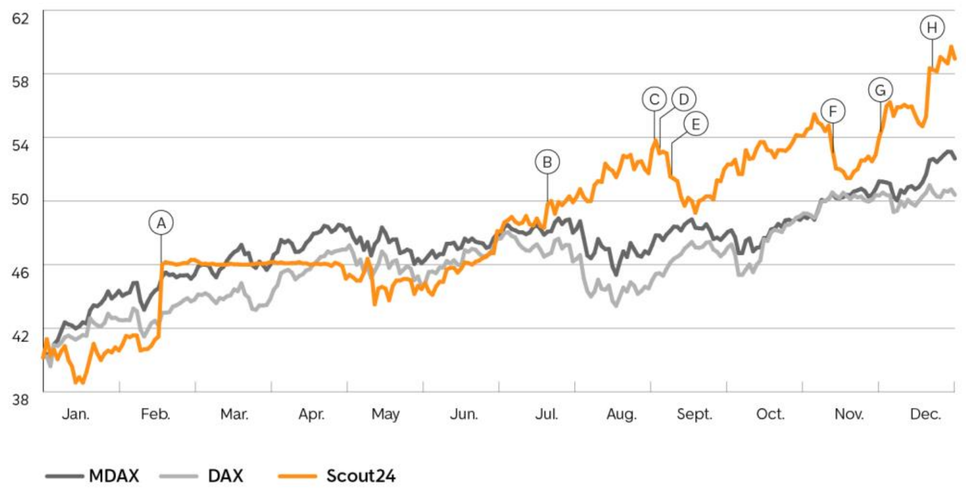
SHARE PRICE DEVELOPMENT

By reference to the German DAX benchmark index, the German stock market developed very favourably in the difficult, mixed conditions of 2019. The main influencing factors included the United States' trade disputes with China and the EU and their impact on the global economy, recurring fears of recession fuelled by numerous profit warnings from cyclical sectors, among them the chemicals, steel and automotive sectors, the monetary policy of the Federal Reserve and the ECB, as well as political issues such as the struggle to find a solution to Brexit or the government crisis in Italy.

In this environment, the DAX moved steadily upwards over the course of the year despite recurring short-term setbacks. Whereas the DAX had already reached its annual low of 10,417 points by 3 January 2019, it did not hit its annual high of 13,408 points until 16 December 2019. At the end of the year, on 30 December 2019, the DAX closed at 13,249 points, only slightly below its high for the year, thus achieving a significant increase of 25.5 % on the previous year's closing price.

DEVELOPMENT OF SCOUT24 SHARE PRICE (INDEXED)

EUR



The performance of the Scout24 share in the first half of 2019 was significantly influenced by the voluntary takeover bid (A), which ultimately failed and fixed the share price at a level that persisted for a long time. Accordingly, the share reached its low for the year of EUR 38.58 early on, namely on 16 January 2019. The takeover bid increasingly attracted the attention of activist shareholders who rejected the offered takeover price of EUR 46.00 per share as insufficient and focused on short-term measures to increase the value of the company. This gave the share a further boost on top of the sustained positive development of business.

Market participants rewarded the announcement of the strategic road map for long-term value enhancement on 19 July 2019 (B) with a gain of 3.1 % on that day. As a result, the share price exceeded the EUR 50 mark for the first time, with good half-year figures and the announcement of the review of strategic alternatives for AutoScout24 further buoying the share price increase.

Following the Annual General Meeting on 30 August 2019 (C) and the corresponding dividend payment, the share price briefly lost some ground. At this time, the financial investors Hellman & Friedman also parted with their remaining share package of 6.7 million shares (E). On the other hand, the first tranche of the share buy-back programme launched on 2 September 2019 (D) had a stabilising effect, with Scout24 buying up almost 1 % of its own shares in September alone. The share experienced a new upswing after rumours that a process had been initiated to sell the subsidiary AutoScout24. As a result, the share also exceeded the EUR 55 mark by the end of October.

The financials for the third quarter published on 7 November 2019 (F) fell somewhat short of market expectations. In particular, the weaker growth in the Consumer Services operating segment was disappointing. Within two days, the share lost more than 5 % in value. However, the future prospects for the Scout24 Group presented at Capital Markets Day on 26 November 2019 (G) were so convincing, that the share price resumed its upward trend. The announcement of the sale of AutoScout24 (H) at the end of the year provided an additional boost.

The Scout24 share thus reached its peak for the year of EUR 59.70 on 27 December 2019 and closed the 2019 stock market year on 30 December 2019 at a price of EUR 58.95, a remarkable gain of 46.8 %. As a result, the Scout24 share also outperformed its relevant benchmark indices DAX and MDAX, which rose by 25.5 % and 31.2 % respectively in the same period.

SHAREHOLDER STRUCTURE

In 2019, Scout24 AG launched a share buy-back programme, acquiring treasury shares totalling 2.26 % by 31 December 2019. The remaining 97.74 % of the shares are in free float.

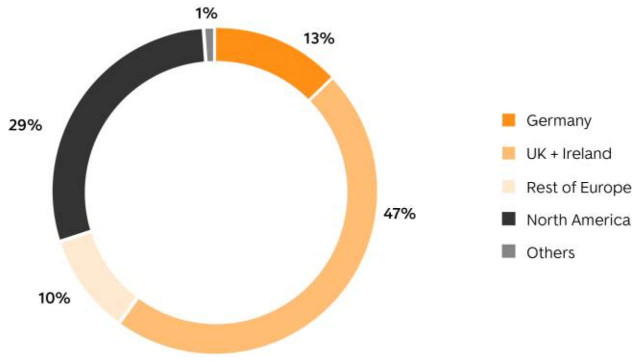
The shareholder structure of Scout24 AG as of 31 December 2019 is as follows:

SHAREHOLDER STRUCTURE

Shareholder	Number of shares	%
Treasury shares	2,437,041	2.26
Free float	105,162,959	97.74
Total	**107,600,000**	**100.00**

The free float of 97.74 % is mainly held by institutional shareholders. The publicly available information covers about 85 % of the free float. At 45 %, institutional shareholders from the United Kingdom and Ireland account for the largest share, followed by institutional shareholders from North America (32 %), Germany (12 %) and the rest of continental Europe (10 %).

SHARES BY REGION



Source: Shareholder ID as of January 2020, representing approximately 93 % of total shares without treasury shares

Report of the Supervisory Board

Dear Shareholders,

In the 2019 financial year, the Scout24 Group once again fully met its revenue and earnings targets. The two central platforms – ImmobilienScout24 and AutoScout24 – were successfully further developed into integrated marketplaces in the online sector. The Supervisory Board supported the Management Board and consulted with it throughout as regards the targeted expansion and growth of the business.

The Supervisory Board supports the Scout24 Group's strategic focus on the market-leading platform ImmobilienScout24 and the sale of the AutoScout24 operating segment. In the summer of 2019, Scout24 AG began a review of strategic alternatives for the AutoScout24 operating segment. The Supervisory Board was continuously involved in the process and was comprehensively informed about its progress. After a careful and thorough review, Scout24 reached an agreement with a subsidiary of Hellman & Friedman LLC in December 2019 on the sale of the digital marketplaces AutoScout24, FinanceScout24 and FINANZCHECK. Each platform is in a position to reach its full potential and shape its future in the interest of the company and all stakeholders, especially shareholders, users, customers and employees.

The Supervisory Board performed all of its duties and met all of the obligations incumbent on it by law, the company's Articles of Association and the rules of procedure for the Supervisory Board. In total, the Supersvisory Board held eight ordinary meetings during the 2019 financial year. No member of the Supervisory Board was absent in more than half of the meetings of relevance for the member in question. A detailed list of meeting attendance is included as a table subsequently in this report.

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

Cooperation between the Supervisory Board and the Management Board

The Management Board provided the Supervisory Board with regular, timely and comprehensive information in detailed oral and written reports on all issues of relevance to the company and the Group regarding strategy, planning, business development, risk position, risk management and compliance. In this context, the Management Board also explained deviations between actual figures and previously reported targets to the extent necessary. Consequently, the Management Board fulfilled all its reporting obligations to the Supervisory Board in the financial year. In this context, the Supervisory Board and its committees were involved in all important business transactions and decisions of fundamental significance for the company.

Ahead of the meetings, the Supervisory Board members always had sufficient time to critically review the information and documents presented by the Management Board. In the course of the meetings, the information was discussed and examined in detail with the Management Board; each member of the Supervisory Board was able to contribute and did indeed contribute their opinions. The Supervisory Board granted its approval for individual transactions wherever required by law, the company's Articles of Association or the rules of procedure for the Supervisory Board or the Management Board. Collaboration with the Management Board was characterised by responsible and purposeful action in all respects.

Beyond the scope of the meetings, the members of the Supervisory Board, and especially the Chairman of the Supervisory Board and the Chairs of the Executive Committee, the Audit Committee and, since September 2019, the Remuneration Committee, were also in regular contact both with each other and with the Management Board. The matters deliberated mainly related to the company's strategy, planning, business development, risk position, risk management, corporate governance and compliance. In addition, the Chair of the Supervisory Board was immediately informed of any important events of material significance for an assessment of the situation and development as well as the management of the company. The remaining members of the Supervisory Board were informed at the latest at the next full meeting of the Supervisory Board or the committee meetings.

No conflicts of interests arose within the Supervisory Board in the reporting period.

Main focus of work in the Supervisory Board plenum

In addition to the regular reporting and discussion of the current business development of the operating segments, the Supervisory Board's work focused on the following topics:

At the beginning of the year, the Supervisory Board's work focused on the public takeover bid and the related conclusion of the investor agreement dated 15 February 2019 with the bidding company (held by funds advised by Hellman & Friedman LLC and group entities of Blackstone Group L.P.).

At the meeting of 19 March 2019 to discuss the financial statements, the Supervisory Board discussed the separate financial statements of Scout24 AG for 2018 and the consolidated financial statements for 2018, approved them and decided on the appropriation of profits. The Supervisory Board also concerned itself with the agenda and individual resolution proposals for the 2019 Annual General Meeting as well as the table of duties of the members of the Management Board. The declaration of conformity to the German Corporate Governance Code (GCGC) as well as any deviations from it were also discussed.

The meeting of 10 April 2019 and its preparation dealt extensively with the evaluation of the takeover bid and the reasoned statement of the Supervisory Board on the takeover bid. The Supervisory Board decided to support it. As the takeover bid did not reach the minimum acceptance threshold set by the bidder, the Supervisory Board concerned itself intensively with the consequences and the future orientation of the company at its meeting on 27 May 2019.

In the early part of the year, the Supervisory Board also concerned itself with the replacement of the chief financial officer, until the decision was made at the beginning of June to appoint Dr Dirk Schmelzer as the new chief financial officer of the Scout24 Group. At its 12 June 2019 meeting, the Supervisory Board concerned itself with the general development of business within the Scout24 Group. Due to the change on the Management Board with the appointment of Dr Dirk Schmelzer, a resolution was passed to adjust the table of duties of the Management Board. The agenda and individual resolution proposals for the 2019 Annual General Meeting were also discussed further.

At the meeting on 26 September 2019, the new members of the Supervisory Board were welcomed and the members of the committees, including their respective chairs, were elected. Frank Lutz was elected Deputy Chairman of the Supervisory Board. An in-depth discussion was also held on the individual operating segments of the Scout24 Group. The financial outlook for the current and next financial year, M&A activities, opportunities and the development of the individual operating segments were also presented and discussed.

The meeting of 11 November 2019 focused on the review of strategic alternatives for AutoScout24, how the process was progressing and the various options available in this context. In addition, the market development and the regulatory environment as well as the competitive situation were examined in more detail. At the meeting on 5 December 2019, the Supervisory Board held extensive discussions with the Management Board regarding the financial position of both Scout24 AG and the Group, discussing in-depth with management the business trends. Furthermore, the Supervisory Board passed a resolution on the budget for the 2020 financial year. The progress made in the process of evaluating strategic alternatives for the AutoScout24 operating segment was also again discussed in detail. At the extraordinary meeting on 16 December 2019, the sale of the digital marketplaces AutoScout24, FinanceScout24 and FINANZCHECK was approved after intensive preparation and consultation.

Committees

To perform its tasks efficiently, the Supervisory Board has currently formed three committees, namely an Executive Committee, an Audit Committee and, since September 2019, a Remuneration Committee. These committees prepare the resolutions for the Supervisory Board as well as agenda items that are to be dealt with in the full meeting of the Supervisory 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.

EXECUTIVE COMMITTEE

The Executive Committee prepares the meetings of the Supervisory Board and in particular the strategic M&A activities of the Scout24 Group. In particular, the Executive Committee is responsible for preparing the decisions of the Supervisory Board related to corporate governance and, prior to the establishment of the Remuneration Committee in September 2019, related to proposals for intended appointments or dismissals as well as the compensation of members of the Management Board.

The Executive Committee's Chairman is Dr Hans-Holger Albrecht. In the 2019 financial year, the committee consisted of the Chairman and the other Supervisory Board members Peter Schwarzenbauer, Frank H. Lutz (since September 2019), André Schwämmlein (since September 2019), Ciara Smyth (until September 2019) and David Roche (until August 2019).

In 2019, the Executive Committee met three times. All committee members required to pass resolutions were present. The main topics of discussion were the preparation of the meetings, corporate governance, as well as the replacement of members who had left the Supervisory Board. Prior to the establishment of the Remuneration Committee, the Executive Committee also dealt with issues relating to the compensation of the Management Board.

AUDIT COMMITTEE

The Audit Committee addresses in particular the monitoring of the financial reporting, the financial reporting process, the effectiveness of the internal control system (ICS), the risk management system, the internal audit system, the audit as well as compliance. The Audit Committee submits a reasoned recommendation for the appointment of the independent auditor to the Supervisory Board. It monitors the auditor's independence and concerns itself with the additional services rendered by the auditor, the issuance of the audit engagement, the determination of the key audit areas and the agreement of fees.

Pursuant to the German Stock Corporation Act (Articles 107 (4), 100 (5) AktG, Aktiengesetz), the Audit Committee must include at least one member of the Supervisory Board who has expertise in the fields of financial reporting or auditing. The Audit Committee Chairman, Frank H. Lutz, meets these legal requirements and has additional expertise in the fields of financial planning and controlling. Furthermore, Frank H. Lutz satisfies the additional criteria of Section 5.3.2 (3) GCGC according to which the audit committee chairperson should be independent and not a former member of the Management Board whose term of office ended less than two years ago. In addition to the Chairman, the Audit Committee consisted of the other Supervisory Board members Dr Hans-Holger Albrecht, Christoph Brand (since September 2019), Dr Liliana Solomon (until August 2019) and Michael Zahn (until June 2019).

The Audit Committee held a total of three face-to-face meetings and three conference calls in 2019. The main topics of discussion in the Audit Committee were the annual financial statements, the proposal for the appropriation of profits, the half-year report, the quarterly statements, the work of the internal audit function, risk management and the compliance report as well as IT security and data protection in the Scout24 Group.

REMUNERATION COMMITTEE

Ciara Smyth has chaired the Remuneration Committee since its establishment in September 2019. The other members are Peter Schwarzenbauer and André Schwämmlein. In addition to the preparatory work outside the meetings, the Remuneration Committee held one formal meeting in the 2019 financial year. All committee members were present. Key topics included issues relating to the compensation of the Management Board, particularly in view of the expected changes in legislation or amended legal provisions and recommendations.

Corporate governance and declaration of conformity

By resolution of February 2020, the Supervisory Board adopted the current declaration of conformity in accordance with Article 161 AktG. The full text of this declaration can be found subsequently in the CORPORATE GOVERNANCE REPORT and has been published on the corporate website at WWW.SCOUT24.COM/INVESTOR-RELATIONS/CORPORATE-GOVERNANCE.

With respect to the future composition of the Management Board and the Supervisory Board, the Supervisory Board also complies with the principles of diversity in the GCGC. The Supervisory Board attaches great value to its suitably qualified advice and monitoring of the Management Board.

The Supervisory Board has set itself the target of including an appropriate number of women among its members. On 19 March 2019, the Supervisory Board confirmed its goal of having at least one woman as a member, with a deadline for implementation by the end of 1 March 2024. This target requirement has already been implemented.

Also on 19 March 2019, the Supervisory Board agreed on a target of 0 % for the proportion of women on the Management Board of Scout24 AG, with a deadline for implementation by 1 March 2024. For the first management level below the Management Board, the Management Board of Scout24 AG has resolved to set a target for the proportion of women of 25 %, with an implementation deadline up to the end of 30 June 2024. As of 31 December 2019, the proportion of women at the first management level below the Management Board stood at 0 %, thereby falling short of the target of 25 %. This is mainly due to the fact that the first level below the Management Board only consisted of one man as of 31 December 2019. For the second level below the Management Board, the Management Board of Scout24 AG has resolved to set a target for the proportion of women of 30 %, with an implementation deadline up to 1 March 2024. As of 31 December 2019, the proportion of women amounted to 27 %, slightly below the target level.

The Supervisory Board concerned itself with corporate governance within the Scout24 Group most recently on 19 March 2020.

Composition of the Management Board and Supervisory Board

Tobias Hartmann has been chief executive officer since 19 November 2018.

Effective 6 December 2018, Dr Thomas Schroeter and Ralf Weitz were appointed to the Management Board. The contract of Management Board member Christian Gisy was terminated by mutual agreement with effect as of 30 June 2019. His successor, Dr Dirk Schmelzer, took office on 18 June 2019.

Michael Zahn resigned from the Supervisory Board with effect as of 30 June 2019, and Dr Liliana Solomon and David Roche stepped down with effect as of the end of the Annual General Meeting on 30 August 2019. To replace the members who stepped down from the Supervisory Board, the Annual General Meeting of Scout24 AG elected on 30 August 2019 Christoph Brand, Frank H. Lutz and André Schwämmlein as new members of the Supervisory Board.

MEMBERS OF THE SUPERVISORY BOARD IN THE 2019 FINANCIAL YEAR

Name Function	Profession exercised	Member since	Appointed until	Other board positions in 2019 (during term of office)
Dr Hans-Holger Albrecht Chair	CEO and member of the Board of Directors of Deezer S.A., Paris, France and London, UK	21 June 2018	AGM 2020	• ICE GROUP ASA, Oslo, Norway (Chairman of the Board of Directors)
Frank H. Lutz	CEO of CRX Markets AG, Munich, Germany	30 August 2019	AGM 2020	• Bilfinger SE, Mannheim, Germany (member of the Supervisory Board)

Name Function	Profession exercised	Member since	Appointed until	Other board positions in 2019 (during term of office)
Ciara Smyth	Strategy consultant, Dublin, Ireland	21 June 2018	AGM 2020	
Christoph Brand	Deputy CEO, Head of Classifieds and Marketplaces at TX Group AG (renamed on 1 January 2020; previously: Tamedia AG), Zurich, Switzerland	30 August 2019	AGM 2020	Various corporate responsibilities in subsidiaries of TX Group AG: • Homegate AG, Zurich, Switzerland (President of the Board of Directors); • JobCloud AG, Zurich, Switzerland (Vice President of the Board of Directors); • Tamedia Espace AG, Berne, Switzerland (member of the Board of Directors); • Ricardo AG, Zug, Switzerland (President of the Board of Directors); • CAR FOR YOU AG, Zurich, Switzerland (President of the Board of Directors); • Trendsales ApS, Copenhagen, Denmark (Chairman of the Supervisory Board); • Gfm Schweizerische Gesellschaft für Marketing, Zurich, Switzerland (member of the Management Board)
André Schwämmlein	CEO of FlixMobility GmbH, Munich, Germany	30 August 2019	AGM 2020	
Peter Schwarzenbauer	Former 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) (until October 2019)
Dr Liliana Solomon	Group CFO of Compass IV Ltd, London, UK	4 September 2015	Stepped down as of 30 August 2019	• Metro AG, Düsseldorf, Germany (member of the Supervisory Board)
David Roche	CEO of goHenry Limited, Lymington, UK	4 September 2015	Stepped down as of 30 August 2019	• Guestline Ltd., Shrewsbury, UK (member of the Board of Directors)
Michael Zahn	CEO of Deutsche Wohnen AG, Berlin, Germany	8 June 2017	Stepped down as of 30 June 2019	• TLG Immobilien AG, Berlin, Germany (Chairman of the Supervisory Board) (until May 2019); • G+D Gesellschaft für Energiemanagement mbH, Magdeburg, Germany (Chairman of the Advisory Board); • Funk Schadensmanagement GmbH, Berlin, Germany (Chairman of the Advisory Board); • DZ Bank AG, Frankfurt, Germany (member of the Advisory Board); • Füchse Berlin Handball GmbH, Berlin, Germany (member of the Advisory Board); • GETEC Wärme & Effizienz GmbH, Magdeburg, Germany (member of the Real Estate Advisory Board)

Supervisory Board Committees in the 2019 financial year and meeting attendance

ATTENDANCE AT SUPERVISORY BOARD MEETINGS

Name	Attendance at Supervisory Board meetings
Dr Hans-Holger Albrecht	7/8
Peter Schwarzenbauer	7/8
Ciara Smyth	8/8
Christoph Brand (since August 2019)	4/4
Frank H. Lutz (since August 2019)	4/4
André Schwämmlein (since August 2019)	4/4
Dr Liliana Solomon (until August 2019)	4/4
David Roche (until August 2019)	3/4
Michael Zahn (until June 2019)	2/4

EXECUTIVE COMMITTEE

Name	Position	Attendance at committee meetings
Dr Hans-Holger Albrecht	Chair	3/3
Peter Schwarzenbauer	Member	3/3
Frank H. Lutz (since September 2019)	Member	2/2
André Schwämmlein (since September 2019)	Member	2/2
Ciara Smyth (until September 2019)	Member	1/1
David Roche (until August 2019)	Member	1/1

AUDIT COMMITTEE

Name	Position	Attendance at committee meetings
Frank H. Lutz (since September 2019)	Chair	2/2
Dr Hans-Holger Albrecht	Member	6/6
Christoph Brand (since August 2019)	Member	2/2
Dr Liliana Solomon (until August 2019)	Chair	4/4
Michael Zahn (until June 2019)	Member	2/3

REMUNERATION COMMITTEE (SINCE SEPTEMBER 2019)

Name	Position	Attendance at committee meetings
Ciara Smyth	Chair	1/1
Peter Schwarzenbauer	Member	1/1
André Schwämmlein	Member	1/1

Audit of the separate and consolidated financial statements

Pursuant to the resolution of the Annual General Meeting on 30 August 2019, the Supervisory Board engaged KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), Berlin, to audit the separate and consolidated financial statements of Scout24 AG for the financial year ended 31 December 2019. The key auditor responsible for the audit is Haiko Schmidt (since 2016). Auditor Dorothea Thummert is also responsible for the audit (since 2019).

KPMG audited the separate financial statements for the financial year from 1 January 2019 to 31 December 2019 and the management report of Scout24 AG, which is combined with the group management report, prepared by the Management Board in accordance with the requirements of the German Commercial Code (HGB, Handelsgesetzbuch). KPMG issued an unqualified audit opinion. The consolidated financial statements of Scout24 AG for the financial year from 1 January 2019 to 31 December 2019 and the group management report, which is combined with the company's management report, were prepared pursuant to Article 315e HGB in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. An unqualified audit opinion was likewise rendered on 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 for the early detection of risks to the company's ability to continue as a going concern. The Supervisory Board also engaged KPMG to perform a voluntary external review of the substance of the consolidated non-financial report in accordance with Article 111 (2) Sentence 4 AktG.

Before the Supervisory Board proposed KPMG to the Annual General Meeting as auditors, KPMG had confirmed to the Chairman of the Supervisory Board and the Audit Committee that there were no circumstances that could impair or cast doubt on their independence as auditors. KPMG also explained the extent to which non-audit services were rendered for the company in the previous financial year or were 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 any findings are made during the audit that reveal any inaccuracy in the declaration of conformity to the GCGC issued by the Management Board and the Supervisory Board. The Audit Committee reported to the Supervisory Board that it had been informed by KPMG about non-audit services rendered by KPMG and that there were no circumstances that could give cause for concern about its impartiality. The Audit 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 satisfies the requisite independence requirements.

The Management Board submitted in good time to all members of the Supervisory Board the financial statements documents, including the separate consolidated non-financial report, and the proposal of the Management Board for the appropriation of accumulated profits. The members of the Supervisory Board also received in good time KPMG's report on the voluntary external review of the substance of the separate consolidated non-financial report.

The financial statements documents and the audit reports were discussed in detail at the meetings of the Audit Committee and the Supervisory Board on 19 March 2020. The auditor reported on the key findings of his audit. Furthermore, he informed the Supervisory Board of his findings on internal control and risk management in respect of the financial reporting process and was available to answer additional questions and provide information. At the full meeting of the Supervisory Board, the Audit Committee Chair reported extensively on the review of the separate and consolidated financial statements by the Audit Committee. Following in-depth review and discussion of the separate financial statements, the consolidated financial statements and the combined management report, no objections were raised with respect to the documents submitted. As recommended by the Audit Committee, the Supervisory Board thus concurs with the audit findings by the auditors. By resolution dated 19 March 2020, the Supervisory Board thus approved the separate and consolidated financial statements of Scout24 AG for the 2019 financial year. The separate financial statements of Scout24 AG are ratified as a consequence. It additionally approved the combined management report (including the corporate governance declaration for the Group and the Company pursuant to Articles 289f and 315d HGB) as well as the separate consolidated non-financial report pursuant to Article 315b HGB.

In connection with its review of the financial statement documents, the Supervisory Board also reviewed the proposal for the appropriation of accumulated profits as put forward and explained by the Management Board. Following the Audit Committee's recommendation, the Supervisory Board approved the Management Board's proposal for the appropriation of profit.

Acknowledgements

The Supervisory Board would like to thank the members of the Management Board as well as all employees of the Group for their outstanding commitment and personal contribution in the 2019 financial year, through which they are driving forward the success story of the Scout24 Group.

Munich, March 2020

Scout24 AG
The Supervisory Board

Dr Hans-Holger Albrecht
Chairman of the Supervisory Board

Corporate Governance Report

Corporate governance declaration

The actions taken by Scout24 AG's management and oversight bodies are determined by the principles of responsible and good corporate governance. The corporate governance declaration comprises the declaration of conformity required by Article 161 AktG, relevant information on corporate governance practice, a description of the Management Board's and Supervisory Board's operating procedures as well as the composition of their committees.

DECLARATION OF CONFORMITY TO THE GERMAN CORPORATE GOVERNANCE CODE ISSUED BY THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF SCOUT24 AG

The following declaration of conformity was issued in February 2020:

Pursuant to Article 161 (1) Sentence 1 AktG, the Management Board and the Supervisory Board of Scout24 AG shall annually declare that the recommendations of the Government Commission German Corporate Governance Code (Regierungskommission Deutscher Corporate Governance Kodex), otherwise known as the 'Code', published by the Federal Ministry of Justice in the official section of the German Federal Gazette (Bundesanzeiger), have been and are being complied with or which of the Code's recommendations are not being applied and why.

That last annual declaration was issued in March 2019.

Pursuant to Article 161 AktG, the Management Board and Supervisory Board of Scout24 AG hereby declare as follows:

1. Since the last declaration of conformity from March 2019 until the publication of the declaration of conformity in February 2020, Scout24 AG complied with all recommendations of the Code in the version dated 7 February 2017 except for Section 4.2.3 (2) Sentence 6 and Section 4.2.5 (1) Sentence 2 of the Code as declared and explained in the declaration of conformity from March 2019.

   - Pursuant to Section 4.2.3 (2) Sentence 6 of the Code, the amount of compensation of the Management Board shall be capped with maximum levels, both as regards variable components and in the aggregate. The amount of compensation of the members of the Management Board who had stepped down from the Management Board as of the date of this declaration is capped with a maximum level in the aggregate but not as regards individual variable components. The decision not to impose a cap on individual variable components was intended to ensure that their incentive effect is not impaired by rigid limits. Adequacy of the compensation in the aggregate was still ensured by the overall cap.

   - Pursuant to Section 4.2.5 (1) Sentence 2 of the Code, the compensation report, which is part of the management report, describes the principal features of the Management Board compensation system. To improve the readability of the annual report, Scout24 AG has decided to present the compensation report as part of the notes to the financial statements, but to include in the management report a reference to the compensation report in the notes to the financial statements. The compensation system of Scout24 AG is thus disclosed in the notes to the financial statements.

2. Scout24 AG will in future comply with all recommendations of the Code in the version dated 7 February 2017. The deviations declared for the past will not be claimed for the future.

Munich, February 2020

Scout 24 AG

The Management Board The Supervisory Board

RELEVANT INFORMATION ON CORPORATE GOVERNANCE PRACTICE

The purpose of Scout24 AG is to acquire, hold, manage and sell interests in entities – in Germany and other countries – of any legal form which are active in the area of online/Internet services, to take all measures relating to the activities of a holding company with group management functions, including but not limited to rendering management and advisory services to affiliated entities in return for consideration, and to operate in the field of online/Internet business in Germany and other countries. Together with Scout24 AG, these equity investments make up the Scout24 Group.

The company complies with all legal corporate governance requirements as well as with the recommendations of the GCGC with the exceptions declared and explained in the declaration of conformity. A special Code of Conduct provides employees with a reliable framework for acting responsibly that satisfies legal requirements and reflects the Company's own ethical and social values. The goal is to avoid any claims against Scout24 or individual employees arising from misconduct. The Code of Conduct can be downloaded at any time from the Company's website at WWW.SCOUT24.COM/INVESTOR-RELATIONS/CORPORATE-GOVERNANCE/VERHALTENSKODEX.

The protection of privacy and the security of data processing and, consequently, the trust of users, customers and employees are issues that are important to the Scout24 Group. A Data Protection Code of Conduct sets out the guiding principles of entrepreneurial action in terms of data protection, transparency, necessity of the processed data and data minimisation.

DESCRIPTION OF OPERATING PROCEDURES OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD AS WELL AS THE COMPOSITION AND OPERATING PROCEDURES OF SUPERVISORY BOARD COMMITTEES

Scout24 AG is a stock corporation incorporated under German law and, as such, subject to legal requirements including those of the AktG. Accordingly, the company has also adopted the standard dual management and control structure consisting of a separate Management Board and Supervisory Board. The Management Board and Supervisory Board work closely together for the benefit of the company.

The Supervisory Board regularly advises the Management Board regarding the management of Scout24 AG and monitors its activities. The Management Board involves the Supervisory Board in good time in all decisions of fundamental importance for the company. In particular, the Management Board liaises with the Supervisory Board on corporate strategy and discusses the current state of strategy implementation with it at regular intervals. The common goal of the Management Board and the Supervisory Board is to ensure the company's continued growth.

Management Board operating procedures

The Management Board conducts the company's business affairs in accordance with the law, the Articles of Association and the rules of procedure for the Management Board and Supervisory Board. It must observe in particular the restrictions of management authority imposed by the Articles of Association or the rules of procedure for the Management Board and the Supervisory Board. It provides regular, timely and comprehensive information in detailed oral and written reports to the Supervisory Board on all issues of relevance to the company regarding strategy, planning, business development, risk position, risk management and compliance. The Management Board prepares the separate financial statements and the consolidated financial statements.

Pursuant to Article 6 (1) of the Articles of Association, the Management Board has at least two members. The actual number of members of the Management Board is determined by the Supervisory Board. The Supervisory Board appoints and dismisses members of the Management Board and determines the allocation of their responsibilities. It can also appoint a chair (CEO) and a deputy chair of the Management Board and also appoint deputy members of the Management Board.

COMPOSITION OF THE MANAGEMENT BOARD

Name	Function	Member of the Management Board since	End of term of office
Tobias Hartmann	Chief executive officer	19 November 2018	18 November 2021
Dr Dirk Schmelzer	Chief financial officer	18 June 2019	30 June 2022
Dr Thomas Schroeter	Chief product officer	6 December 2018	5 December 2021
Ralf Weitz	Chief commercial officer	6 December 2018	5 December 2021

The previous CFO Christian Gisy stepped down with effect as of 30 June 2019 from his office as member of the Management Board of Scout24 AG.

Members of the Management Board each manage the portfolio allocated to them under their own responsibility, always considering the company's overall benefit and interests. The allocation of responsibilities to individual members of the Management Board is based on the table of duties prepared with the approval of the Supervisory Board and that may be amended at any time with its approval.

The table of duties currently provides for the following allocation of responsibilities:

Tobias Hartmann, chief executive officer (CEO):

- Strategy and business development
- Mergers and acquisitions
- Technology
- Brand management and corporate communication
- HR
- Legal, risk and compliance

Dr Dirk Schmelzer, chief financial officer (CFO):

- Finance and financial reporting
- Treasury
- Controlling
- Investor relations
- Tax
- Procurement and facilities

Dr Thomas Schroeter, chief product officer (CPO):

- Product strategy
- Strategic marketing and brand development
- Group-wide insights, analytics and market research
- Scout24 segments Germany

Ralf Weitz, chief commercial officer (CCO):

- Business strategy
- Sales operations incl. planning, go-to-market, customer support, training and enablement
- Scout24 segments Germany

The Management Board has rules of procedure. The rules of procedure for the Management Board were adopted by the Supervisory Board on 4 September 2015 and adjusted in the 2019 financial year. Specifically, they govern the operating procedures of the Management Board, the allocation of responsibilities between members of the Management Board as well as their cooperation with the Supervisory Board. They also include a catalogue of those measures and transactions that require approval by the Supervisory Board.

Disclosures on Management Board meetings

Management Board meetings are held when required, and as a general rule at least once every two weeks. Meetings must be held when so required by the interests of the company. Management Board resolutions are adopted with a simple majority of the votes cast, unless a different majority is required by law. If the Management Board comprises more than two members, the vote cast by the chair counts twice in the event of a tied vote.

The Management Board of Scout24 AG has not formed any committees.

Supervisory Board operating procedures

The Supervisory Board has all duties and rights assigned or allocated to it by law, the Articles of Association or otherwise. In particular, these include monitoring the management, appointing and dismissing members of the Management Board, and amending, rescinding and terminating employment contracts with members of the Management Board. The Supervisory Board regularly advises the Management Board on the management of the company. The Supervisory Board is involved in good time in all decisions of fundamental importance for the company. The Supervisory Board has issued its own rules of procedure. They govern, among other things, the operating procedures and the way resolutions are adopted by the Supervisory Board and also lay down the duties of the committees established by the Supervisory Board, the Audit Committee, the Executive Committee and the Remuneration Committee. For these committees, the Supervisory Board has issued additional rules of procedure governing their operating procedures.

The Supervisory Board convened for eight meetings in the 2019 financial year and passed further written resolutions by circularisation. The Executive Committee met three times in the 2019 financial year. The Audit Committee held three face-to-face meetings and three conference calls. The Remuneration Committee convened one meeting since its inception in September 2019. It is planned that the Supervisory Board and Audit Committee hold four scheduled meetings each financial year.

At the request of the chair of the Supervisory Board, the Management Board attends all scheduled meetings of the Supervisory Board, submits written and oral reports on individual agenda items and draft resolutions, and answers questions raised by individual members of the Supervisory Board. Between such meetings, the Management Board provides all members of the Supervisory Board in particular with detailed quarterly reports on the company's situation. Furthermore, the chair of the Supervisory Board and the committee chairs are also kept informed by the Management Board in telephone calls and meetings about key developments and forthcoming major decisions.

As a general rule, Supervisory Board resolutions are adopted at meetings attended by its members in person. Members of the Supervisory Board attending by video or telephone conference are deemed present and may also submit their votes this way. In addition to face-to-face meetings, resolutions may be adopted in text form, by telephone or in comparable ways of adopting resolutions, provided that the chair of the Supervisory Board or – in his or her absence – the deputy chair stipulates this procedure for the individual case in question. In particular, resolutions may also be adopted by way of video or telephone conference or by way of a combination of the aforementioned possibilities. The Supervisory Board has a quorum when all of its members have been invited at the addresses most recently known for them and at least half of its total number of members, but no fewer than three members participate in the adoption of any resolution. In this respect, a member of the Supervisory Board is also deemed to attend in the Supervisory Board meeting when he or she abstains from voting. Supervisory Board resolutions are adopted with a simple majority of the votes cast, unless a different majority is required by law. This also applies to elections. Abstentions are not counted when determining the results of voting.

Each member of the Supervisory Board must disclose to the Supervisory Board any conflicts of interest, in particular those that may arise as a result of a consultancy or directorship function with customers, suppliers, lenders or other third parties. In the event of conflicts of interest that are material and not merely temporary, the respective member of the Supervisory Board must resign from his or her position. In its report to the Annual General Meeting, the Supervisory Board provides information about any conflicts of interest that may have arisen and the way they were dealt with. No conflicts of interest arose in the reporting period.

The Supervisory Board examines the efficiency of its activities on a regular basis.

Composition of the Supervisory Board

According to Article 9 (1) of the Articles of Association, the Supervisory Board of Scout24 AG has six members, all of whom are currently to be elected exclusively by the Annual General Meeting. Where the Annual General Meeting does not stipulate shorter terms in office upon the election of individual members or of the Supervisory Board as a whole, members of the Supervisory Board are appointed for a term lasting until the end of the Annual General Meeting that decides on their exoneration for the fourth financial year after the beginning of the term of office. The year in which the term of office begins is not counted.

As regards the composition of the Supervisory Board in the 2019 financial year and the composition of its committees we refer to the disclosures in the REPORT OF THE SUPERVISORY BOARD.

Scout24 AG pursues a Group-wide strategy of promoting diversity. One woman is currently appointed to the Supervisory Board. In addition, the experience, background and profiles of the Supervisory Board members are characterised by a diversity that brings different perspectives to the Supervisory Board.

Pursuant to Section 5.4.2 GCGC, the Supervisory Board of Scout24 AG should include what it considers to be an appropriate number of independent members. In the opinion of the Supervisory Board, all members of the Supervisory Board are independent within the meaning of the GCGC.

Supervisory Board committees

To perform its tasks efficiently, the Supervisory Board has currently formed three committees, namely an Executive Committee, an Audit Committee and, since September 2019, a Remuneration Committee. The committee chairs report regularly to the Supervisory Board on the work of the committees.

Executive Committee

The Executive Committee comprises one chairman and three further members. The Executive Committee prepares the meetings of the Supervisory Board and handles current matters arising between the meetings. It is in particular responsible for preparing the decisions of the Supervisory Board related to corporate governance and, prior to the establishment of the Remuneration Committee in September 2019, related to proposals for intended appointments or dismissals as well as the compensation of members of the Management Board.

Audit Committee

The Audit Committee comprises one chairman and two further members. The Audit Committee addresses in particular the monitoring of the financial reporting, the financial reporting process, the effectiveness of the ICS, the risk management system, the internal audit system, the audit as well as compliance. The Audit Committee submits a reasoned recommendation for the appointment of the independent auditor to the Supervisory Board. It monitors the auditor’s independence and concerns itself with the additional services rendered by the auditor, the issuance of the audit engagement, the determination of the key audit areas and the agreement of fees.

Pursuant to Articles 107 (4), 100 (5) AktG, the Audit Committee must include at least one member of the Supervisory Board who has expertise in the fields of financial reporting or auditing. The Audit Committee Chairman, Frank H. Lutz, meets these legal requirements and has additional expertise in the fields of financial planning and controlling. Furthermore, Frank H. Lutz satisfies the further criteria of Section 5.3.2 (3) of the German Corporate Governance Code according to which the audit committee chairperson should be independent and not a former member of the Management Board whose term of office ended less than two years ago.

Remuneration Committee

The Remuneration Committee deals with the compensation of the members of the Management Board. It comprises one chairwoman and two further members.

Information about the operating procedures of the Management Board and the Supervisory Board and its committees in the financial year can also be found in the report of the Supervisory Board, which is included in the annual report of Scout24 AG.

INFORMATION ABOUT FOSTERING PARTICIPATION BY WOMEN IN MANAGEMENT POSITIONS PURSUANT TO ARTICLES 76 (4), 111 (5) AKTG

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 be on the Supervisory Board, setting 30 June 2017 as deadline for implementation. This target has been implemented. On 19 March 2019, the Supervisory Board passed another resolution confirming this objective and setting an implementation deadline up to the end of 1 March 2024.

Also on 19 March 2019, the Supervisory Board set a target for the share of women on the Management Board of Scout24 AG of 0 % to be implemented by 1 March 2024.

For the first management level below the Management Board, the Management Board of Scout24 AG has resolved to set a target for the proportion of women of one fourth, with an implementation deadline up to the end of 1 March 2024. As of 31 December 2019, the proportion of women at the first management level below the Management Board stood at 0 %, thereby falling short of the target of 25 %. However, this is mainly due to the fact that the first level below the Management Board only consisted of one man as of 31 December 2019. For the second level below the Management Board, the Management Board of Scout24 AG has resolved to set a target for the proportion of women of 30 %, with an implementation deadline up to the end of 1 March 2024. As of 31 December 2019, the proportion of women amounted to 27 %, slightly below the target level.

Corporate governance at Scout24 AG

The Management Board and Supervisory Board of Scout24 AG see good corporate governance as involving responsible corporate management aimed at ensuring sustainable value creation. In particular, corporate governance should foster the trust placed in the company by its investors, business partners and employees as well as by the general public. Furthermore, Scout24 attaches great value to the Management Board and Supervisory Board working efficiently, as well as to good cooperation both between these two boards and also with the company's employees. In this respect, open and transparent corporate communication also plays an important role.

The corporate structure is designed to promote responsible, transparent and efficient management and oversight of the company. The company therefore also identifies with the principles set out in the GCGC. The Management Board and Supervisory Board as well as the other management levels and employees are committed to comply with these principles of responsible corporate governance. The Management Board is responsible for ensuring compliance with corporate governance principles at the company.

The company has a central risk management and compliance function that is responsible for a Group-wide compliance management system (CMS), among other matters. The relevant regulations also include the Code of Conduct, the Data Protection Code of Conduct and other processes relevant for compliance purposes (e.g. e--learning, training, assessment of compliance risk, compliance talks, a whistle-blower hotline and compliance reports). The CMS mainly comprises the following areas: compliance culture, compliance objectives and tasks, compliance organisation, compliance risks, compliance programmes, information material and training courses on compliance, monitoring and enhancement of compliance. This risk management and compliance function serves as the central contact for all stakeholders, especially for employees and members of corporate bodies as well as customers and third parties.

The risk management and compliance function offers support and advice in all compliance-related matters, including any form of harassment or discrimination (in cooperation with the HR department) and anti-fraud and anti-corruption measures, and also acts as a neutral point of contact for complaints and recommendations, as well as for any reports of infringements of laws or internal company policies. In addition, the Group's legal department addresses compliance-related topics and issues and can offer assistance with compliance-related matters where necessary.

Executives at Group entities are required to forward compliance-related information to all employees within their areas of responsibility and to ensure that the compliance rules are observed. This process is supported by the provision of information material, guidelines and compliance-related advice.

A whole series of measures intended to ensure employee conduct in compliance with the law at all times has been implemented in CMS. These include the establishment of a compliance hotline, accessible also to third parties, which offers the possibility of providing anonymous tip-offs concerning potential compliance-related infringements. With regard to employees using the compliance hotlines, the company has adopted a clear non-retaliation policy for whistle-blowers. This means that, having reported information, employees need not fear any negative consequences, even in cases where no sufficient evidence can be found to support the concerns voiced. This applies for all reports concerning potential infringements of laws and/or rules, and not only for those received via the hotline. However, the compliance hotline may also be used for questions and comments concerning compliance topics, and especially for those relating to the Code of Conduct.

The Group-wide CMS is subject to a continuous improvement process involving regular reviews of the compliance system (including established processes, procedures and documentation) and the Group's business practices. Where necessary, corresponding improvements are adopted following a review.

DECLARATION OF CONFORMITY

The most recent declaration of conformity to the GCGC pursuant to Article 161 AktG was issued by the Management Board and the Supervisory Board in February 2020. The exceptions to the recommendations of the Code reported in the previous declaration of conformity dated March 2019 will be conformed with in future, too.

OBJECTIVES FOR THE SUPERVISORY BOARD'S COMPOSITION

According to Section 2 (1) of the rules of procedure for the Supervisory Board, the Supervisory Board should be composed in such a way that, overall, its members possess the knowledge, skills and specialist experience necessary for the due performance of its duties. The aforementioned requirements should also be met by each individual member of the Supervisory Board. The Supervisory Board should state specific targets for its composition, taking into account the company's specific situation, its international activities, potential conflicts of interest, the number of independent members of the Supervisory Board as defined in Section 5.4.2 GCGC, an upper age limit to be set for members of the Supervisory Board, and diversity. As a general rule, the term of office on Scout24 AG's Supervisory Board should not exceed a total of 15 years for each member. The Supervisory Board sets a target for the percentage of women on the Supervisory Board. At its meeting on 19 March 2019, the Supervisory Board decided that the board should include at least one female member.

PROFILE OF SKILLS AND EXPERTISE

The Supervisory Board has resolved that the board as a whole should have the following competences:

- Expertise in the digital economy, digitalisation and technology
- Expertise in the field of real estate and automotive industry
- Knowledge/experience in the areas of accounting, auditing, internal control procedures
- Knowledge in the field of compliance
- Expertise in the field of mergers and acquisitions
- International experience/expertise
- Expertise in the field of sustainability
- Marketing expertise
- Expertise in the field of human resources
- Experience in corporate governance

The Supervisory Board in its present composition fulfils this profile of skills and expertise.

BASIC FEATURES OF THE COMPENSATION SYSTEM

Compensation of the Management Board

The compensation of the Management Board is determined by the Supervisory Board at an appropriate amount based on a performance assessment taking any group emoluments into account and is reviewed regularly. In the determination and review of the Management Board's compensation, the Supervisory Board takes account of the fact that, pursuant to the standardised requirements set forth in Article 87 (1) AktG, the total compensation of each individual member of the Management Board must be appropriate in relation to the tasks and performance of the member of the Management Board and to the company's situation and may not exceed the customary level of compensation unless particular reasons so require. Accordingly, the principal criteria for determining appropriate compensation of the Management Board are the tasks of the members of the Management Board, individual performance, the performance of the Management Board as a whole, the company's economic and financial situation, profits and the company's prospects as well as the amount and structure of management board compensation at comparable companies. Scout24 AG's compensation system is focussed on the sustainable growth of the company. Compensation is calculated in such a way as to ensure that it is competitive on a national and international scale, thus offering an incentive for dedicated and successful work.

Consistent with Section 4.2.3 GCGC, the compensation structure of the Management Board is focused mainly on the sustainable growth of the company. Monetary compensation comprises fixed and variable components. Variable compensation components include both short-term and multi-year targets. Moreover, the Supervisory Board is entitled to award each member of the Management Board a bonus for extraordinary performance. An upper limit is set for variable compensation components. The targets for the one-year variable compensation component are each set by the Supervisory Board at the end of a financial year for the following financial year. The targets may be of a financial or non-financial nature. In addition to these components, the members of the Management Board also receive fringe benefits, such as contributions to insurance policies, retirement pensions, housing and travel expenses.

Compensation of the Management Board pursuant to Section 4.2.5 GCGC

Detailed information regarding the compensation structure and compensation paid to individual members of the Management Board pursuant to Section 4.2.5 of the German Corporate Governance Code and on the compensation of members of the Supervisory Board can be found in the COMPENSATION REPORT.

Compensation of the Supervisory Board

Pursuant to Article 12 (1) of the Articles of Association, each member of the Supervisory Board is reimbursed for their expenses and additionally receives fixed annual compensation of EUR 60,000. The chair of the Supervisory Board and his or her deputy receive fixed annual compensation of EUR 140,000 and EUR 120,000 respectively. Members of a committee additionally receive fixed annual compensation of EUR 20,000 and committee chairs EUR 40,000 respectively.

Members of the Supervisory Board who were not members during a full financial year receive the aforementioned compensation pro rata temporis in the amount of one twelfth for each commenced month of their term of office.

Directors and officers liability (D&O) insurance

The company has concluded an insurance policy covering the members of the Management Board and Supervisory Board against financial loss (D&O insurance) with an appropriate deductible pursuant to Article 93 (2) Sentence 3 AktG (Management Board) and Section 3.8 (3) GCGC (Supervisory Board) respectively. The insurance premiums are paid by the company.

SHAREHOLDERS AND ANNUAL GENERAL MEETING

Shareholders exercise their co-determination and oversight rights at the Annual General Meeting, which according to the Articles of Association is chaired by the Supervisory Board chair. Each share of Scout24 AG entitles the holder to one vote. The shareholders have the opportunity to exercise their voting rights in the Annual General Meeting in person or by a proxy of their choice or by a proxy appointed by the company. The Management Board is authorised to determine that shareholders may also attend the Annual General Meeting without being present at the venue where it is held and may exercise their rights in full or in part by means of electronic communication (online attendance) or may submit their votes, without being present at the meeting, in writing or by means of electronic communication (absentee voting). The Management Board is also authorised to determine details regarding the extent and procedure of online attendance or absentee voting. Such details shall be announced in the notice convening the Annual General Meeting. Each shareholder is entitled to attend the Annual General Meeting, to address the Annual General Meeting in respect of the individual agenda items and to request information about the affairs of the company to the extent necessary to properly assess an item on the agenda.

The Annual General Meeting of Scout24 AG took place in Munich on 30 August 2019. The invitation was published in the German Federal Gazette (Bundesanzeiger) in due time in accordance with legal requirements and set forth, among other things, the agenda and resolutions proposed by the company as well as the terms and conditions for attending the meeting and exercising voting rights. All documents required by law were available on the website of Scout24 AG from the date when the Annual General Meeting was convened.

After the meeting, Scout24 AG also published the attendance and voting results on its website.

Shareholders representing more than 79.0 % of Scout24 AG's share capital were present at the Annual General Meeting.

NOTIFIABLE SECURITIES TRANSACTIONS (DIRECTORS' DEALINGS)

The members of the Management Board and the Supervisory Board, other persons discharging managerial duties who regularly have access to insider information about the company and who are authorised to make significant business decisions, as well as certain persons who are in a close relationship with the aforementioned, are legally required by Article 19 of the Market Abuse Regulation to disclose to Scout24 AG the purchase and sale of Scout24 shares and related financial instruments, in particular derivatives, if the amount of the transaction exceeds EUR 5,000 in a calendar year. Among other media locations, we have published corresponding transactions on the Internet at WWW.SCOUT24.COM/INVESTOR-RELATIONS/-FINANZMITTEILUNGEN/DIRECTORS-DEALINGS.

For the 2019 financial year, the company was notified by members of the Supervisory Board, the Management Board and other persons discharging managerial duties of a total of 13 such directors' dealings.

TRANSPARENCY

The shares of Scout24 AG are listed in the Prime Standard of the Frankfurt Stock Exchange. The company is therefore subject to high legal and stock exchange transparency requirements. In particular, Scout24 AG reports on the situation and development of the company and the Group in both German and English in the form of:

- Annual and interim financial reports
- Quarterly statements
- Quarterly conference calls for the press and analysts including webcasts and webcast replays
- Corporate presentations
- Ad hoc, corporate and IR releases
- Marketing releases

FINANCIAL REPORTING AND ANNUAL AUDIT

The half-year financial report as of 30 June 2019 and the consolidated financial statements as of 31 December 2019 as well as the two quarterly statements as of 31 March 2019 and 30 September 2019 were prepared in accordance with IFRS. The separate financial statements of Scout24 AG for the 2019 financial year were prepared in accordance with the requirements of the HGB and AktG.

The consolidated financial statements and the separate financial statements of Scout24 AG were audited by the independent auditor and approved by the Supervisory Board.

Combined Management Report

of the Scout24 Group and Scout24 AG

Contents

Key financials

(EUR million)	FY 2019[1]	FY 2018[1,2]	Change
External revenue (continuing operations)[3]	**349.8**	**318.1**	**9.9 %**
External revenue (discontinued operations)[3]	**263.8**	**213.5**	**23.6 %**
External revenue (continuing + discontinued operations)	**613.6**	**531.7**	**15.4 %**
of which ImmobilienScout24 (continuing operations)	270.2	250.0	8.1 %
of which AutoScout24 (discontinued operations)	186.9	166.3	12.3 %
of which Scout24 Consumer Services (including continuing operations)	156.5	115.3	35.7 %
Ordinary operating EBITDA[4] (continuing operations)	**217.6**	**194.9**	**11.7 %**
Ordinary operating EBITDA[4] (discontinued operations)	**114.9**	**104.3**	**10.2 %**
Ordinary operating EBITDA[4] (Group with continuing + discontinued operations)	**321.9**	**291.5**	**10.4 %**
Ordinary operating EBITDA[4] ImmobilienScout24 (continuing operations)	188.0	170.3	10.4 %
Ordinary operating EBITDA[4] AutoScout24 (discontinued operations)	107.1	88.4	21.1 %
Ordinary operating EBITDA[4] Scout24 Consumer Services (including continuing operations)	37.5	40.4	-7.2 %
Ordinary operating EBITDA margin[5] in % (continuing operations)	**62.2 %**	**61.3 %**	**0.9pp**
Ordinary operating EBITDA margin[5] in % (discontinued operations)	**43.5 %**	**48.8 %**	**-5.3pp**
Ordinary operating EBITDA margin[5] in % (Group with continuing + discontinued operations)	**52.5 %**	**54.8 %**	**-2.3pp**
Ordinary operating EBITDA margin[5] ImmobilienScout24	69.6 %	68.1 %	1.5pp
Ordinary operating EBITDA margin[5] AutoScout24	57.3 %	53.2 %	4.1pp
Ordinary operating EBITDA margin[5] Scout24 Consumer Services	23.9 %	35.0 %	-11.1pp
Capital expenditure (adjusted)[6]	**24.5**	**28.3**	**-13.4 %**
Cash contribution[7]	**297.4**	**263.1**	**13.0 %**
Cash conversion[8]	**92.4 %**	**90.3 %**	**2.1pp**

1 Advertising revenue with OEM partner agencies and the corresponding ordinary operating EBITDA is no longer reported in the AutoScout24 segment as of 1 January 2019 but rather in the Scout24 Consumer Services segment due to the close structural relationship with third-party display revenue; the figures of the previous year have been restated accordingly.

2 The earnings of FINANZCHECK are included in the financial figures of Scout24 AG as of 1 September 2018. FINANZCHECK is allocable to the Scout24 Consumer Services segment. The contribution to revenue in the four-month period as of September 2018 amounts to EUR 12.3 million, while the contribution to ordinary operating EBITDA is EUR -2.0 million.

3 On 17 December 2019, Scout24 concluded an agreement for the sale of 100 % of the shares in AutoScout24, FinanceScout24 and FINANZCHECK. The transaction comprises the operations from the Consumer Services segment that are to be integrated into AutoScout24. The continuing operations shown in the table consist of the former ImmobilienScout24 segment and the related business from the Consumer Services segment that is allocated to the IS24 business. (excluding central corporate functions, consolidation and other).

4 Ordinary operating EBITDA refers to EBITDA adjusted for non-operating effects, which mainly include expenses for share-based payments, M&A activities (realised and unrealised), reorganisation, strategic projects and other non-operating effects.

5 The ordinary operating EBITDA margin of a segment is defined as ordinary operating EBITDA as a percentage of external segment revenue.

6 Capital expenditure (adjusted) does not include capital expenditure made due to the application of IFRS 16 in the financial year 2018. Total additions of EUR 37.1 million were recognised in the statement of financial position in the financial year 2018 due to the application of IFRS 16.

7 Cash contribution is defined as ordinary operating EBITDA less capital expenditure (adjusted).

8 The cash conversion rate is defined as ordinary operating EBITDA less capital expenditure divided by ordinary operating EBITDA.

Preliminary remarks

On 19 July 2019, Scout24 AG (hereinafter also referred to as ‘Scout24’ or together with its subsidiaries the ‘Scout24 Group’) announced its strategic road map for long-term value creation and thus its intention to strengthen the two core operating segments ImmobilienScout24 (IS24) and AutoScout24 (AS24). In this context, the products and solutions of the third operating segment, Consumer Services (CS) were to be integrated into IS24 and AS24 after the end of the 2019 financial year in order to transition from a three-segment to a two-segment structure.

On 17 December 2019, Scout24 concluded an agreement for the sale of 100 % of the shares in AS24, FinanceScout24 and FINANZCHECK. The transaction comprises the operations from the CS operating segment that are to be integrated into AS24. The sale should be completed in the first half of 2020, with Scout24 AG planning to close on 31 March 2020.

While the Scout24 Group was managed throughout the entire 2019 financial year based on the three operating segments IS24, AS24 and CS, the sale of AS24, FinanceScout24 and FINANZCHECK led to the classification of those operations in the IFRS consolidated financial statements as discontinued operations in accordance with IFRS 5, which led to a retrospective disclosure of expenses and income from these operations under earnings from discontinued operations in the consolidated statement of profit or loss for the 2018 and 2019 financial years.

The statements in this management report therefore focus on the continuing operations of the Scout24 Group, i.e. the IS24 operating segment and the CS operations allocable to this operating segment. Information on the development of the discontinued AS24 operations included in the sale is presented to the extent necessary for assessing the overall situation. Unless otherwise indicated, the disclosures for 2019 and the comparative information for the 2018 financial year concern the continuing operations.

Fundamentals of the Group

Business model and operating segments

The Scout24 Group operates two leading digital marketplaces: IS24 and AS24, with AS24 being subject of the sales agreement concluded on 17 December 2019. Here, we bring together a large volume of listings with a large number of users who trigger visits (traffic) to our digital marketplaces through their search queries. In addition, we offer our customers and consumers bespoke additional products and services relating to purchase, sale or rental transactions. For instance, we have further developed our digital marketplaces into digital market networks.

On the one hand, our goal is to provide users with a successful, seamless digital experience. On the other hand, we want to gain valuable knowledge about the future needs of our users in order to continuously improve our offer.

IS24 is the leading platform for real estate listings in Germany measured by number of listings and traffic. With around 425,000 listings,[1] we have about 1.9 times more listings than our closest competitor. In terms of traffic,[2] we have an average of 13.5 million unique monthly visitors (UMV). In Austria, we also operate a leading real estate listings marketplace with our portals ImmobilienScout24.at and Immobilen.net. The Austrian portal Immodirekt.at has also been part of the Scout24 Group since 2016.

The discontinued AS24 Group operates Europe's largest digital car marketplace, and it is among the leading players[3] in the core countries Italy, Belgium (including Luxembourg), the Netherlands, Austria and Germany. AS24 also operates in Spain[4] 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 AS24 Group also operates the digital automotive marketplaces AutoTrader.nl in the Netherlands and Gebrauchtwagen.at in Austria.

IMMOBILIENSCOUT24

In the IS24, segment we generate revenue with the following partners:

- Real estate agents offering residential or commercial property for sale or rent
- Property management and housing companies that regularly enter into new leases
- Real estate project developers and suppliers of prefabricated houses that market new construction projects
- Consumers who directly offer or seek real estate for sale or rent

IS24's main products are therefore listings for the sale and rental of real estate. The contractual relationship with real estate agents and other professional customers is based either on a membership model, a listing package, project model or a pay-per-ad model. In addition to the listings, IS24 offers products that enable customers to improve the effectiveness of their listings. We also offer product solutions that support customer acquisition and customer care. We group these additional products under the abbreviation 'VIA' (branding, image and acquisition). They are either included within the membership model or a package or can be added individually. Furthermore, IS24 offers the possibility of acquiring leads for new contracts with the Realtor Lead Engine product.

AUTOSCOUT24 (DISCONTINUED)

In the discontinued AS24 segment, we generate revenue with car dealers in Germany and selected European core countries who offer new and used passenger cars, motorcycles and commercial vehicles for sale.

Accordingly, the main AS24 products are listings for the sale of new and second-hand vehicles. In addition, dealers who have a contract with AS24 can boost their listings' effectiveness with supplementary products they can book for a fee individually from a range of product solutions tailored to their needs for marketing, image and acquisition purposes ('MIA' products). Private sellers can place listings for free or sell their car to verified dealers through the direct sale option.

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[1] IS24 Core Data and internal monitoring of competitors for benchmarking with other real estate listings portals.
[2] Based on unique monthly visitors (UMV multi-platform), AGOF e. V. / digital facts, 2018–19.
[3] AS24 Core Data and internal monitoring of competitors for benchmarking with other automotive listings portals.
[4] As of 21 December 2018, 100% of the shares in AutoScout24 España S.A., Madrid, Spain, were contributed to Alpinia Investments 2018, S.L.U., Madrid, Spain, which today trades under the name SUMAUTO MOTORS, S.L., Madrid. In return, AutoScout24 GmbH received 49.999%.

SCOUT24 CONSUMER SERVICES (INCLUDING CONTINUING OPERATIONS)

In the cross-platform operating segment CS, we generate real-estate-related revenue with the following partners:

- Financial services partners (e.g. savings banks with estate agency activities)
- Banks, financing consultants, loan brokers to whom we pass on enquiries regarding real estate loans
- Insurance companies and intermediaries to whom we pass on insurance enquiries related to real estate
- Consumers who are looking for or have looked for properties to rent (e.g. credit checks and premium memberships)
- Removal companies to whom we pass on relocation leads
- Advertisers who place advertisements on the IS24 marketplace

We generate automotive-related revenue from discontinued operations with the following partners:

- Banks and loan brokers to whom we pass on leads for car and other consumer loans (this also includes revenue of the subsidiary FINANZCHECK)
- Advertisers, usually automobile manufacturers (original equipment manufacturers, OEMs) who place advertisements on the AS24 marketplace

Organisation and corporate structure

MANAGEMENT AND CONTROL

Scout24 AG, with registered offices in Munich, Germany, manages the Scout24 Group. Scout24 AG is a holding company tasked with managing a corporate group and operates an online and Internet business according to its Articles of Association. It renders services for its subsidiaries in the fields of finance, accounting, controlling, internal audit, risk management and compliance, corporate development and strategy, communication, investor relations, human resources and legal services. Furthermore, Scout24 AG provides services for its operating subsidiaries within the Scout24 CS business.

The Management Board of Scout24 AG is responsible for corporate strategy and management.

In the 2019 financial year, it comprised the following:

MANAGEMENT BOARD OF SCOUT24 AG IN THE FINANCIAL YEAR 2019

Name	Position	Term
Tobias Hartmann	Chief executive officer (CEO)	1 January 2019 to 31 December 2019
Dr Dirk Schmelzer	Chief financial officer (CFO)	18 June 2019 to 31 December 2019
Dr Thomas Schroeter	Chief product officer (CPO)	1 January 2019 to 31 December 2019
Ralf Weitz	Chief commercial officer (CCO)	1 January 2019 to 31 December 2019
Christian Gisy	Chief financial officer (CFO)	1 January 2019 to 17 June 2019
	Member of the Management Board	18 June 2019 to 30 June 2019

The composition and members of the Supervisory Board are explained in the REPORT OF THE SUPERVISORY BOARD in the annual report 2019.

The compensation of the Management Board and the Supervisory Board as well as the incentive and bonus systems are described in the COMPENSATION REPORT.

TAKEOVER-RELEVANT INFORMATION PURSUANT TO ARTICLES 289A (1), 315A (1) HGB, as well as ADDITIONAL DISCLOSURES IN THE MANAGEMENT REPORT RELATING TO THE SEPARATE FINANCIAL STATEMENTS OF SCOUT24 AG are provided as an integral part of this combined management report in the respective sections below.

The Management Board and the Supervisory Board of Scout24 AG attach importance to responsible corporate governance geared to long-term success and refer to the recommendations of the GCGC. This is explained in more detail in the CORPORATE GOVERNANCE REPORT including the corporate governance declaration pursuant to Articles 289f, 315d HGB, which is both included in this annual report and available on our website at WWW.SCOUT24.COM/EN/INVESTOR-RELATIONS/CORPORATE-GOVERNANCE.

GROUP STRUCTURE

The following changes were made to the Group's organisational structure in the reporting period:

On 15 March 2019, Scout24 HCH Beteiligungs AG with registered office in Bonn was established. Scout24 AG, Munich, holds 100 % of the entity's share capital. Scout24 HCH Beteiligungs AG was subsequently merged (by acquisition) with Scout24 HCH Alpen AG to form Scout24 Beteiligungs SE. Scout24 HCH Alpen AG and Scout24 HCH Beteiligungs AG were then deregistered.

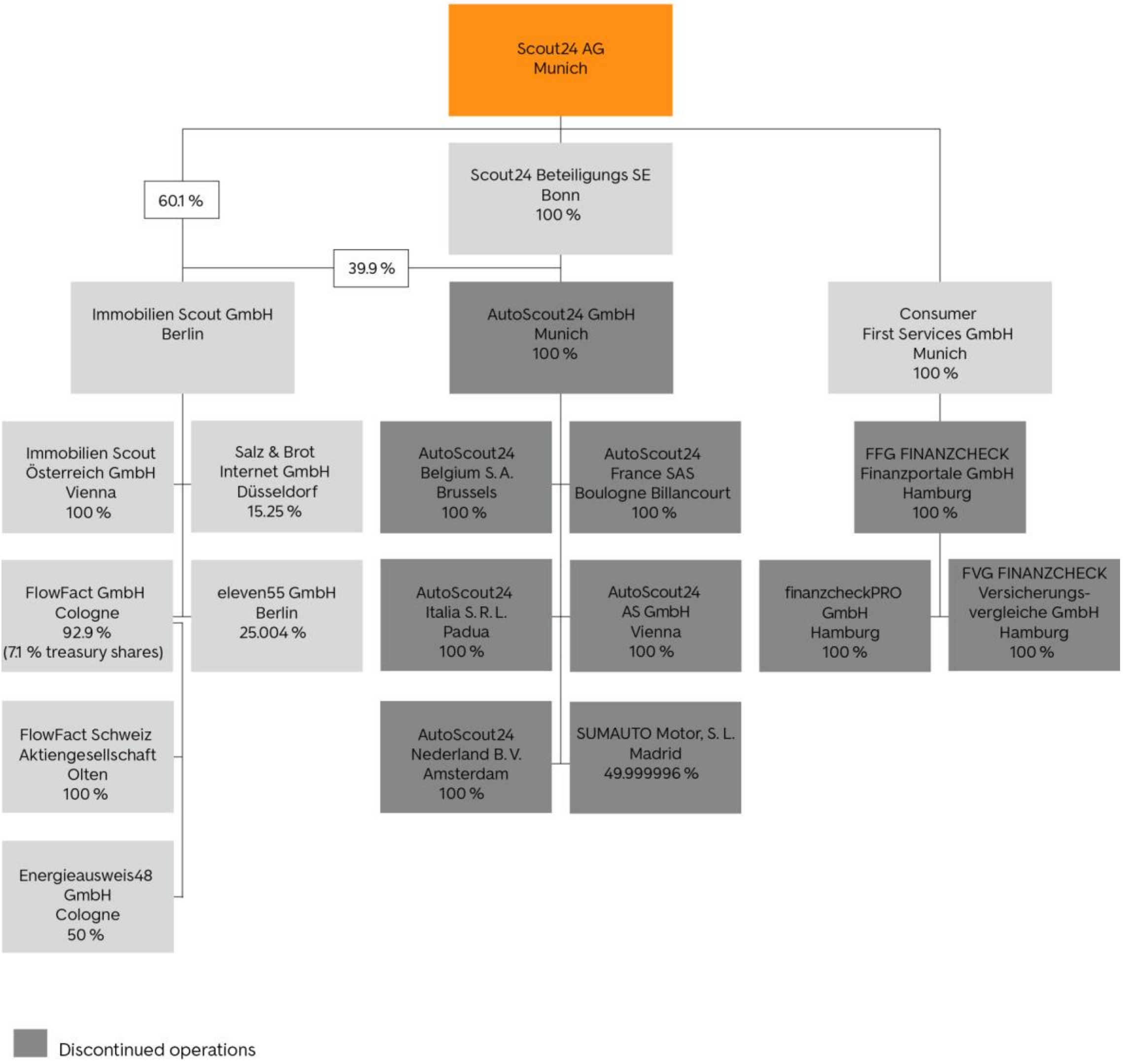
In addition, Alpinia Investments 2018 S.L.U. was renamed SUMAUTO MOTOR S.L. Two mergers were transacted during the financial year 2019:

Transferring entity	Acquiring entity
immosuma GmbH, Vienna	Immobilien Scout Österreich GmbH, Vienna
European AutoTrader B.V., Hoofdoorp	AutoScout24 Nederland B.V., Amsterdam

A complete list of shareholdings of Scout24 is provided in the NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (as part of note 5.9. List of shareholdings held by Scout24 AG pursuant to Article 313 (2) Nos. 1 to 4 HGB).

The following chart provides a (simplified) overview of the direct and indirect shareholdings of Scout24 AG as of 31 December 2019:

DIRECT AND INDIRECT SHAREHOLDINGS OF SCOUT24 AG



Strategy

It is essential for Scout24's continuing operations to maintain or expand the leading position in the real estate market in terms of number of listings and traffic and to continuously develop the platform's functionalities. This is because listers and users tend to prefer the marketplace that is most liquid, most intuitive and therefore most efficient.

On the basis of this leading position, we intend to continually develop IS24 into a fully networked digital marketplace within Germany's real estate ecosystem. In the long term, our aim is to enable the completion of real estate transactions end to end through our networked marketplace. As we move toward that goal, we want to offer our users the best user experience while continually improving data quality and market transparency. To this end, we are constantly enhancing our offering and developing new products and services that we offer with the support of systematic sales and marketing activities.

In this context, we focus on the following three main user groups:

- Agents
- Home sellers
- Consumers

In the current market environment (see the MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT section), the biggest challenge for real estate agents is to win new mandates. We can support them in this by offering them appropriate digital add-on products, package deals and membership models. With the agent search engine, we provide them with relevant contacts for the acquisition of new mandates to sell properties. To improve the marketing process itself, we offer them bookable visibility products and support their image management with appropriate marketing products. As digitalisation continues to progress, the digital affinity of our agency customers will also grow in the short to medium term. We see ourselves as agents' partners. Our market network and our products are designed to help them operate their business activities as efficiently and successfully as possible.

Home sellers are also increasingly using digital solutions. With IS24's Home Seller Hub we offer home sellers comprehensive information and dedicated services. The structure is consistently geared towards the consumer journey of owners who wish to sell their property, guiding them through to the decision whether to market it themselves or through a professional real estate agent. Private home sellers can find a suitable agent using our agent search engine. For home sellers who decide not to use a real estate agent, we provide support with the valuation and in preparing a listing for their property.

By 'consumers', we mean people looking for somewhere to live, whether to rent or to buy. We accompany them along their consumer journey with a functional and intuitive search experience. At the same time, we offer them additional products and services specifically tailored to their needs. Premium memberships at ImmobilienScout24 allow consumers to quickly and easily apply for their preferred properties using a digital application folder that includes an up-to-date credit score.

As in previous years, the aim of our strategic orientation is to achieve sustainable and profitable growth and thus a sustained increase in our company value. In terms of an addressable market, we not only focus on agents' commission pool (approx. EUR 6 billion)[5] but also on the German real estate transaction market as a whole (approx. EUR 191 billion)[6] and the real estate financing market (approx. EUR 240 billion).[7] Strategic acquisitions might be made along the value chain, provided they strengthen our market position or enable us to further tap into adjacent revenue pools or quickly expand our technological capabilities.

In the discontinued operations of the AS24 operating segment, the strategic focus in the 2019 financial year was likewise placed on achieving sustainable, profitable growth through an expanded product range. These product developments help dealership customers to continuously improve their business activities while also supporting the ongoing digitalisation of used car transactions. They are thus aimed not only at additional marketing budgets of customers, but they also focus on new markets along the value chain of used car purchases and sales; this includes the financing market with FinanceScout24 and FINANZCHECK.

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[5] OC&C report 2015.
[6] GEWOS Institut für Stadt-, Regional- und Wohnforschung GmbH – IMA Immobilienmarkt Deutschland 2019.
[7] Deutsche Bundesbank, new business volumes of banks DE / total housing loans to private households, as of 7 January 2020, value for 2018.

Management system and performance indicators

We have designed our internal management system in line with our strategy and defined appropriate performance indicators. We differentiate between financial and non-financial performance indicators in measuring our success in implementing our strategy. Our monthly reporting, which comprises a consolidated statement of profit or loss, a consolidated statement of financial position, a consolidated statement of cash flows and the monthly segment profits, constitutes an important element of our internal management system.

Furthermore, at our regular Management Board meetings, we discuss the current business performance of the Group and the operating segments as well as forecasts of financial and non-financial performance indicators for the following weeks. Based on these reports, we perform comparisons of budgeted and actual figures and, in the event of divergences, we conduct further analyses or take appropriate corrective measures. These reports are supplemented by long-term forecasts, as needed, of business performance and an annual budget planning process. Both the current results of operations and the forecasts are presented to the Supervisory Board at quarterly meetings.

Given our focus on sustainable and profitable growth as well as on sustainably growing our company value, our most important (financial) performance indicator at both Group and segment level is ordinary operating EBITDA. This indicator is supplemented by revenue and the ordinary operating EBITDA margin. We also analyse revenue by main user groups and from specific products. For this purpose, we monitor the average revenue per user (ARPU) for selected customer groups.

As a non-financial performance indicator at marketplace level we measure the number of listings, particularly compared with our competitors. In addition, we monitor user reach and user engagement (traffic).

IMMOBILIENSCOUT24

The following financial and non-financial indicators are used to manage the operations of IS24:

- The number of listings refers to the total number of all real estate listings on the IS24 website as of a specific cut-off date (as a general rule, the end of month).
- UMV refers to the unique monthly visitors to the website via desktop PC, mobile devices or apps (multiplatform), irrespective of how often they visit the portal during the month in question and (for multiplatform metrics) irrespective of how many platforms (desktop and mobile) they use.
- Sessions refers to the average monthly number of visits to the IS24 platforms via desktop PC, mobile devices, websites optimised for mobile devices or apps.
- Revenue with residential real estate partners is generated with agency customers who primarily offer residential properties for sale or rent, as well as with property management companies. The contractual relationship is either based on a membership model or individual bookings under a pay-per-ad model. Also included is revenue from add-on products for branding, image and acquisition ('VIA') booked by these customers.
- Revenue with business real estate partners is generated with agency customers who primarily offer commercial properties for sale or rent, as well as with housing companies, real estate project developers and suppliers of prefabricated houses. The contractual relationship is either based on a membership

model, a listing package or a project model. Also included is revenue from add-on products for branding, image and acquisition ('VIA') booked by these customers.

- Revenue with private listers and others includes revenue generated with consumers who book individual property listings under a pay-per-ad model. In addition, this includes revenue generated from the sale of FlowFact (our CRM software for professional real estate partners) as well as other non-listing revenue. Revenue from the Austrian IS24 portal is also reported here.
- The number of residential real estate partners refers to those with whom a business relationship in the form of a contractual membership model is in place as of the end of a given period.
- The number of business real estate partners refers to those with whom a business relationship in the form of a contractual membership model, listing package or project model is in place as of the end of a given period.
- ARPU from residential real estate partners in euros for a given period is calculated by dividing the revenue generated from our contractual residential real estate partners by the average number of contractual residential real estate partners (calculated from the number of residential real estate partners at the beginning and end of the period), and further dividing by the number of months in the period.
- ARPU from business real estate partners in euros for a given period is calculated by dividing the revenue generated from our contractual business real estate partners by the average number of contractual business real estate partners (calculated from the number of business real estate partners at the beginning and end of the period), and further dividing by the number of months in the period.

AUTOSCOUT24 (DISCONTINUED)

The following financial and non-financial indicators were used to manage the discontinued operations of AS24 in the 2019 financial year:

- The number of listings refers to the total number of listings for new and used cars and vans on a specific cut-off date (as a rule, the end of the month) on each respective local AS24 country website.
- UMV refers to the unique monthly visitors to the website via desktop PC, mobile devices or apps (multiplatform), irrespective of how often they visit the portal during the month in question and (for multiplatform metrics) irrespective of how many platforms (desktop and mobile) they use.
- Sessions refers to the average monthly number of visits to the AS24 platform via desktop PC, mobile devices, websites optimised for mobile devices or apps.
- Revenue with dealers in Germany or in European core countries (Belgium including Luxembourg, the Netherlands, Italy and Austria) is generated with car dealerships offering new and used passenger cars, motorcycles and commercial vehicles for sale. The contractual relationship is based on the booking of a listing package in the countries mentioned. Also included is revenue from add-on products for marketing, image and acquisition ('MIA') booked by these customers.
- Other revenue comprises revenue generated with consumers under the pay-per-ad model, revenue from our Garage Portal and other services for our partner dealers. Revenue from the Express Sale product and our portals' revenue outside our European core countries is also reported here.

- The number of partner dealers refers to all professional vehicle and motorcycle dealers, including commercial vehicle dealers, in Germany or in our European core countries, with whom a business relationship in the form of a listing package is in place at the end of the period.
- ARPU from dealers in Germany and our European core countries in euro for a given period and per country segment (Germany or aggregate of European core countries) is calculated by dividing the revenue generated from contractual partner dealers by the average number of contractual partner dealers (calculated from the number of partner dealers at the beginning and end of the period), and further dividing by the number of months in the period.

SCOUT24 CONSUMER SERVICES (INCLUDING CONTINUING OPERATIONS)

The following financial indicators are used to manage the real estate-related operations of the CS segment:

- Revenue with finance partners includes revenue from the brokerage of financing inquiries regarding real estate loans and insurance inquiries related to real estate. In addition, revenue is generated from finance partners who subscribe to memberships, place individual ads and/or order add-on products.
- Services revenue includes revenue from consumers (e.g. for credit checks and premium memberships) as well as revenue from the intermediation of relocation leads.
- Third-party display revenue stems from the booking of display advertising on the IS24 marketplace.

The following financial indicators were used to manage the discontinued operations of the CS segment related to the automotive sector:

- Revenue with finance partners includes revenue from the intermediation of consumer loans (primarily through FINANZCHECK, e.g. for car financing).
- Third-party display revenue stems from the booking of display advertising on the AS24 marketplace (in Germany and in European core countries).

Research and development

Innovations and the further development of our products are a fundamental part of our strategy. In addition, we want to drive forward the digitalisation of the user experience along value chains.

We pursue an approach of agile iterations in product development with a process of continuous improvement. This approach is supported by automated testing and delivery processes that enable developed products, extensions or bug fixes to be made available at low risk and with little manual effort.

With the IS24 platform's location analysis, we introduced a data tool in the 2019 financial year that for the first time matches real estate demand and supply with the decisive location factors. The new location analysis provides the data basis for location and investment decisions for residential, office or retail property. Real estate professionals, project developers and marketers can thoroughly evaluate a specific location or compare several locations with each other. The technology is based on a model developed in-house that draws on big data and smart analytics.

In 2019, we also continued to push ahead with digitalising the acquisition of real estate mandates. To this end, we have created a new home seller's area for private real estate owners as well as new tools for estate agents. IS24's Home Seller Hub offers home sellers comprehensive information and dedicated services. Prospective sellers are guided through the various steps in the selling process and supported in their decision-making. In addition to written information, users can access services such as the agent comparison, the price atlas, free property valuation or sales advice. Real estate agents also have access to this new Home Seller Hub through various online tools in order to acquire private sellers and their real estate mandates.

To drum up new business, real estate agents not only have to position the real estate they are selling in a way that ensures optimal visibility among consumers to maximise their current return on marketing, they also need to attract the attention of home sellers. Consequently, IS24 has introduced two new membership options, Image Edition and Acquisition Edition. A highlight of the two new membership options is the 'image boost'. In addition, the 'top list all' function automatically shows all listings at the top of the list above all standard listings. With the Acquisition Edition, 30 % of the listings are additionally given premium placement, which increases the chances of acquiring new mandates to sell properties.

We also developed various new products and solutions for the discontinued operations of AS24 in 2019.

For consumers searching for cars, for instance, we introduced on our AS24 platform, an intelligent free-text search function we developed internally. This allows users to freely formulate what kind of vehicle they want. The system already recognises four languages, translates the wishes into the correct filters and keywords and then suggests appropriate offers to the prospective car buyers. The new search function uses artificial intelligence that allows the system to learn new information with every search query, gradually making the free-text search function increasingly helpful.

A new mobility option allows AS24 to pool and compare various car subscription models from selected providers. Aside from the conventional purchase of a vehicle, AS24 now also offer consumers the option of using a car for a fixed monthly rate.

Total expenditure on product development in the Scout24 Group's continuing operations came to EUR 21.2 million (2018: EUR 20.9 million), of which a total of EUR 14.0 million or 66.0 % (2018: EUR 11.2 million or 53.5 %) was recognised as an intangible asset in accordance with IAS 38.

In addition to our own personnel expenses, total expenditure for product development also comprises the cost of external service providers who support the development processes. In 2019, the cost of external service providers amounted to EUR 14.1 million (2018: EUR 13.1 million).

Total expenditure on product development including that in discontinued operations came to EUR 39.3 million in 2019 (2018: EUR 33.9 million), of which a total of EUR 21.5 million or 54.8 % (2018: EUR 18.5 million or 54.6 %) was recognised as an intangible asset in accordance with IAS 38. Capitalised development costs totalling EUR 17.3 million were written down in the reporting year.

The amount of research costs is immaterial and is expensed as incurred in the statement of profit or loss.

Corporate social responsibility

We are committed to integrating sustainability and social responsibility in our daily activities. Our sustainability report describes our activities with respect to sustainability and transparently presents the progress we have made in this context. We provide information about our current initiatives, key indicators with respect to corporate governance, compliance, product development, diversity, environmental protection and social responsibility, as well as an outlook on future measures relating to sustainability.

The sustainability report for the 2019 financial year will be published simultaneously with the annual report on 26 March 2020. It is available on our website at WWW.SCOUT24.COM/INVESTOR-RELATIONS/FINANZPUBLIKATIONEN/NACHHALTIGKEITSBERICHTE. Since the sustainability report also includes the consolidated non-financial statement pursuant to Article 315b et seq. HGB for the 2019 financial year, the latter is not included in this combined management report.

Report on economic position

Macroeconomic and sector-specific environment

ECONOMIC CONDITIONS

In the 2019 financial year, Scout24 was 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, i.e. within the eurozone. Germany remains Scout24's main market, accounting for 83 % of total revenue in the 2019 financial year. In 2019, the German economy grew for the tenth consecutive time, albeit at a slower pace. The price-adjusted gross domestic product (GDP) increased by a further 0.6 %.[8] The service sector in particular, in which the Scout24 Group is also active, developed very positively.[9] The eurozone also recorded moderate GDP growth of 1.2 %.[10]

In view of these stable macroeconomic fundamentals, our business model is mainly influenced by the economic conditions specific to digital marketplaces. The Internet is meanwhile widespread and generally recognised in Germany and the rest of Europe as an information and communication medium. The development of a large number of digital media and e-commerce websites as well as mobile apps has led to a situation in which Internet use has become common among the population. This also has a lasting impact on the distribution of marketing budgets, which continues to shift in favour of digital markets. The media agency GroupM, for example, expects expenditure on digital advertising to grow by 6 % in 2019 and 5 % in both 2020 and 2021, whereas the overall advertising market is expected to grow by only 0.9 % in 2019 and 0.6 % in 2020. Newspaper advertising has to endure further losses of 7 % in 2019 and 9 % in 2020.[11] For the Scout24 Group's digital marketplaces, this development contributes to a positive business environment.

GERMAN RESIDENTIAL PROPERTY MARKET TRENDS

The German real estate market comprises both the sale and rental of residential and commercial properties. IS24 generates a large share of its revenue in the residential property market and from sales transactions.

In 2018, the independent consulting and research institute GEWOS recorded around 698,000 sales transactions in the residential real estate sector. The most recent GEWOS forecast from 12 November 2019 expects the number of transactions to remain stable at 696,000 combined with a 4.2 % increase in transaction volumes to EUR 191.1 billion in 2019 (2018: EUR 183.4 billion).[12] The persistent high demand is attributable to the still favourable interest rate level and the stable economy. The market for commercial real estate is stable, with around 52,700 transactions (2018: 53,400) and a volume of EUR 60.1 billion (2018: EUR 59.9 billion).[13]

[8] German Federal Statistical Office, press release no. 018, 15 January 2020.
[9] German Federal Statistical Office, press release no. 018, 15 January 2020.
[10] Eurostat preliminary flash estimate, 31 January 2020.
[11] "GroupM: Werbeausgaben wachsen langsamer", 9 December 2019.
[12] GEWOS IMA® info 2019.
[13] GEWOS IMA® info 2019.

Germany remains a nation of tenants. At 51.5 %, Germany's homeownership rate in 2018 was well below the EU average of 69.3 %.[14] Significantly higher ownership rates are reached in southern and eastern Europe in particular. While property prices have risen steadily in recent years, this phenomenon is due to a higher level of flexibility but also chiefly due to the low amount of capital held by most tenant households and the high incidental costs for buyers. For example, about 90 % of tenants have less than EUR 50,000 in wealth.[15] In addition to the price of the property itself, the ancillary purchase costs in Germany (real estate acquisition tax, notary and land register costs, agent's commission) can add up to 15 % of the purchase price.[16] Therefore, these represent a significant additional burden when buying a property, especially for people with lower wealth and income.

In a bid to counteract rising property prices and rents, a rental price ceiling (known as the 'rent brake') was introduced back on 1 June 2015. In order to amplify the effect, the regulation was further adjusted as of 1 January 2019, including the introduction of a stricter limitation on cross-charged refurbishment work. The rent brake prescribes that the rent on non-new residential units in areas with a tight housing market is not permitted to exceed the local comparative rent by more than 10 %. This is determined by reference to the corresponding rent index. To avoid causing any hindrance to investment in residential construction, the rent brake expressly does not apply to new buildings.

Berlin went one step further and announced a rent cap already in mid-2019. The corresponding regulation was passed by the Berlin Senate on 26 November 2019 and adopted by the Berlin House of Representatives on 30 January 2020. In a first step, this involves plans to freeze existing rents at the level of 18 June 2019. No increases in rent are to be allowed for new leases either. In a second step, rent ceilings are to be introduced that are based exclusively on the age and furnishings of the residential units and are in some cases significantly lower than the current values. Similar to the rent brake, new buildings (first-time occupancy from 2014) are expressly exempt from the requirement.

The residential rental market is subject to high fluctuation on account of more than 8 million people who move for private or professional reasons each year.[17] This results in a correspondingly large reservoir of potential properties on offer, which IS24 can monetise in a variety of ways.

With what is known as the 'contracting-party-pays principle' for letting, a regulation was introduced in 2015 according to which agents are only permitted to obtain commission from their respective principals (typically the landlord). It is no longer permitted to cross-charge the cost to the tenant. A corresponding major negative impact was expected on Germany's real estate agency sector as landlords increasingly turned to direct marketing in response. However, it appears that these fears were ungrounded. According to the real estate industry association IVD (Immobilienverband Deutschland – Bundesverband der Immobilienberater, Makler, Verwalter und Sachverständigen e. V.) there were some 35,000 real estate agents in Germany in 2018.[18]

[14] Eurostat, Distribution of population by tenure status, type of household and income group – EU-SILC survey, last update: 31 January 2020, year 2018.
[15] Capital, "Warum die Deutschen eher mieten als kaufen," 27 May 2019.
[16] ImmoKEY, "Was sind eigentlich „Kaufnebenkosten"", 15 September 2019.
[17] Deutsche Post Adress GmbH & Co. KG, "Umzugsstudie 2018 – So zieht Deutschland um", page 3.
[18] Listenchampion, "Größte Immobilienmakler Deutschland – Unsere Liste", 6 October 2018.

'Real estate agent' is not a protected professional title in Germany. Moreover, there is no special professional training for real estate agents. The only legal requirement is an official brokerage permit in accordance with Article 34c of the Trade Regulation Act (GewO, Gewerbeordnung). However, this does not entail an examination of professional qualifications. It merely excludes personal obstacles (such as crimes, insolvencies, etc. within a five-year period). An agent is not permitted to not act without a mandate. Agents can be commissioned either exclusively or jointly with other agents. In addition, home sellers can also continue marketing the property themselves.

In October 2019, the German federal government presented the draft of a law on the distribution of agent costs in the brokerage of purchase contracts for apartments and single-family homes. However, contrary to original plans, it does not introduce a strict contracting-party-pays principle similar to that already in place in the rental market. Instead, the person who originally initiates the intermediation (typically the seller) is to be permitted only to cross-charge no more than 50 % of the estate agent fees to transaction partners (typically the buyer).[19] The law is expected to come into force in the course of 2020.

EUROPEAN AUTOMOTIVE MARKET TRENDS

AS24, the discontinued segment of the Scout24 Group, generates its revenue in Germany and selected European countries (Belgium including Luxembourg, the Netherlands, Italy, Spain, France, Austria) primarily in the area of used car transactions.

Germany is the largest automotive market in Europe with a total of 47.1 million registered passenger cars[20] and a total volume of new and used passenger car sales transactions of around EUR 191.7 billion[21]. According to the German Federal Motor Transport Authority (Kraftfahrt-Bundesamt), both in 2019 and the previous year, around 7.2 million used vehicles changed hands. A total of approximately 3.6 million new cars were registered in 2019, an increase of 5.0 % compared with 2018.[22]

Italy is another major automotive market in Europe, with around 39.0 million registered cars.[23] The number of registered passenger cars in Italy has thus increased by roughly 0.5 million on the previous year. For 2019, Italy's Ministry of Transport reports a slight year-on-year increase of 0.3 % to 1.92 million vehicle registrations.[24] In 2019, the used passenger car market grew by 0.5 %.[25]

The automotive market in the Benelux countries continued to exhibit a stable development. Belgium reported minimal growth of 0.1 % year-on-year with 550,003 new registrations (2018: 549,632).[26]
The Netherlands reported 446,114 new registrations in 2019, up 0.6 % year-on-year.[27] The used car market grew by 1.1 % in 2019 compared with 2018, with around 1.9 million vehicles changing owners in 2019.[28]

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[19] German Federal Ministry of Justice and Consumer Protection, https://www.bmjv.de/SharedDocs/Gesetzgebungsverfahren/DE/Verteilung_Maklerkosten.html.
[20] German Federal Motor Transport Authority: "Jahresbilanz des Fahrzeugbestandes am 1. Januar 2019".
[21] Statista, "Gebrauchtwagenmarkt Deutschland – Umsatz bis 2018" and "Umsatz auf dem Neuwagenmarkt in Deutschland bis 2018".
[22] German Federal Motor Transport Authority, vehicle registrations in December 2019, 6 January 2020.
[23] Automobile Club d'Italia, data for 2018, 2019 statistical year book.
[24] Automoto.it, 3 January 2020, https://www.automoto.it/news/mercato-italia-balzo-a-dicembre-12-48.html.
[25] Automoto.it, 7 January 2020, https://www.automoto.it/news/mercato-usato-il-2019-chiude-in-rialzo.html.
[26] FEBIAC, "immatriculations de véhicules neufs décembre," 2 January 2020.
[27] RAI association, 1 January 2020.
[28] VWE Automotive, 6 January 2020.

The Austrian automotive market began 2019 with a vehicle fleet of just under 5.0 million passenger cars.[29] With 329,363 new registrations, the Austrian car market contracted in 2019 by 3.4 % year-on-year (2018: 341,068).[30] In the same period, 872,043 used cars additionally changed owners. Compared with the previous year's number of 874,827 used car registrations, that corresponds to growth of 0.3 %.[31]

In 2019, AS24 was no longer active on the Spanish automotive market on its own, but rather via a joint venture with leading Spanish media group Vocento's automotive portal Autocasión. Despite a sustained upward trend since September 2019, the Spanish market recorded a 4.8 % decline in new car sales to 1,258,260 vehicles sold in 2019.[32] In contrast, the Spanish used car market grew by 0.9 % to 2.23 million vehicles sold.[33]

COMPETITIVE SITUATION

As explained in the BUSINESS MODEL AND OPERATING SEGMENTS section, the digital marketplaces IS24 (continuing) and AS24 (discontinued) are among the leading players in their respective countries measured by the number of listings and user engagement.

ImmobilienScout24

IS24 faces various competitors, both in its business with real estate agents and with consumers. The next largest competitor is the Immowelt Group, which is part of the Axel Springer Group, which is in turn financed by the financial investor KKR, among others. Similar to us, Immowelt is a vertically organised marketplace. Consequently, the focus is on real estate listings. Among our competitors in the private customer business is eBay Kleinanzeigen. It is a horizontally organised marketplace for classifieds, i.e. besides real estate, that markets various other products and services digitally. We also compete with hybrid agents, such as the real estate service provider McMakler. These combine their own software solutions with the expertise of traditional agents and use intensive advertising to compete on price and customer acquisition. At the same time, they also use IS24 for marketing purposes.

The Management Board is confident that IS24 will be able to maintain its leading competitive position – through further investment in a superior service offering and with the aim of being *the* platform that further advances the digitalisation of the entire German real estate ecosystem.

AutoScout24 (discontinued)

The discontinued operations of AS24 are in competition with the automotive listings platform mobile.de, which is considered the market leader in Germany. The offers of the AUTO1 Group (wirkaufendeinauto.de, AUTO1.com or Autohero) likewise compete with AS24. International competitors such as CarGurus are also increasingly trying to gain a foothold in the German car classifieds market. In addition, the major automobile groups have their own offers, such as the used car platform heycar. In AS24's European core countries, too, our competitors include both vertically and horizontally organised platforms.

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[29] STATISTICS AUSTRIA, vehicle fleet on 31 December 2018 by vehicle type.
[30] STATISTIK AUSTRIA, new vehicle registrations, January to December 2019.
[31] STATISTIK AUSTRIA, used vehicle registrations, January to December 2019.
[32] elPeriódico, "El mercado automovilístico cayó un 4,8% en 2019".
[33] motor.es, "Las ventas de coches de ocasión se estancan en 2019".

Business development

Scout24 continued its steady growth in the past financial year and was able to increase its revenue from continuing operations from EUR 318.2 million to EUR 349.7 million. This corresponds to revenue growth of 9.9 %.

Ordinary operating EBITDA from continuing operations came to EUR 209.3 million in the past financial year (2018: EUR 188.7 million). As a result, ordinary operating EBITDA from continuing operations grew by 10.9 % year on year. At 59.9 %, the ordinary operating EBITDA margin of continuing operations was roughly at the previous year's level (2018: 59.3 %).

In the 2019 financial year, capital expenditure from continuing operations decreased from EUR 50.6 million to EUR 17.4 million. The higher capital expenditure in the 2018 financial year is attributable to the non-recurring effect of first-time application of IFRS 16 and to lease additions in financial year 2018. Adjusted[34] capital expenditure from continuing operations in the 2019 financial year amounted to EUR 16.0 million, down 15.3 % year-on-year (2018: EUR 18.9 million).

The cash contribution from continuing operations (defined as ordinary operating EBITDA from continuing operations less capital expenditure [adjusted] from continuing operations) increased by EUR 23.5 million year-on-year to EUR 193.3 million in the 2019 financial year (31 December 2018: EUR 169.8 million). The cash conversion rate[35] from continuing operations, based on ordinary operating EBITDA from continuing operations, rose by 2.4 percentage points compared with the previous year to 92.4 % (31 December 2018: 90.0 %).

Cash and cash equivalents in the Scout24 Group's continuing operations increased to EUR 65.6 million as of the reporting date (31 December 2018: EUR 59.2 million).

The net financial debt[36] of continuing operations amounted to EUR 789.3 million as of 31 December 2019 (31 December 2018: EUR 752.2 million). The increase in net financial debt is mainly due to the increase in the revolving credit facility for the share buy-back programme.

The leverage ratio (ratio of net debt to ordinary operating EBITDA for the last twelve months) came to 2.45:1 as of 31 December 2019 (31 December 2018: 2.56:1). As stated in the loan agreements, this leverage information relates to continuing and discontinued operations. For the continuing operations, the disposal of AS24 is expected to result in the addition of significant cash reserves. As a result, the leverage ratio is of only minor significance for the continuing operations.

In the 2018 annual report and in the 2019 half-year financial report, the Scout24 Group had forecast revenue growth including discontinued operations ranging between 15 % and 17 %. Revenue including discontinued operations came to EUR 613.6 million in the 2019 financial year (2018: EUR 531.7 million), an increase of 15.4 %. That means that the revenue growth is at the lower end of last year's forecast. The adjusted growth[37] of 11.7 % is within the forecast corridor ranging between the low to mid-teens.

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[34] Adjusted capital expenditure does not include capital expenditure made due to the application of IFRS 16.
[35] The cash conversion rate is defined as ordinary operating EBITDA less capital expenditure (adjusted) divided by ordinary operating EBITDA.
[36] Net financial debt is defined as total current and non-current financial liabilities (including lease liabilities) less cash.
[37] If FINANZCHECK had already been consolidated as of 1 January 2018, it would have contributed EUR 25.9 million to revenue in the period from January to September 2018.

In the 2018 annual report and the half-year financial report, an ordinary operating EBITDA margin including discontinued operations within a corridor between 52 % and 54 % was forecast. With an ordinary operating EBITDA margin including discontinued operations of 52.5 %, it was possible to meet expectations.

Aside from the (continuing and discontinued) business operations, at the level of the holding company, the 2019 financial year was additionally marked by the following events:

- On 15 February 2019, Scout24 AG's former major shareholders, Hellman & Friedman and the Blackstone Group, decided to issue a joint voluntary takeover bid at an offer price of EUR 46.00 per share. The offer was subject to a minimum acceptance threshold of 50 % plus one share. On 14 May 2019, the bidders announced that their takeover bid had failed as they had only reached an acceptance threshold of around 42.8 %.
- On 19 July, the Scout24 Management Board presented a strategic road map for the company's long-term value enhancement. This was based on three essential pillars: (i) strengthening Scout24's two core verticals, (ii) growing revenue and enhancing operational efficiency and (iii) optimising the capital structure.
- In August 2019, the Management Board announced a strategic review of all potential future options for AutoScout24. In a structured and careful process, several options – including merger, partial/full sale, spin-off and holding scenarios – were examined and evaluated.
- On 2 September 2019, Scout24 AG started the first tranche of its share buy-back programme. The tranche was completed on 31 January 2020 with a volume of EUR 150.0 million and 2.8 million shares bought back (2.6 % of share capital).

Business performance of the segments

IMMOBILIENSCOUT24

KEY FINANCIAL PERFORMANCE INDICATORS

EUR million	Q4 2019 (Unaudited)	Q4 2018[1] (Unaudited)	Change	FY 2019	FY 2018[1]	Change
Revenue with residential real estate partners	35.3	31.7	11.3 %	137.5	122.6	12.1 %
Revenue with business real estate partners	15.8	14.2	11.6 %	59.8	53.5	11.8 %
Revenue with private listers and others	18.3	18.3	0.1 %	73.0	73.9	-1.2 %
Total external revenue	69.4	64.2	8.2 %	270.2	250.0	8.1 %
Ordinary operating EBITDA	49.7	44.4	11.9 %	188.0	170.3	10.4 %
Ordinary operating EBITDA margin	71.6 %	69.2 %	2.4 pp	69.6 %	68.1 %	1.5 pp

[1] Includes a contribution for Q4 2018 of around EUR 0.6 million (2018: EUR 2.1 million) from classmarkets, which has been deconsolidated in the meantime, and ordinary operating EBITDA of around EUR 0.2 million (2018: EUR 0.7 million).

The IS24 operating segment's external revenue increased by 8.1 % to EUR 270.2 million in the 2019 financial year (2018: EUR 250.0 million). Adjusted for consolidation effects,[38] revenue growth was 9.0 %, a 30 % higher growth rate than in the previous year (2018 external revenue growth: 6 %).

[38] Adjusted for consolidation effects: without taking into account classmarkets' contribution to revenue.

The strongest growth driver was business with residential real estate partners, which recorded a 12.1 % increase in revenue to EUR 137.5 million (2018: EUR 122.6 million; 7.9 %). In addition to the successful upselling to current agency customers (additional products and higher membership models), the IS24 sales team has also acquired as customers various smaller real estate agents and property management companies. One important add-on product was the Realtor Lead Engine; its revenue almost tripled in the financial year to EUR 9.5 million.

Revenue with business real estate partners increased from EUR 53.5 million to EUR 59.8 million. The slight slowdown in growth from 13.0 % (2018) to 11.8 % (2019) is mainly attributable to revenue with project developers and suppliers of prefabricated houses. These are faced with a more tense market environment in view of the increasing regulation (see the GERMAN RESIDENTIAL PROPERTY MARKET TRENDS section).

Revenue with private listers and others fell slightly by 1.2 % to EUR 73 million in the financial year (2018: EUR 73.9 million). This was chiefly due to the deconsolidation of classmarkets. The switch from a licensing model to a SaaS pricing model at the subsidiary FlowFact also had a dampening effect. In contrast, ImmobilienScout24 Austria recorded strong growth of 26.0 %. Revenue from private listings remained at the previous year's level due to competition.

Due to the slower increase in the cost base relative to revenue, ordinary operating EBITDA increased by 10.4 % year on year to EUR 188.0 million (2018: EUR 170.3 million). As a result, the ordinary operating EBITDA margin reached 69.6 % (2018: 68.1 %; adjusted:[39] 68.5 %).

OTHER FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

	FY 2019	FY 2018	Change
Residential real estate partners (contractual) (as of end of period, number)	14,967	14,745	1.5 %
Residential real estate partner ARPU (EUR/month)	676	634	6.6 %
Business real estate partners (contractual) (as of end of period, number)	2,774	2,815	-1.5 %
Business real estate partner ARPU (EUR/month)	1,761	1,567	12.4 %
Desktop UMV (millions)[40]	6.2	6.2	0 %
Multiplatform UMV (millions)[41]	13.5	12.9	4.6 %
Sessions per month, Germany (millions)[42]	94.4	87.4	8.0 %

The number of residential real estate partners increased by 1.5 % year-on-year (2018: 14,745) to 14,967. The ARPU with residential real estate partners increased by 6.6 % from 634 to 676, and thus slower than the increase in revenue with residential real estate partners. This is mainly due to the aforementioned acquisition of new agency customers with lower ARPU as well as strong growth (>10 %) in pay-per-ad revenue.

[39] Adjusted for consolidation effects: without taking into account classmarkets' contribution to ordinary operating EBITDA.
[40] Source: AGOF e. V./digital facts, 2018–19.
[41] Source: AGOF e. V./digital facts, 2018–19.
[42] Internal measurement using Google Analytics, number of sessions including the IS24 platform in Austria.

In contrast, the number of business real estate partners decreased slightly by 1.5 % to 2,774 (2018: 2,815). The ARPU with business real estate partners increased however year on year by 12.4 % to 1,761 (2018: 1,567).

Despite increased competition in private listings, IS24 was able to maintain its great competitive advantage in the 2019 financial year, both in terms of listing market share as well as in terms of traffic and user engagement. Monthly sessions in Germany and the UMV multiplatform recorded growth of 8.0 % and 4.6 % respectively on the previous year. With around 425,000 listings[43] in the 2019 financial year, we have about 1.9 times more listings than our next largest competitor.

The segment achieved the revenue targets communicated in the 2018 annual report and the 2019 half-year financial report (9.0 % to 11.0 % adjusted, 8.0 % to 10.0 % non-adjusted) at the lower end. The communicated ordinary operating EBITDA margin of up to 70 % was achieved in the financial year with 69.6 %.

AUTOSCOUT24 (DISCONTINUED)

The Management Board decided at the beginning of 2019 to make minor adjustments to the Group's internal management system as well as the reporting structure and system for the year 2019. Advertising revenue with OEM partner agencies (2018: EUR 15.2 million) and the corresponding ordinary operating EBITDA (2018: EUR 8.7 million) is no longer reported in the AS24 segment as of 1 January 2019 but rather in the Scout24 Consumer Services segment due to the close structural relationship with third-party display revenue. Revenue from the project business with OEMs, however, remains in the AS24 segment, but it is reported as part of revenue with dealers in Germany and European core countries. The previous year's figures were restated accordingly in line with the changed reporting structure.

KEY FINANCIAL PERFORMANCE INDICATORS

EUR million	Q4 2019[1] (Unaudited)	Q4 2018[2] (Unaudited)	Change	FY 2019[1]	FY 2018[2]	Change
Revenue with dealers in Germany	24.4	22.0	10.6 %	94.4	80.5	17.2 %
Revenue with dealers in European core countries	22.4	19.5	14.8 %	86.6	74.3	16.6 %
Other revenue	1.2	2.9	-57.7 %	5.9	11.5	-49.0 %
Total external revenue	**48.0**	**44.5**	**8.0 %**	**186.9**	**166.3**	**12.3 %**
Ordinary operating EBITDA	**26.7**	**24.8**	**7.9 %**	**107.1**	**88.4**	**21.1 %**
Ordinary operating EBITDA margin	**55.7 %**	**55.7 %**	**0.0 pp**	**57.3 %**	**53.2 %**	**4.1 pp**

[1] Advertising revenue with OEM partner agencies and the corresponding ordinary operating EBITDA is no longer reported in the AS24 segment as of 1 January 2019 but rather in the Scout24 Consumer Services segment due to the close structural relationship with third-party display revenue. The previous-year figures have been restated accordingly.

[2] Includes a contribution for Q4 2018 of around EUR 1.3 million (2018: EUR 5.6 million) from AS24 Spain, which has been deconsolidated in the meantime, and ordinary operating EBITDA of around EUR 0.6 million (2018: EUR 2.8 million).

[43] IS24 Core Data and internal monitoring of competitors for comparison with other real estate listings portals.

OTHER FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

	FY 2019	FY 2018	Change
Partner dealers, Germany (as of end of period, number)	21,959	23,813	-7.8 %
Partner dealers ARPU, Germany (EUR)	339	271	25.1 %
Partner dealers, European core countries (as of end of period, number)	21,486	21,947	-2.1 %
Partner dealers ARPU, European core countries (EUR)	331	277	19.4 %
Desktop UMV, Germany (millions)[44]	3.2	3.6	-11.1 %
Multiplatform UMV, Germany (millions)[45]	8.4	8.2	2.4 %
Sessions per month, Germany (millions)[46]	52.0	47.7	9.0 %
Sessions per month, European core countries (millions)[47]	57.7	50.5	14.3 %

AS24's external revenue increased by 12.3 % (2018: EUR 166.3 million) to EUR 186.9 million in the 2019 financial year. The growth in revenue was mainly due to the increase in revenue with dealers in Germany and in European core countries (Belgium, Luxembourg, Netherlands, Italy and Austria). Adjusted for consolidation effects, revenue grew by 16.3 %.[48]

Both revenue lines benefitted from base price adjustments and rising sales of value-added products, especially those that increase the visibility of listings. Against this backdrop, ARPU with our dealer customers, both in Germany and in European core countries, increased at a faster rate than revenue.

In the course of the financial year, the number of partner dealers in Germany declined year-on-year, with decreasing momentum. This is due to the optimisation of the customer base with a sharper focus of sales on the medium to large customer segment as well as the focus on increasing the number of listings. The optimisation was completed at the end of the year. The partial sale of the TruckScout24 business had an additional impact on the decline in customers. The vehicle categories of sprinter vans, vans and camper vans/caravans were not included in the sale. The integration of the truck business had not yet been fully completed by year end. The number of partner dealers in European core countries remained largely unchanged year-on-year.

Other revenue declined primarily due to the effect of the deconsolidation of AS24 Spain.

Ordinary operating EBITDA increased significantly by 21.1 % year-on-year to EUR 107.1 million (2018: EUR 88.4 million). Adjusted for consolidation effects, the increase was actually even 25.1 %. The ordinary operating EBITDA margin improved by 4.1 percentage points compared with the previous year due to the high operating leverage and amounted to 57.3 % in the financial year (2018: 53.2 %). Compared with the previous year's margin adjusted for consolidation effects (2018: 53.2 %), the ordinary operating EBITDA margin was 4.0 percentage points higher in the 2019 financial year.

[44] AGOF, December 2018, average for the respective period; values for the previous year including AGOF.
[45] AGOF, December 2018, average for the respective period; values for the previous year including AGOF.
[46] Including sessions on eastern European language versions of AS24 platform.
[47] Internal measurement using Google Analytics, number of sessions including AS24 platforms in Austria and AutoTrader.nl in the Netherlands.
[48] Adjusted for consolidation effects: without taking into account AutoScout24 Spain's contribution to revenue for the 2018 financial year.

In the 2019 financial year, the adjusted revenue performance of the AS24 segment again exceeded expectations for the full year (12.0 % to 14.0 % growth adjusted or 9.0 % to 11.0 % non-adjusted) with growth of 16.3 % (12.3 % non-adjusted). The same applies to the ordinary operating EBITDA margin of 57.3 % (annual forecast for 2019 from the 2018 annual report and the 2019 half-year financial report: up to 54.0 %).

SCOUT24 CONSUMER SERVICES (INCLUDING CONTINUING OPERATIONS)

KEY FINANCIAL PERFORMANCE INDICATORS

EUR million	Q4 2019[1] (Unaudited)	Q4 2018[2] (Unaudited)	Change	FY 2019[1]	FY 2018[2]	Change
Revenue with finance partners	22.5	20.5	9.7 %	88.2	54.8	61.1 %
of which from continuing operations	8.4	7.9	6.3 %	32.8	29.6	10.6 %
Services revenue	8.9	7.1	25.4 %	36.2	27.9	30.0 %
of which from continuing operations	8.9	7.1	25.1 %	36.2	27.9	30.0 %
Third-party display revenue	8.4	9.7	-12.9 %	32.0	32.6	-2.0 %
of which from continuing operations	3.0	3.0	-0.9 %	10.6	10.7	-0.8 %
Total external revenue	39.8	37.3	6.8 %	156.5	115.3	35.7 %
of which from continuing operations	20.3	18.1	12.1 %	79.5	68.2	16.6 %
Ordinary operating EBITDA	11.4	9.4	21.8 %	37.5	40.4	-7.2 %
of which from continuing operations	7.7	5.9	30.4 %	29.6	24.5	20.8 %
Ordinary operating EBITDA margin	28.7 %	25.1 %	3.6 pp	23.9 %	35.0 %	–11.1 pp
of which from continuing operations	38.2 %	32.9 %	5.3 pp	38.8 %	38.0 %	0.8 pp

[1] Advertising revenue with OEM partner agencies and the corresponding ordinary operating EBITDA is no longer reported in the AS24 segment as of 1 January 2019 but rather in the Scout24 Consumer Services segment due to the close structural relationship with third-party display revenue; the figures of the previous year have been restated accordingly.
[2] The earnings of FINANZCHECK are included in the financial figures of Scout24 AG as of 1 September 2018. The contribution to revenue in the four-month period as of September 2018 amounts to EUR 12.3 million, while the contribution to ordinary operating EBITDA is EUR -2.0 million.

The CS segment generated external revenue of EUR 156.5 million in the financial year, up 35.7 % year-on-year (2018: EUR 115.3 million). Adjusted revenue growth[49] was 11.9 % in the 2019 financial year. The main reason for the adjusted revenue growth was the increase in revenue with finance partners and from services.

The 61.1 % increase in revenue with finance partners is primarily due to the acquisition of FINANZCHECK, which was only consolidated for four months in the 2018 financial year and for the full twelve months of the 2019 financial year. FINANZCHECK's revenue is included in full in revenue with finance partners.

In addition to increasing revenue with finance partners, the strong rise of 30.0 % in revenue from consumer services was a driver of growth. Services revenue is allocated in full to the continuing operations of the real estate business. Key drivers of growth in services revenue were in the successful expansion of the premium membership for consumers seeking real estate.

Display revenue is slightly below the previous year's, down 2.0 % to EUR 32.0 million (2018: EUR 32.6 million) due to market and economic conditions. Display revenue is attributable to both continuing and discontinued operations.

[49] Assuming that FINANZCHECK had already been part of the Scout24 Group since 1 January 2018.

At EUR 37.5 million, the CS segment's ordinary operating EBITDA was below the previous year's (2018: EUR 40.4 million). The contraction in EBITDA is mainly due to the negative contribution to earnings from FINANZCHECK, which is still in the investment phase. Increased advertising expenses were incurred during the investment phase. In addition, the declining high-margin display advertising business also contributed to the decline in EBITDA. The ordinary operating EBITDA margin thus reached 23.9 % in the 2019 financial year (2018: 35.0 %; adjusted:[48] 26.2 %).

The unadjusted year-on-year revenue growth came to 35.7 %. The revenue target communicated in the 2018 annual report and the 2019 half-year financial report as a percentage rate ranging between the high 30s and low 40s was thus achieved. The adjusted[48] revenue growth rate of 11.9 % did not reach the communicated target of 15 % to 17 %. At 23.9 %, the ordinary operating EBITDA margin was slightly below the communicated target of up to 30 %.

Situation of the Group

RESULTS OF OPERATIONS

Scout24 remained on a growth track in the financial year 2019. Revenue from continuing operations increased by EUR 31.5 million or 9.9 % to EUR 349.7 million year on year (2018: EUR 318.2 million). All segments' continuing operations contributed to this development with their positive growth.

Capitalised development costs from continuing operations increased by 24.7 % year-on-year to EUR 14.0 million (2018: EUR 11.2 million). The increase is attributable to an increased capitalisation of projects in the IS24 segment. In this context, the increased proportion of capitalised development costs was essentially driven by an increased assignment of developers and higher personnel expenses.

Other operating income from continuing operations decreased by 34.8 % year-on-year to EUR 3.1 million (2018: EUR 4.7 million). The decrease is attributable to the sale of the trademark rights of 'JobScout24' Switzerland in the amount of EUR 1.7 million in the previous year 2018.

Personnel expenses from continuing operations increased by EUR 23.2 million or 27,4 % to EUR 107,6 million (2018: EUR 84,4 million). In addition to standard market salary adjustments, the increase is mainly due to share-based payment programmes for selected employees. The resulting expenses amounted to EUR 29.0 million in the 2019 financial year (2018: EUR 12.9 million) and are allocated to non-operating costs. In total, personnel expenses from continuing operations include non-operating costs of EUR 34.7 million (2018: EUR 14.2 million).

Advertising expenses from continuing operations rose by 23.4 %, from EUR 24.8 million to EUR 30.6 million, thus outpacing revenue from continuing operations (2019: 8.7 % of revenue; 2018: 7.8 %). This is mainly due to increased online advertising expenses for the Realtor Lead Engine in the IS24 segment.

IT expenses from continuing operations increased by 20.1 % to EUR 14.2 million (2018: EUR 11.8 million). The increase was principally attributable to the ongoing migration of the data centre solutions to the cloud and the resulting growing share of cloud-based platform and software solutions.

At EUR 50.8 million, other operating expenses from continuing operations remained at the previous year's level (2018: EUR 49.0 million) and mainly include legal and consulting fees.

Ordinary operating EBITDA from continuing operations increased by 10.9 % compared with the previous year (2018: EUR 188.7 million) and amounted to EUR 209.3 million in the reporting period. At the same time, the ordinary operating EBITDA margin increased by 0.6 percentage points from 59.3 % to 59.9 %.

Ordinary operating EBITDA from continuing operations contains non-operating costs of EUR 45.7 million (2018: EUR 24.5 million). Non-operating costs include above all non-recurring costs attributable to M&A transactions including post-merger integration as well as personnel expenses from share-based payments. Personnel costs in connection with changes in the organisational structure are also considered non-operating costs. These include costs in connection with leave of absence and severance payments as well as other personnel costs that are of a non-recurring or exceptional nature. In fiscal year 2019 (as in the previous year), a significant portion of non-operating costs related to share-based payments in the amount of EUR 29.0 million (2018: EUR 12.9 million). Reorganisation costs amounted to EUR 9.3 million. This mainly includes non-operating personnel expenses of EUR 5.7 million (2018: EUR 1.4 million).

A reconciliation to the Group's ordinary operating EBITDA from continuing operations is presented below:

RECONCILIATION OF ORDINARY OPERATING EBITDA FROM CONTINUING OPERATIONS

EUR million	2019	2018	Change
Ordinary operating EBITDA from continuing operations	**209.3**	**188.7**	**10.9 %**
Non-operating effects	45.7	24.5	86.3 %
of which share-based payments	29.0	12.9	125.8 %
of which M&A transactions	7.3	7.7	-5.9 %
of which reorganisation	9.3	3.8	142.4 %
of which other non-operating effects	0.1	0.1	0 %
of which strategic projects	0	0	0 %
EBITDA from continuing operations	**163.7**	**164.2**	**-0.3 %**

In the financial year 2019, Scout24 reclassified the categories within the non-operating effects in order to increase transparency, but without changing the allocation of income and expenses to the non-operating effects. To ensure comparability with the previous year, the corresponding figures were restated retrospectively.

At EUR 54.2 million, depreciation, amortisation and impairment losses on continuing operations remained roughly at the previous year's level (2018: EUR 53.0 million). Of this amount, EUR 32.1 million is primarily attributable to intangible assets identified and recognised in the course of the purchase price allocations (2018: EUR 32.6 million).

The financial result from continuing operations fell from minus EUR 6.1 million to minus EUR 15.2 million. This is due to income effects in the previous year, including gains of EUR 1.6 million on the sale of classmarkets and proceeds of EUR 6.2 million from refinancing the revolving facilities agreement. At EUR 15.0 million, finance expenses from continuing operations are roughly at the previous year's level (2018: EUR 15.4 million).

The income tax expense from continuing operations amounted to EUR 30.7 million (2018: EUR 29.2 million), resulting in an effective tax rate of 32.6 %. Income tax expenses comprise deferred tax income of EUR 14.9 million, which mainly stems from amortisation of intangible assets recognised in the purchase price allocation.

Accordingly, Scout24 reported consolidated earnings after tax from continuing operations attributable to the shareholders of EUR 63.5 million for the 2019 financial year (2018: EUR 75.9 million). That results in undiluted earnings per share from continuing operations of EUR 0.59 (2018: EUR 0.71).

The results of operations from discontinued operations in the 2019 financial year break down as follows:

RESULTS OF OPERATIONS (DISCONTINUED OPERATIONS)

EUR million	FY 2019	FY 2018	Change
Revenue	**263.8**	**213.5**	**23.6 %**
Other revenue	9.9	7.8	26.9 %
Expenses	-201.4	-141.6	42.2 %
Earnings before interest and tax – EBIT	**72.4**	**79.6**	**-9.1 %**
Financial result	0.8	33.4	-97.5 %
Earnings before tax	**73.2**	**113.0**	**-35.2 %**
Income taxes	-32.4	-24.7	31.1 %
Earnings after tax	**40.8**	**88.3**	**-53.8 %**
Expenses (costs of disposal) in connection with the sale of AS24, FinanceScout24 and FINANZCHECK	-24.3	-	-
Earnings from discontinued operations after tax	**16.5**	**88.3**	**-81.3 %**

FINANCIAL POSITION

Principles and objectives of financial management

The treasury function plans and manages the cash requirements and provision within the Scout24 Group. Based on annual financial planning and 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.

Scout24 AG's dividend policy is to distribute between 30 % and 50 % of the adjusted net profit to its shareholders each year. This policy is intended to allow shareholders to participate appropriately in the success of the company.

In September 2019, Scout24 AG distributed to its shareholders for the 2018 financial year a larger dividend compared with the previous year of EUR 0.64 per ordinary share (in 2018 for 2017: EUR 0.56). This corresponded to 41 % of the adjusted earnings after tax and a total distribution of EUR 68.9 million.

For the 2019 financial year, the Management Board proposes to the Supervisory Board the payment of dividend of EUR 0.90 per ordinary share. This corresponds to 50% of the adjusted earnings after tax and a total distribution of EUR 94.3 million.

Capital resources and financing structure

Under a syndicated loan agreement (term loan and revolving facilities agreement, 'RFA'), Scout24 AG has access to a line of credit of EUR 1,000.0 million, comprising a EUR 300.0 million term loan, a revolving credit facility of EUR 200.0 million and a revolving credit facility totalling EUR 500.0 million earmarked for acquisition purposes. As of 31 December 2019, the residual liability relating to the term loan was EUR 300.0 million. An amount of EUR 20.0 million had been drawn from the revolving credit facility as of 31 December 2019. EUR 315.0 million of the revolving credit facility earmarked for acquisitions was drawn as of 31 December 2019, after an initial EUR 35.0 million was repaid early, but a further EUR 100.0 million was subsequently drawn in connection with the share buy-back programme. The term loan, the revolving credit facility and the revolving credit facility earmarked for acquisitions are bullet loans.

In the 2018 financial year, Scout24 AG had successfully placed its first promissory note (Schuldschein) with a volume of EUR 215 million. In the course of the 2019 financial year, EUR 18.0 million was repaid early, so that liabilities in connection with the promissory note loan amount to EUR 197.0 million as of 31 December 2019.

The interest rate charged on the facilities drawn under the syndicated loan is based on the EURIBOR plus an interest margin linked to the leverage ratio. A floor of 0.0 % is set for the EURIBOR. The promissory note issued in 2018 comprises tranches with terms ranging between three and six years and both fixed and variable interest rates.

The covenant applicable under the RFA refers to the ratio of net debt to ordinary operating EBITDA for the last twelve months (leverage ratio) and is 3.50:1. The covenant was complied with in the reporting period with a leverage ratio of 2.45:1 as of 31 December 2019 (31 December 2018: 2.56:1), resulting in an EBITDA headroom to the covenant of 30.1 %. The promissory note loan is not subject to any covenants, although the investors are entitled to an interest rate increase if a leverage ratio of 3.25:1 is exceeded.

Failure to comply with the RFA covenant is deemed a breach of contract, which would result in the outstanding loan amount falling immediately due. However, failure to comply with the covenant can be remedied by including authorised capital up to a maximum of 10 % of the share capital in the calculation of the covenant or by actually increasing capital and using the corresponding proceeds to repay the loan until the covenant is complied with again. This procedure is applicable up to twice during the facility's term to maturity.

A loan repayment of EUR 250 million following the completion of the AS24 sale has been agreed with the RFA syndicate of banks. The covenants mentioned above will remain in effect thereafter.

Along with the balance of cash of EUR 65.6 million (31 December 2018: EUR 59.2 million), the Group also has liquidity of EUR 180.0 million from the aforementioned revolving credit facility and of EUR 185.0 million from the revolving credit facility earmarked for acquisitions, which had not been drawn as of 31 December 2019. Aside from the RFA, there is a further lending agreement with a total volume of EUR 1.9 million for guarantee facilities.

As of the reporting date, unrecognised commitments totalled EUR 10.0 million, including EUR 9.4 million with a residual term of one year, EUR 0.5 million with a residual term between one and five years and EUR 0.1 million with a residual term of more than five years. A further unrecognised commitment pertains to the conclusion of a lease agreement for an office building in Berlin in the financial year 2018 amounting to EUR 51.6 million. The lease agreement will not be recognised in the statement of financial position until the commencement of the lease (notes to the consolidated financial statements, note 4.6 'Right-of-use assets from leases').

Liquidity and investment analysis

The cash flow from operating activities generated in continuing operations came to EUR 173.8 million (2018: EUR 147.3 million). This mainly reflects higher volume of business. This was partly offset by a cash outflow of EUR 55.4 million for income tax payments, primarily relating to the financial year 2019 (2018: EUR 29.6 million).

Scout24 generated cash flow from operating activities of discontinued operations of EUR 24.7 million in the 2019 financial year (2018: EUR 61.0 million).

Cash flow from investing activities generated in continuing operations stood at EUR –11.5 million, down sharply year on year (2018: EUR –284.6 million). This is due in particular to consideration transferred for subsidiaries net of cash and cash equivalents acquired of EUR 266.3 million in the 2018 financial year for investment in the IS24 and Scout24 Consumer Services segments. In addition, cash flow of EUR 5.3 million in the financial year stemmed from subsidiaries in the IS24 segment sold in the previous year. This was partly offset in particular by higher cash outflows for investments in intangible assets in this segment (2019: EUR –14.8 million; 2018: EUR –11.8 million).

Scout24 had cash flow from investing activities of discontinued operations of EUR –7.0 million in the 2019 financial year (2018: EUR –9.4 million).

The negative cash flow from financing activities from continuing operations amounted to EUR –165.9 million in the reporting period (2018: EUR 89.7 million). This includes cash inflows of EUR 100.0 million from revolving credit facility II; although EUR 35.0 million was repaid directly in the past financial year. Moreover, an amount of EUR 18.0 million was repaid on the existing promissory note loans. In addition, dividends amounting to EUR 68.9 million were distributed to shareholders and payments of EUR 127.3 million were made for the repurchase of treasury stock.

The cash flow from financing activities of discontinued operations amounted to EUR –2.9 million compared with EUR –1.4 million in the previous year.

In total, cash available for continuing operations in the 2019 financial year increased by EUR 6.4 million to EUR 65.6 million as of 31 December 2019 from EUR 59.2 million as of 31 December 2018.

During the course of financial year 2019, Scout24 had enough cash at its disposal at all times to meet all financial obligations that fell due.

NET ASSETS

The Group's total assets as of 31 December 2019 came to EUR 2,431.2 million, thus decreasing by EUR 33.1 million or 1.3 % year-on-year (31 December 2018: EUR 2,464.3 million).

Current assets increased from EUR 137.1 million to EUR 740.4 million. The increase is mainly due to the reclassification of discontinued operations in accordance with IFRS 5.

Non-current assets decreased from EUR 2,327.2 million to EUR 1,690.8 million. The decrease is mainly due to the reclassification of discontinued operations in accordance with IFRS 5, in particular due to the reclassification of goodwill of EUR 378.4 million and trademarks of EUR 118.4 million to current assets. In addition, amortisation and depreciation of EUR 69,8 million was recognised on intangible assets, property, plant and equipment and right-of-use assets under leases including the assets reclassified in accordance with IFRS 5 at the end of the year.

Current liabilities came to EUR 210.8 million (2018: EUR 138.5 million). The increase is mainly due to the EUR 39.0 million higher other provisions. In particular, this is due to provisions of EUR 22.0 million formed for the sale of discontinued operations and the costs of EUR 14.6 million for the implementation of a compensation program in connection with the sale of these companies.

Non-current liabilities increased from EUR 1,153.3 million to EUR 1,166.5 million. This is mainly due to the increase in financial liabilities resulting from the increase in the revolving credit facility earmarked for acquisitions for the share buy-back programme. In addition, other provisions increased by EUR 31.8 million to EUR 45.0 million, mainly due to the increase in share-based payments. This was mainly offset by the decline in lease liabilities in connection with IFRS 16 and the repayment of promissory note loans.

Equity came to EUR 1,053.9 million as of 31 December 2019 (2018: EUR 1,172.5 million). The equity ratio was 43.3 % (2018: 47.6 %). On the one hand, the decrease is due to the dividend payment for the 2018 financial year amounting to EUR 68.9 million resolved by the Annual General Meeting in 2019. On the other hand, 2,437,041 treasury shares had been repurchased under the share buy-back programme by 31 December 2019, reducing equity by EUR 129.6 million. The net profit for the year had a positive impact.

Overall assessment

We made important strategic decisions in 2019. We initiated the sale of AutoScout24, FinanceScout24 and FINANZCHECK. At the same time, we ensured further operational growth through numerous product, technology and sales initiatives. Where possible, we have captured cost efficiencies. In the reporting period, we thus once again demonstrated our sustainable, profitable growth strategy and the sustained increase in our company value. This is reflected in another revenue record for the Group and the increase in consolidated ordinary operating EBITDA.

Risks and opportunities report

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 to manage them actively and 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 opportunity and risk position

On 17 December 2019, Scout24 concluded an agreement for the sale of 100 % of the shares in AS24, FinanceScout24 and FINANZCHECK. The transaction comprises the operations from the CS operating segment that are to be integrated into AS24 and is to be completed in the first half of 2020. This will change the Scout24 Group's risk situation.

Overall, the risk situation across all three operating segments in the 2019 financial year was kept within acceptable limits at all times; there is currently no discernible threat to the ability of Scout24 AG or the entities of the Group to continue as a going concern. Our following overall assessment of the risk situation takes into account the transaction planned for the first half of 2020 and thus, with regard to the risks and opportunities of future development, relates only to continuing operations, i.e. due to the very high probability (as of the reporting date and the preparation date) of the sale being completed, the risks and opportunities associated with the business activities of AS24, FinanceScout24 and FINANZCHECK are only taken into account to the extent that they will still be relevant due to contractual relationships between the buyer and Scout24.

The Internet business in Germany, Europe and worldwide remains on a growth track. Especially in the listings business, business models are shifting 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 digital marketplaces through relevant content and offerings for users holds significant business potential for innovative marketing strategies for the offerings on these marketplaces. We are well positioned, both in terms of operations and strategy, to benefit from this market dynamic and to exploit it as a growth opportunity for the listings and advertising business.

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 a digital marketplace. In this respect, the Scout24 Group continues to stand on a solid foundation both financially and in terms of its statement of financial position.

Accordingly, at the time of preparing the management report we assessed the risks as limited, and the overall risk position is manageable. Compared with the reporting period ended 31 December 2018, the overall risk position has improved. There are currently no identifiable risks that, either individually or collectively, could lead to a significant or prolonged deterioration in the Scout24 Group's results of operations, financial position and net assets or would constitute a risk to the Group's ability to continue as a going concern.

Risk management system, compliance management system and internal control system as well as opportunity management

The basic design of the risk management system reflects the internationally recognised COSO Enterprise Risk Management Framework of the Committee of Sponsoring Organisations of the Treadway Commission. This framework links the Group-wide risk management system 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 ICS is an integral part of the risk management system and comprises the entirety of the policies and measures, principles and procedures to achieve the corporate objectives. It is especially intended to ensure the security and efficiency of business processes as well as the reliability of the financial reporting.

The risk management function is based on the systematic recording and assessment of risks, and it aims to control such risks in a controlled manner. It is intended to enable the Scout24 Group to identify any unfavourable developments at an early stage so it can promptly take counteractive measures and monitor them.

In the reporting period, risk management concentrated predominantly on those activities that will substantially affect future profits (ordinary operating EBITDA, EBITDA and EBIT) and that are important for the company's future prospects. Naturally, tax risks and risks from changes in interest rates are likewise taken into account.

Scout24 classifies its risks according to external, financial, operational, strategic and compliance risks – referred to as risk areas. Risks are assessed based on quantitative parameters, probability of occurrence and potential financial impact.

Our opportunity management is primarily oriented to identifying relevant market trends with potential for creating value along our offering of products and services for our users and customers. Opportunities are assessed based on their probability of occurrence and their potential positive impact according to qualitative parameters.

The guiding principle of risk and opportunity management is a holistic and integrated approach that combines the governance components of risk management, the ICS and compliance, supplemented by supporting internal audit activities.

PRINCIPLES OF RISK AND OPPORTUNITY MANAGEMENT OF THE SCOUT24 GROUP

In the Scout24 Group, the principles of responsible corporate governance involve constantly and responsibly weighing risks and opportunities that arise from business activity. The goal of the risk and opportunity management system is to develop a strategy and establish objectives that create an optimal balance between growth and profitability on the one hand and the associated risks on the other, thereby systematically and sustainably increasing the company’s value.

Scout24 comprehensively evaluates the risks and opportunities that are significant in the aggregate for the Group's corporate development as part of the annual budgeting process. To derive the 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 quarterly updated risk inventory, which ensures that risks and opportunities are surveyed and assessed throughout the company using a defined methodology. The current assessment of the opportunities and risks at the time of budgeting is 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. This is used as a basis for regular reporting to the executive leadership team (ELT) and the Supervisory Board.

Above and beyond this, current risks and opportunities as well as their impact on the company are discussed at biweekly meetings of the ELT, in quarterly meetings with the Supervisory Board and in regular budget, strategy and profit/loss meetings.

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 stage and analyse, manage, monitor and counter them through appropriate measures, the Management Board has set up the Risk Management and Compliance function to integrate and manage Group-wide the two risk and compliance management systems as well as the ICS. This occurs in close cooperation with the individual risk officers in the (market) segments, central functions and equity investments, who bear responsibility for implementing the risk and opportunity management system in the risk reporting units, i.e. the operating units.

The effectiveness of the integrated risk management, compliance and ICS is controlled on a sample basis and partly though audits by the internal audit function.

SIGNIFICANT FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM WITH RESPECT TO THE GROUP FINANCIAL REPORTING PROCESS

The accounting-related risk management system as well as the ICS are a significant component of the company's internal control. The application of the aforementioned COSO framework and the effective interaction of the risk management system and the ICS are intended to ensure the effectiveness and efficiency of business operations as well as the completeness and reliability of the financial reporting. In this connection, the accounting-related risk management and the ICS include all organisational rules and measures for the identification and management of risks relating to financial reporting.

We view the following elements of the risk management system and the ICS as significant:

- Processes for the identification, assessment and documentation of all significant accounting-relevant business processes and risk areas, including associated key controls; these include financial and accounting processes as well as operational business processes that provide significant information for the preparation of the separate 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 entities regarding current developments relating to accounting and financial reporting and the financial statements close process 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 ordinary business activities. Uniform standards throughout the Group to systematically manage risks and opportunities form the basis for successful risk prevention and compliance in this context. These standards are set out in the Scout24 Group's Governance, Risk & Compliance Handbook (GRC Handbook). The core GRC process defined there – for which the Risk Management and Compliance department is responsible – ensures standardised processes for evaluating, analysing and reporting risk as well as implementing risk management measures. The GRC core process offers consistent, comparable and transparent information, thereby supporting important decision-making processes.

Compliance with nationally and internationally recognised compliance requirements is 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 business processes that are of relevance to risk and compliance to satisfy the requirements of corporate structure and strategy.

Along with updating existing risk management and compliance policies and processes, this additionally includes introducing new, important regulations and standards as well as consistently encouraging observance of our Code of Conduct and use of the external whistle-blower system. This was supplemented by a communication and training concept introduced in 2016 for all business units, to raise employee awareness accordingly and achieve a uniform understanding of our risk management and compliance standards throughout the company. The Scout24 Group thereby operates a system of policies, processes (including preventative training courses) and internal controls, that enables identifying at an early stage any potential deficits within the company and minimising them by appropriate measures.

Development of the risk assessment

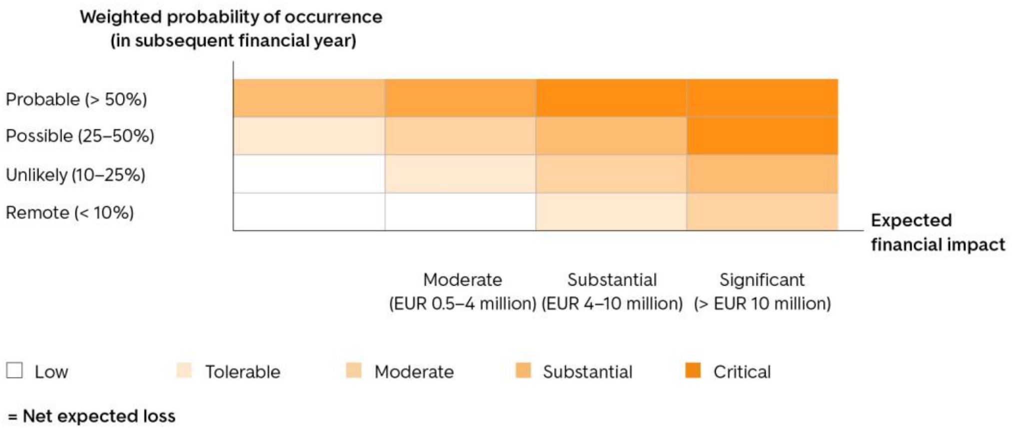
The process begins with the identification of significant risks. Risks that exceed a certain materiality threshold or that are subjectively deemed urgent are reported to the Management Board on an ad hoc basis by the risk owner or through the Risk Management and Compliance department. Interim reporting 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.

In the subsequent risk assessment, risks are assessed as 'low', 'tolerable', 'moderate', 'substantial' or 'critical', considering the anticipated impact on results of operations, financial position and net assets as well as estimated probabilities of occurrence. Risks are assessed based on quantitative parameters, i.e. the probability of occurrence in percent and the potential financial impact in euros. The quantification in this connection is primarily intended to indicate how relevant the respective risk is. The assessment of the monetary impact is the responsibility of the business units. The time horizon for estimating risks is one year for the probability of occurrence and up to three years for the potential financial impact.

The identified risks are assessed applying the inherent/residual method. In the inherent risk assessment, the financial impact and probability of occurrence are initially assessed excluding any measures put in place to reduce the impact or probability of occurrence. The aim of the inherent risk assessment is to reflect the entire potential exposure, to thereby prevent an erroneous assessment that can arise from overestimating the effect of existing risk management measures. Conversely, in a second step, the residual risk analysis takes into account the implemented risk reduction measures. The objective of the inherent/residual method is to gauge the efficiency of the preventive measures deployed.

Hereinafter, risks are presented by their net expected loss. The scales for measuring the assessment variables (weighted probability of occurrence and expected loss) on the basis of this net consideration are shown in the risk classification matrix below. In the 2019 financial year, we revised the risk matrix in order to eliminate duplication in the probability of occurrence.

RISK MATRIX



The risk-mitigating measures that have been implemented are considered in classifying the risk. The scale for measuring the assessment parameters (probability of occurrence and expected financial impact) as well as the resulting risk classification matrix are presented in the table below:

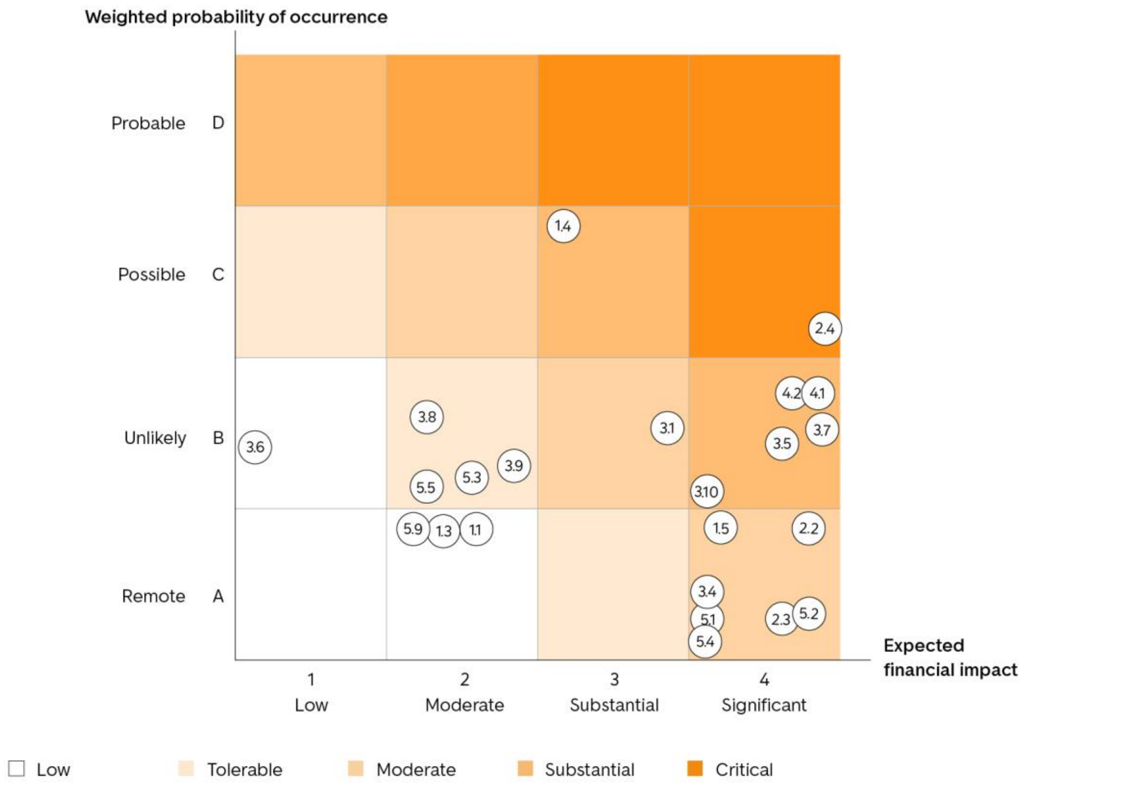
The risk assessment also includes analysing causes and interactions. Opportunities are not included in the assessment but are covered separately through opportunity management and as part of the budgeting. The next step consists of the risk management. Given the existence of certain risk indicators in relation to the defined materiality thresholds, countermeasures are developed and introduced. The defined measures and risks are updated in the course of interim reporting to management.

Local risk managers in the various business units are responsible for recording and reporting risks. The managers categorise the risks according to a standard catalogue applicable in the Group and document their results on a quarterly basis in a database.

OVERALL RISK SITUATION, RISK CLUSTERS AND RISK AREAS

In the following risk cluster, the risks are shown with their net expected loss value (X axis) and sorted according to probability of occurrence (Y axis). The above-mentioned adjustment of the risk matrix results in a changed picture compared to the previous year, so that higher loss potentials are shown when classified on the X-axis.

RISK CLUSTERS



The overall risk situation (net) of the continuing operations is determined by evaluating all risk areas as the result of a consolidated analysis. In the change from fiscal year 2018 shown in the following table, we have assumed the above-mentioned adjustment of the matrix also for the risk situation in 2018. The change is mainly due to the exclusion of the risks of AS24 and FINANZCHECK.

EVALUATION OF RISK AREAS

		Weighted probability of occurrence	Expected financial impact	Net expected loss	Year-on-year change
1	**External risks**				
1.1	Economic risks	Remote	Moderate	Low	=
1.2	Regional and specific country risks	Remote	Low	Low	=
1.3	Legal environment	Remote	Moderate	Low	↓
1.4	Competition and market	Possible	Substantial	Substantial	↓
1.5	Suppliers	Remote	Significant	Moderate	↑
1.6	Labour market	Remote	Low	Low	=
1.7	General public	Remote	Low	Low	↓
1.8	Nature and environment	Remote	Low	Low	=
2	**Financial risks**				
2.1	Financial reporting organisation and quality	Remote	Low	Low	↓
2.2	Financial management	Remote	Significant	Moderate	=
2.3	Financial figures	Remote	Significant	Moderate	↓
2.4	Financial reporting	Possible	Significant	Critical	=
3	**Operational risks**				
3.1	Human resources	Unlikely	Substantial	Moderate	↓
3.2	Advertising and brand	Remote	Low	Low	↓
3.3	Service providers, other business partners	Remote	Low	Low	↓
3.4	Customers	Remote	Significant	Moderate	↓
3.5	Management and administration	Unlikely	Significant	Substantial	↑
3.6	Purchasing	Unlikely	Low	Low	⤢
3.7	IT risks	Unlikely	Significant	Substantial	=
3.8	Project management	Unlikely	Moderate	Tolerable	↓
3.9	Product management and processes	Unlikely	Moderate	Tolerable	↓
3.10	Communication	Unlikely	Significant	Substantial	↑
4	**Strategic risks**				
4.1	Strategic orientation	Unlikely	Significant	Substantial	=
4.2	Sales, marketing and brand	Unlikely	Significant	Substantial	↓
5	**Compliance risks**				
5.1	Code of conduct	Remote	Significant	Moderate	=
5.2	Data protection and data security	Remote	Significant	Moderate	=
5.3	Corruption and fraud	Unlikely	Moderate	Tolerable	⤢
5.4	(Corporate) criminal law	Remote	Significant	Moderate	=
5.5	Competition law	Unlikely	Moderate	Tolerable	↑
5.6	Intellectual property law	Remote	Low	Low	=
5.7	Labour and social security law	Remote	Low	Low	=
5.8	Money laundering	Remote	Low	Low	⤢
5.9	Know-how drain	Remote	Moderate	Low	↓
5.10	Environmental law	Remote	Low	Low	=
5.11	Documentation obligations	Remote	Low	Low	↓

↓ Decrease ↑ Increase
= Unchanged ⤢ Immaterial change

The above graph shows only risk clusters with a net expected loss of EUR 500,000 or more or a weighted probability of occurrence of over 10 %.

Risk clusters that from today's perspective could significantly affect the Scout24 Group's results of operation, financial position and net assets are explained in more detail below. In this context, all risks assessed to have a net expected loss deemed 'substantial' or 'critical' in the underlying risk classification matrix are considered to have a significant effect. These are usually not the only risks to which the company is exposed. However, we are currently not aware of any further risks that could affect our operations or have appraised such risks as not substantial.

We have assessed the overall risk position of the Group and its business units as manageable.

External risks

1.3 Legal environment

The most important legal and regulatory factors influencing our business are outlined below due to their considerable general significance, even if the current risk assessment does not require any explanation under the system presented above.

Legal disputes and proceedings can cause considerable damage and high costs to our business, reputation and brands. In the reporting period, however, it was largely possible to avoid or settle by mutual consent any such litigation. As part of our operating activities, we receive and process the data of customers and users. Users of our platforms entrust us not only with the data needed for registration purposes but also with information about their personal circumstances. Storage and processing of the data is always within the framework of legal requirements, and we protect all data and information against unauthorised access.

We started adapting our processes, responsibilities and our organisational structure to the General Data Protection Regulation (GDPR) requirements at an early stage and have in some cases redesigned them in order to satisfy the stricter requirements of the GDPR when the change in legislation takes effect. Nevertheless, high standards that have since been further detailed and the activities of data protection authorities ultimately pose a greater business risk compared with the previous year.

Any change in Scout24's ability to use or share the data of customers and users from its systems can influence the development of revenue. 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 email and news services for marketing services. Limitations on contacting customers and consumers may therefore have a negative impact on business performance. Finally, the constantly changing regulatory environment with regard to the use of cookies and other tracking mechanisms also creates uncertainty. In particular, the statements of the German supervisory authorities on the relationship between Article 15 (3) of the German Telemedia Act (TMG) and the GDPR, as well as the ePrivacy Regulation, which is currently still in the draft bill stage, should be mentioned here.

In 2019, the German federal government turned its attention to the extension of what is known as the 'contracting-party-pays principle' to the sale of real estate and presented a draft of the 'Act on the distribution of agent costs in the brokerage of purchase contracts for apartments and single-family homes.' On 18 December 2019, the first consultation on this draft law was held in the Bundestag, and the law is expected to be enacted in the first half of 2020. In contrast to the previous contracting-party-pays principle, however, the draft law sets out a fixed allocation of the agent's commission between seller and buyer. If the law comes into force in this form, the potential negative effects originally feared by real estate agents can be considered to have been mitigated.

Any risks arising from changes in the legal environment are counteracted by thorough examinations of all contractual and regulatory matters. We endeavour to satisfy all requirements by means of continuous monitoring and avoid conflicts arising from the violation of third parties' rights or non-compliance with regulations.

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

1.4 Competition and market

Our profitability crucially depends on our ability to maintain our leading market position, especially the leading position of the IS24 segment in Germany. If we are unable to maintain these market positions, our pricing could be jeopardised, and our revenue could decrease, with a negative impact on 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 might be able to encourage our customers to use platforms other than ours.

General classifieds portals in particular, which cover a wide range of product categories, are penetrating the real estate advertising market or increasing their activities in it. Companies operating on the Internet (such as search engines or social networks) are beginning to use their large user bases and data to establish a strong customer base at comparatively low cost.

Once the AS24 transaction has been completed and the sales price received, Scout24 could be regarded on the capital market as an attractive takeover target. We assume that we will be able to gradually mitigate this risk by paying out the sales proceeds as dividends.

Overall, risks emanating from competition and the market represent in the aggregate a significant risk component for us, which is also reflected in the importance of the controls and measures deployed for this purpose. When analysing such risks at individual risk level, however, we gauge them as manageable.

Financial risks

The majority of financial risks are classified as not material. Furthermore, the Scout24 Group is not exposed to any significant currency, credit and liquidity risks for which hedging transactions would have to be carried out (see note 5.2. Disclosures on financial instruments). The only risk we consider significant is the risk of incorrectly valuing our intangible assets as of the balance sheet date.

2.4 Intangible assets

The Scout24 Group has recognised intangible assets of around EUR 1.7 billion as of the reporting date. These assets are tested for impairment on an ongoing basis to identify any indication that their carrying amount may not be recoverable and necessitate the recognition of impairment losses. Therefore, there is a risk that recognised intangible assets, such as goodwill, trademarks and the customer base, may be subject to impairment as a result of declining customer numbers partly caused by legal amendments.

Considering a high quantitative impact but low probability of occurrence, we have classified this risk for the IS24 segment as less critical at the individual risk level on the reporting date. For the continuing operations of the CS segment, the quantitative impact would be lower but the probability of occurrence higher. We therefore classified this risk as rather critical at individual risk level on the reporting date. As a result of the integration of the continuing operations of the CS segment into the IS24 segment as of 1 January 2020, the overall risk has been significantly reduced at the time of preparation of this management report and is now considered to be only moderate.

Operational risks

3.5 Management and administration

Due to our market presence and our diverse digital products, we also have to face the challenges of cybercrime. In order to counteract this risk, we have a comprehensive security concept that we are constantly improving and adapting to new technical requirements. In addition, our employees are regularly sensitised as regards manual and technical access security. We classify this risk as substantial overall.

3.7 IT risks

Our business activities involve a wide range of risks with respect to information security and information technology, which we still currently gauge as substantial both individually and collectively, despite our many and successful measures for protecting our infrastructure.

Portals like ours are continuously exposed to the risk of – constantly evolving – hacker attacks. In order to ensure the security and stability of our systems, one of the strategies we pursue is to utilise high-availability cloud service providers and additionally run backups of all critical data and systems. The operation of the platforms is subject to permanent monitoring so as to quickly initiate appropriate countermeasures in case of failure. Additionally, comprehensive multistage safeguards for our systems, as well as personalised, role-based access controls, ensure protection against unauthorised access and external attacks. We also offer our customers the option of securing their data with multistage access protection. In addition, we have IT security experts perform regular intensive penetration testing. As in the past, we draw on the expertise of security analysts in what is referred to as a ‘bug bounty programme’, in which we award prizes to registered ‘white hat’ hackers for the identification and notification of potential attack vectors. From this, we rigorously derive new risk-mitigating measures to secure against unauthorised access both to our platform as well as internal and external access to our business data. By making continuous improvements in the area of cybersecurity and remedying security vulnerabilities, we were able to reduce this risk somewhat in the course of the financial year. At present, we therefore classify this risk as substantial.

3.10 Communication

As a listed stock corporation, Scout24 is obliged to keep the capital market regularly informed about the development of the company. Neglecting these information obligations can have numerous negative consequences. Scout24 has appropriate processes to ensure that it satisfies its duty to inform the capital market, which are managed by the Investor Relations department together with Scout24 AG's Management Board.

Due to the size of our organisation and complex organisational structure, we are aware of the risk of not being able to guarantee uniform and coordinated external corporate communication. The task of the Corporate Communications department is to manage the corporate voice in order to ensure an overview of the activities and presence of the brands at public events and in public statements.

We classify this risk as substantial overall.

Strategic risks

4.1. Strategic orientation

In order to secure and expand our market position, we focus on generating growth in Germany and Austria for IS24. In general, our efforts to close value-added M&A transactions also involve a risk that objectives and synergy effects anticipated may not materialise. Our cooperation and M&A activities from 2019 were only of minor relevance for IS24 due to the strong focus on AS24.

To accelerate the expansion of our products and services for IS24, we will continue to develop cooperation and M&A activities in 2020. These additional activities will be evaluated in connection with the respective transactions or partnerships and are not expected to entail reportable risks until 2021.

We continue to classify the risk field 'Strategic orientation' as substantial and unlikely to occur due to our existing risk-mitigating measures (such as the establishment of a post-merger integration project management office and the performance of gap analyses with strategic consultants) and with a potentially low negative financial impact in the event of occurrence.

We classify this risk as substantial overall.

4.2 Sales, marketing and brand

The brand identity of the Scout24 Group will gradually change considerably in the future, moving away from the familiar orange colour and shortening the word mark from 'ImmobilienScout24' to 'ImmoScout24'. This can lead to a loss of brand recognition and possibly also brand awareness.

Such an effect could be exacerbated by negative consequences from the 'mobile first' strategy, as regular revenue, conversion, display advertising revenue and the general visibility of our products, along with individual features, have to be transferred from desktop PCs to a small display, to take into account the general trend to mobility and full-time reachability and accessibility. In order to counter this risk, IS24 will again invest in image communication measures - above all TV advertising - in 2020 to counteract any loss of recognition.

In addition, the online presence of IS24 will in future be based on the new brand design and thus attempt to translate brand perception and recognition into user behaviour. To enable adjustments and the quantification of results, we conduct qualitative user tests as well as A/B live testing directly on our websites and apps. Initial results indicate stable values for user behaviour and user-friendliness[50].

Overall, the risks in the area of sales, marketing and brand have material significance for us, as they characterise the orientation of our business model in the medium to long term. We nevertheless consider the risk manageable in view of our intensive market research as well as detailed analyses and measures.

Opportunities

MANAGEMENT'S ASSESSMENT OF OPPORTUNITIES

Digitalisation continues to advance in many areas of business and private life, driving forward the growth of digital business models in Germany and around the globe. As described in the ECONOMIC CONDITIONS section of the report on economic position, in the listings business in particular, business models are shifting from offline services (such as print media) to online services. It is precisely this change that generates significant growth potential for Scout24.

Scout24 has achieved an excellent position in all major operating segments thanks to the high brand awareness it enjoys (96 % in Germany are familiar with the IS24 marketplace)[51] and its large number of users (approx. 13.5 million monthly visitors).[52] For this reason, we see all Scout24 entities operating in the market continuing on a growth track.

In December 2019, Scout24 concluded an agreement on the sale of 100 % of the shares in AS24, FinanceScout24 and FINANZCHECK. The transaction is expected to be completed in the first half of 2020 whereby Scout24 AG is planning for a closing on 31 March 2020. This sale will enable the Scout24 Group to focus on real estate and services for users, customers and partners along this value chain.

From the Management Board's perspective, Scout24 AG is overall well positioned to systematically identify and benefit from the opportunities that arise from the major trends in its markets. The following opportunities take into account the intended separation from AS24 and the resulting increased focus of the organisation on the real estate sector.

OPPORTUNITY MANAGEMENT

Our opportunity management forms part of our internal management system and aims 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 Strategy and Business Development department. The department is in close contact with the individual operating units and therefore retains a detailed overview of the business situation. Moreover, market and competitive analyses as well as knowledge sharing with external experts serve as important sources to identify growth opportunities for the Scout24 Group. The defined opportunities are recorded as

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[50] A/B testing, January 2020.
[51] Scout24 internal data, survey on brand awareness for real estate marketplaces, January 2020.
[52] Source: AGOF e. V./digital facts, 2018–19.

part of the annual budgeting process and relevant growth options are prioritised, specific objectives are derived, and measures and resources to achieve the operational targets are determined.

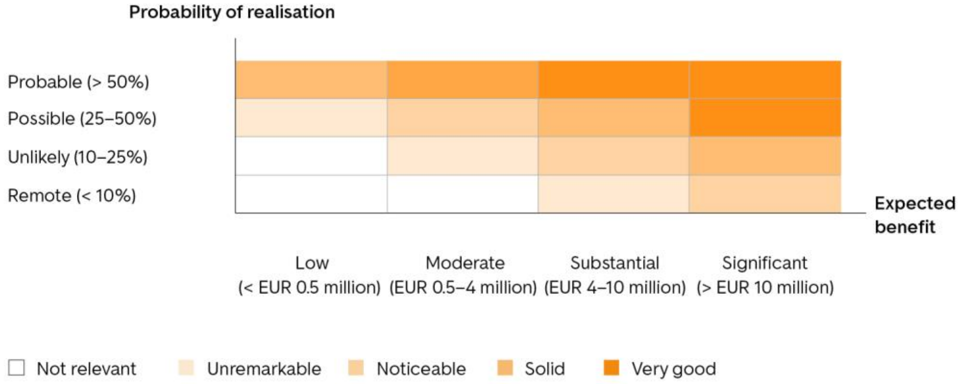
BUDGETING PROCESS

Strategic opportunities of paramount importance – such as strategy adjustments or potential acquisitions and partnerships – are handled at Management Board level. This is part of the annual budgeting process or, in the case of current topics, part of the regularly scheduled meetings of the executive leadership team, and ad hoc opportunities are dealt with as appropriate. For such topics, different opportunity-risk analyses are generally developed and submitted for decision-making.

The identification of opportunities forms the starting point for the opportunity management process. Opportunities are assessed taking into consideration the expected benefit as well as an estimated probability of occurrence. The time horizon for the assessment of opportunities is approximately two to three years. The related quantification of opportunities primarily highlights the relevance of opportunities and is performed by bandwidth assessments. 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 have a significant effect on reputation, the business model, liquidity, assets and profits.
- Noticeable: Good opportunities have a noticeable effect on reputation, the business model, liquidity, assets and profits.
- Unremarkable: Minor opportunities have little effect on reputation, the business model, liquidity, assets and profits.
- Not relevant: Very minor opportunities have almost no effect on reputation, the business model, liquidity, assets and profits.

OPPORTUNITIES MATRIX



Opportunities are not assessed according to the inherent/residual method used in risk management. Measures to support the realisation of opportunities are not inventoried or reported upon separately.

OVERALL OPPORTUNITY SITUATION, OPPORTUNITY CLUSTERS AND OPPORTUNITY AREAS

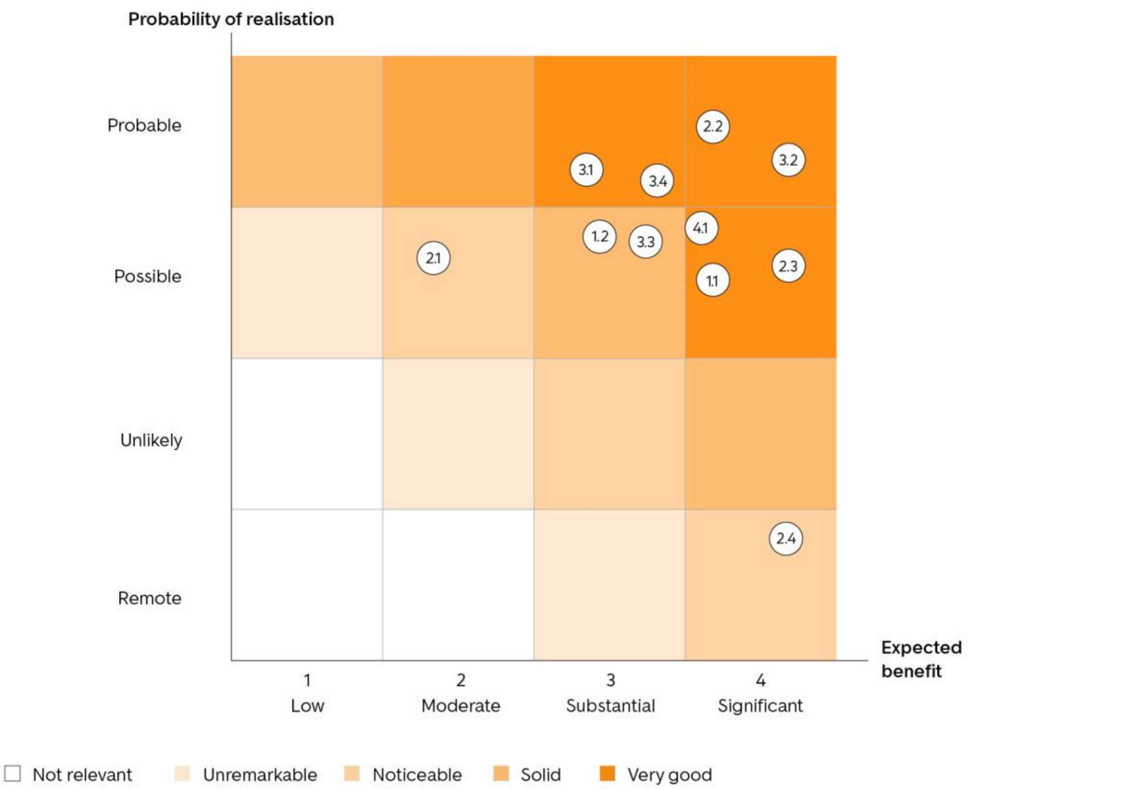
The year-on-year changes in the opportunity situation are as follows:

CHANGES IN THE OPPORTUNITY SITUATION

		Probability of occurrence	Quantitative impact	Change[1]
1	**Opportunities from changes in overall conditions**			
1.1	Higher share of wallet from ongoing shift to online	Possible	Significant	Unchanged
1.2	Positive development of real estate market	Possible	Substantial	New
2	**Corporate strategy opportunities**			
2.1	Business-promoting partnerships	Possible	Moderate	Unchanged
2.2	Value added from successful M&A transactions	Probable	Significant	Unchanged
2.3	Expansion of business models along the value chains related to real estate	Possible	Significant	New
2.4	Internationalisation of business in the real estate sector	Remote	Significant	New
3	**Business performance opportunities**			
3.1	Stable business model with strong margins and high cash flow generation	Probable	Substantial	Unchanged
3.2	Value added from performance improvement and addition of products and services	Probable	Significant	Increase
3.3	Improving the EBITDA margin by further optimising efficiency	Possible	Substantial	New
3.4	Legislative amendments regarding allocation of agent fees for real estate purchases	Probable	Substantial	Immaterial change
4	**Other opportunities**			
4.1	Further increase in revenue per customer	Possible	Significant	Unchanged

[1] Compared with 2018 for the IS24 operating segment.

OPPORTUNITIES CLUSTER



Opportunity clusters that from today's perspective can have 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 in terms of operations.

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

Opportunities from changes in overall conditions

1.1 Higher share of wallet[53] from ongoing shift from offline to online

IS24 is the leading digital real estate listings platform in Germany in terms of number of real estate listings and customers (approximately 23,000 professional customers)[54] as well as traffic and user engagement (approximately 13.5 million monthly visitors).[55] Roughly 425,000 listings[56] generate approximately 43.4 million visitors per month – almost 38 % more than the closest competitor.[57] The use of the Internet in Germany and Europe has increased significantly in the last ten years. The simultaneous development of several digital media and e-commerce websites as well as mobile apps has solidly anchored the use of the Internet in

[53] Explanation: revenue share, share of our customers' advertising spend.
[54] Internal Scout24 data – customers with at least one listing, December 2019.
[55] Source: AGOF e. V./digital facts, 2018–19.
[56] IS24 Core Data and internal monitoring of competitors for comparison with other real estate listings portals.
[57] AIM Group Real Estate Marketplaces Annual, November 2019 – total monthly visits as of September 2019 (SimilarWeb).

consumers' daily lives. Our services are accessible on multiple devices,[58] and almost 80 %[59] of IS24 users already access them on their mobile devices today. IS24 apps have already been downloaded more than ten million times, of which roughly two million times in 2019 alone,[60] underscoring the appeal of our platforms, also for use on mobile devices.

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 believe this will lead to a comparatively high share of listings and visitors on our marketplace (measured by traffic, reach and user engagement). In the case of our business real estate partners, especially larger ones, we see substantial potential to increase our share of their advertising budgets ('share of wallet').

We assess the opportunity as very good.

1.2 Positive development of real estate market

The positive development of the real estate market in the last few years, as described in the GERMAN RESIDENTIAL PROPERTY MARKET TRENDS section in the report on economic position, is expected to continue in the coming years. On the one hand, this creates a positive basis for our customers (agents, home sellers); on the other hand, it increases the interest of our users (prospective real estate buyers or tenants). For both target groups we can create additional added value through our existing and new products, which will further boost our growth.

We assess this opportunity as solid.

Corporate strategy opportunities

2.2 Value added from successful M&A transactions

The planned separation from AS24 and, accordingly, the more rigorous concentration on the ecosystem surrounding real estate opens up the opportunity for us to create new value through relevant acquisitions in this area. In this context, when identifying and closing 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 sale and rental process. We will use small and medium-sized acquisitions to help realise the planned growth in the direction of real estate transactions.

The focus here is on generating added value in the core business of IS24, i.e. strengthening the key operating performance indicators. Through targeted transactions, we can improve and enhance our offering for users and also offer our customers greater reach.

We assess the opportunity as very good.

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[58] Based on the number of visits via mobile devices, mobile-optimised websites and apps relative to the total number of all visits, measured with our own Traffic Monitor.
[59] Scout24 Insights & Analytics, December 2019.
[60] App Annie, Jan 2020.

2.3 Expansion of business models along the value chains related to real estate

The organisation's focus on real estate, enabled by the sale of AS24, allows us to cover the real estate purchase/sale and rental value chain even more deeply and create further added value for customers and users. On the one hand, this enables us to increase the monetisation of existing customers/users and, on the other hand, we can win new customers/users for the extended offers. We have a deep understanding of the demands of the real estate ecosystem as well as the needs of our customers in their everyday business. At the same time, our product portfolio is stronger than ever before. With the Home Seller Hub, for example, we offer a one-stop shop for home sellers. With the Realtor Lead Engine, we are establishing the leading source for agent mandate leads. In the area of product development, we are focusing on further expanding our customer-centric product road map and supporting consumers from the decision-making process (e.g. purchase or rental) to the realisation of the corresponding transaction.

We assess the opportunity as very good.

Business performance opportunities

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

IS24 has successfully managed to establish a stable business model over the last few years: An exceptionally good basis for future developments. The external revenues of the continuing operations (IS24 segment and the CS business activities attributable to this segment) increased at an average annual growth rate of 14.8 %[61] in the period from 2014 to 2019 and reached EUR 349.8 million in the 2019 reporting period (excluding holding company revenues). Historically, revenues have been largely dependent on the number and duration of ads placed by our customers. Thanks to our recently introduced more individualized pricing, especially through the introduction of individually bookable visibility products, we are increasingly diversifying our revenue potential beyond the pure advertising business with our customers.

Thanks to our leading market position, we benefit from a high operating leverage and thus from disproportionately lower growth of costs compared to revenues. Excluding central corporate functions, consolidation, and other items, the ordinary operating EBITDA margin from continuing operations was 62.2 % in fiscal 2019, 5.9 percentage points higher than the EBITDA margin of 56.3 % in fiscal 2014. We believe that our ordinary operating EBITDA margin can be further improved. At the same time, the comparatively low investment requirements of our business model will lead to significant cash flow generation.

We assess the opportunity as very good.

3.2 Value added from performance improvement and addition of products and services

One key component of our operational business management is to improve our performance profile in terms of measurable performance indicators such as the number of listings and user reach or traffic. The objective of our internal management is to improve performance of the individual operating units. This approach is underlined by our managing revenue by the main customer group as well as the direct revenue drivers, which enables us to individually manage the various factors influencing the segment profit. The aim is to speed up the development and implementation of products and to adapt monetisation models. For example, the premium profile is being expanded accordingly in order to continuously increase added value for users.

[61] IS24 revenue base for financial year 2014: EUR 175.8 million

The IS24 platform's leading position in Germany, measured by traffic and user engagement (43.4 million monthly visitors), and its position among the leading platforms in Austria (1.5 million monthly visitors)[62] provide us with ready and wide-ranging access to ready-to-buy customers and should enable us to generate additional revenue from our reach, for example, by offering further fee-based services along the value chain. We have already successfully introduced initial value-adding services that are intended to support our customers and consumers throughout the entire purchasing and selling process as well as the real estate rental process.

Lead generation for partners and the sale of advertising contribute to further positioning Scout24 as a leading digital marketer and as a market network in the real estate sector. Based on the intensive use of our marketplaces, the Management Board is confident that Scout24 is well positioned to offer value-adding services and products that go beyond solely selling listings. These relevant services enhance user experience on our portals and open up additional opportunities for Scout24 to participate in the added value generated.

We assess the opportunity as very good.

3.3 Improving the EBITDA margin by further optimising efficiency

Scout24 is undertaking a variety of efforts in a bid to continue optimising internal processes in future in order to lower costs, accelerate workflows and engineer them so they are more customer-centric. In this context, the Growth Simply Done programme should contribute to an optimised cost base of +200 to 300 base points and an improved EBITDA margin by 2021. Savings potential of around EUR 20 million was identified in the areas of administration, sales, marketing as well as product and engineering, of which EUR 14 million has already been included in the 2020 budget.[63]

We assess this opportunity as solid.

3.4 Legislative amendments regarding allocation of agent fees for real estate purchases

The planned introduction of a new regulation on the sharing of agent commission with the seller when buying a property could have positive effects for IS24 (according to the current status of the planned legislative amendment, allocation of agent's fees to the buyer will not be ruled out completely, as the buyer usually also benefits from the agent's services, but it will be capped at 50 % of the total payable agent's fee[64]).

We expect the introduction of the contracting-party-pays principle to generally increase competition among agents and, over time, possibly put pressure on estate agent commission. It therefore seems likely that agents may focus on more efficient marketing channels. This should reduce offline marketing expenditure for print media, etc. and lead to an increasing number of online listings by agents. As clear market leader in the field of online real estate portals, IS24 can expect to benefit from such a development.

In addition, we expect this amendment to increase competition among agents in acquiring mandates to sell properties. IS24 already has a suitable range of products to support agents in setting up their own (online) brand and acquiring mandates to sell properties. Agents would have demand for further products and services to strengthen their own brand and help them acquire new mandates to sell properties. We believe that IS24 is well positioned to benefit from this anticipated competition.

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[62] AIM Group Real Estate Marketplaces Annual, November 2019.
[63] Scout24 Capital Markets Day 2019.
[64] Draft law of the German Federal Government; draft of a law on the distribution of agent costs in the brokerage of purchase contracts for apartments and single-family homes; printed matter 19/15827.

Increasing competitive pressure could lead agents to cross-charge home sellers an increasing share of the cost of advertising real estate listings. IS24 would be likely to benefit more than most from such a development as, in our assessment, we are the 'leading household name' with the highest level of brand awareness among homeowners in Germany.

Should home sellers decide to use agents' services less and transact more business themselves, our private listings business is equally set to benefit from such a trend. As we estimate that we are the 'leading household name' in the overall German market measured by listings,[65] IS24 would benefit from such a development as a result of the increased volume of private listings as well as a greater willingness, on average, of private listers to pay for listings.

We assess the opportunity as very good.

Other opportunities

4.1 Further increase in revenue per customer

Our average revenue per core agent has scope for further growth when compared with average revenue for the relevant peer group from regions where the shift from offline media to online listings portals is already more advanced.[66]

We believe that the added value from the presence on our platforms is increasing steadily for our customers and that the market is continuously shifting from offline products (e.g. print media) to online products. We therefore see potential for further increasing our revenue per customer through price adjustments and the sale of additional visibility products. As described above, we will offer our customers additional value-adding products in this ambit. Based on our high operating leverage, we believe that this development can contribute to a further increase in our ordinary operating EBITDA margin.

We assess the opportunity as very good.

[65] AIM Group Real Estate Marketplaces Annual, November 2019.
[66] AIM Group Rightmove November 2019.

Outlook

The following section provides an overview of the expectations for the financial year 2020. These relate to revenue and ordinary operating EBITDA margin for the continuing operations of IS24 including those business operations of the CS segment that will be allocated accordingly from 2020. Beyond that, expectations are presented for the Scout24 Group.

Market and sector expectations

The consequences of the coronavirus pandemic for the global economy and thus also for the export-oriented German economy cannot yet be estimated with sufficient reliability. Depending on the intensity and duration of the epidemic, economic researchers expect the effects on global economic growth to vary.[67] For Germany, for example, the Institute for the World Economy (IfW)[68] and Deutsche Bank[69] currently expect a slight decline in gross domestic product of 0.1 % and 0.2 % respectively. However, Scout24 assumes that the sector-specific trends in the German real estate market will continue to support the company's business development.

As described in the ECONOMIC CONDITIONS section, the shift in advertising expenditure from offline to online in particular continues. The faster growth of the digital market underlines the positive prospects of Scout24's business model, which is geared towards the digitalisation of the value chain. In particular, the further consistent digitalisation of real estate transactions offers enormous growth potential for Scout24.

IS24 is very well positioned to take advantage of this tailwind in the German market thanks to the high level of innovation, its leading market position, the high brand awareness and the remarkable user reach that it has demonstrated for years. IS24 could also benefit from falling property prices if the market turns from a sellers' market to a buyers' market. Indeed, the number of sales transactions is more important than the transaction volumes. Irrespective of the price development, as outlined in the GERMAN RESIDENTIAL PROPERTY MARKET TRENDS section, more than eight million people move every year in the German market, in which property rental plays a major role. That number is not expected to decrease. This results in correspondingly large business potential for IS24.

A special case is the so-called 'rent cap' in Berlin, which was passed by the Berlin House of Representatives on 30 January 2020. Although the regulation only applies in Berlin and explicitly excludes new buildings, the significant intervention in the housing market has apparently made investors insecure.

Company expectations

Scout24 does not at this point in time assume that the unclear macroeconomic consequences of the corona virus will have a significant adverse effect on business development. The following forecast is therefore made without taking the coronavirus pandemic into account. Nevertheless, the possibility cannot be ruled out that effects may arise in the further course of the year that could affect the Scout24 Group's business

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[67] Economic implications of the corona crisis and economic policy measures, 11 March 2020, (https://www.ifo.de/DocDL/PM-COVID-19_2020-03-11.pdf) (https://www.ifo.de/DocDL/PM-COVID-19_2020-03-11.pdf)
[68] IfW Economic Forecast: GDP likely to shrink in 2020, 12 March 2020
[69] n-tv: First decline in GDP since 2009 - Deutsche Bank writes off growth, March 10, 2020

and forecast. Negative effects may arise, among other things, from the fact that brokers no longer wish to (can/may/may be allowed to) conduct viewings, that activity on the property market and thus possibly also the number of listings (temporarily) declines significantly, or that sales, product development teams and external service providers (could) fail due to illness or (could) lose efficiency due to longer periods of home office.

In the 2019 financial year Scout24 generated revenues from continuing operations amounting to EUR 349.7 million. This corresponds to a growth of 9.9 % compared to the previous year (2018: EUR 318.2 million).

At 59.9 %, the ordinary operating EBITDA margin from continuing operations was roughly at the previous year's level (2018: 59.3 %). Excluding central corporate functions, consolidation and other, the ordinary operating EBITDA margin was 62.6%, up 0.9 percentage points on the comparable prior-year level (2018: 61.9%). Our continuing operations thus continued to drive our strategy of sustainable and profitable revenue growth in 2019.

BUSINESS DEVELOPMENT

The outlook for business with residential real estate partners remains positive. We expect that the migration to the new membership models ‘Image Edition’ and ‘Acquisition Edition’ will contribute to ARPU growth as will the sale of VIA add-on products. In addition, revenue from the brokerage of real estate sales leads to agents (Realtor Lead Engine revenue) continues to grow. We still expect the act on the distribution of agent costs in the brokerage of purchase contracts for apartments and single-family homes to come into force in Germany in the first half of 2020. In our opinion, the new regulation will initially lead to increased uncertainty among agent customers. As a result, we expect a negative impact on revenue of approximately EUR 5 to 8 million in the 2020 financial year and thus slightly slower growth in revenue with residential real estate partners compared with the previous year.

In our activities with business real estate partners, we likewise expect growth to slow down slightly. This is due to the aforementioned uncertainty on account of government regulation.

We expect listing revenue with private listers to decline in the 2020 financial year. This is due to intensified competition (see the COMPETITIVE SITUATION section), which we are, however, countering through our free listing initiative launched in January 2020. It applies to rental advertisements for properties under EUR 400 rent net of ancillary costs and for new customers in the rental business. We assume that this investment in additional listings will lead to a loss of revenue from private advertisements of approximately EUR 1 to 2 million per year.

We continue to view the development of other revenue with consumers, for example, from premium memberships, as very positive.

In contrast, we expect third-part display revenue to continue to decline in view of market conditions.

As already announced at the Capital Markets Day in November 2019, we expect slightly weaker growth for the 2020 financial year due to the aforementioned curbing effects.

For the continuing operations (excluding holding revenues) we expect revenue growth of between 6.0 % and 8.0 % in 2020. Excluding central Group functions, consolidation and other, we expect an ordinary operating EBITDA margin of up to 65.0 %, as announced at the Capital Markets Day.

As a result of the sale of AS24, IS24 will lose synergy effects, particularly in HR. We expect these dis-synergies to amount to up to EUR 5 million in 2020 calculated for a nine-month period. This amount was not yet included in the capital market day estimate mentioned above. Taking into account dis-synergies, the ordinary operating EBITDA margin (continuing operations excluding central Group functions, consolidation and other) forecast for 2020 would be approximately 1 percentage point lower, which means that we can expect up to 64.0% here. However, this negative effect could be partially offset by Transitional Service Agreements ("TSA") yet to be concluded with the AS24 buyer.

Given its negligible revenue from holding activities, we also expect the Scout24 Group to return revenue growth of between 6.0 % and 8.0 % in 2020. Excluding discontinued operations, our previous holding costs (central Group functions, consolidation and other) will be lower. We therefore expect the ordinary operating EBITDA margin for the Scout24 Group (including dis-synergies and holding costs) to be up to 62.0 %.

Overall, we are very confident that with IS24 as the market leader, we will continue to drive forward the expansion of the property ecosystem in Germany in the short to medium term. We will continue to invest in new products and technologies, increasingly digitalise the transaction process and expand our reach in our market.

NEW SEGMENT STRUCTURE

Once the AS24 sale has been completed, we will introduce a new segmentation for continuing operations. This is currently being developed by the Management Board. At the new segment level, we will report both revenue and ordinary operating EBITDA. We will therefore adjust our forecast accordingly in due course.

CAPITAL STRUCTURE

Scout24 plans to return capital from the AS24 sales proceeds received in the first half of 2020 to its shareholders. Share buy-back transactions are conceivable in this context. The exact amount, structure and timing of such a measure will be decided and communicated in due course.

A loan repayment of EUR 250 million following the completion of the AS24 sale has been agreed with the syndicate of banks of the revolving credit line.

At the same time, we want to continue investing in growth. Acquisitions are conceivable if they are consistent with our strategy of sustainable profitable growth. Borrowed capital can also be used for this purpose. We see the upper limit for the leverage ratio of the Scout24 Group (ratio of net debt to ordinary operating EBITDA for the last twelve months) at 3.50:1 (December 2019: 2.45:1).

Compensation report

The compensation report describes the main features of the compensation scheme for the Management Board and Supervisory Board of Scout24 AG. It explains the structure and level of compensation of individual members of the Management Board and Supervisory Board. The compensation report forms part of the group management report and complies with applicable statutory regulations. It also takes into account the recommendations of the German Corporate Governance Code (GCGC), in the version dated 7 February 2017.

Compensation of the Management Board

The Supervisory Board sets the compensation for the members of the Management Board. In doing so, the Supervisory Board checks – with due regard of the prescribed requirements set out in Article 87 (1) AktG – the appropriateness of the compensation in terms of the tasks of the individual members of the Management Board, personal performance, the economic and business situation, the company’s success 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 towards 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 components. The Management Board's compensation comprised the following components in the financial year 2019:

COMPENSATION COMPONENTS

Fixed compensation
Based on their respective areas of activity and responsibility, the members of the Management Board received a fixed basic salary that is paid monthly.

Variable compensation components
The variable compensation consists of one-year variable compensation and multi-year variable compensation including share-based payments.

The Supervisory Board determines the targets and their weighting for the one-year variable compensation of Mr Hartmann, Dr Schmelzer, Mr Weitz and Dr Schroeter and informs the Management Board in writing. The targets may be of a financial nature (for example, annual revenue and ordinary operating EBITDA). If the targets set by the Supervisory Board are fully achieved (100 %), the target amount for the one-year variable compensation is EUR 340.0 thousand (previous year: EUR 30.5 thousand) gross p.a. for Mr Hartmann, EUR 113.9 thousand (previous year: EUR – thousand) gross p.a. for Dr Schmelzer, EUR 200.0 thousand (previous year: EUR 10.3 thousand) gross p.a. for Mr Weitz and EUR 200.0 thousand (previous year: EUR 10.3 thousand) gross p.a. for Dr Schroeter. 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 Remuneration Committee. The Supervisory Board also determines whether and to what extent the entitlement is increased in the event that the target achievement exceeds 100 %. The payment is made annually in the following financial year.

Payment of such compensation may also be dispensed with in full if targets are missed.

In addition, Mr Hartmann, Dr Schmelzer, Mr Weitz and Dr Schroeter have been granted share-based payments pursuant to the Long-Term Incentive Plan 2018 (LTIP 2018). Mr Weitz also participates in the management equity programme (MEP) and the SSOP. Dr Schroeter participates in the LTIP as well as the SSOP. For further details of the LTIP 2018, see note 5.3 Share-based payments.

In Mr Gisy's case, the Supervisory Board determined the targets and their weighting for the one-year variable compensation and informs the Management Board in writing. The targets might have been of a financial nature (for example, annual revenue and ordinary operating EBITDA). If the targets set by the Supervisory Board were fully achieved (100 %), the target amount of the one-year variable compensation would have been EUR 84.7 thousand gross per year (previous year: EUR 173.6 thousand). The Supervisory Board determined the exact amount basically 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 determined whether and to what extent the entitlement is increased in the event that the target achievement exceeds 100 %. The payment was generally made annually in the following financial year. In connection with the termination of his activities on the Management Board, one-year variable compensation of EUR 260.0 thousand was determined and paid out before the end of the 2019 financial year.

From 2016, multi-year variable compensation with a target amount corresponding to the one-year variable compensation was also granted to Mr Gisy. In the financial year 2018, the Supervisory Board determined the targets and weighting for the multi-year variable compensation for the financial years 2018 to 2020 and informed the Management Board in writing. The targets were financial targets (e.g. revenue growth rate and ordinary operating EBITDA margin) and/or targets of a different nature. The allocation amount for the 2019 (2018) financial year for the multi-year variable compensation would have been EUR 84.7 thousand (previous year: EUR 173.6 thousand) gross for Mr Gisy if the targets set by the Supervisory Board had been fully achieved (100 %). In connection with the termination of activities on the Management Board, the precise amount was determined at EUR 124.0 thousand and paid out before the end of the 2019 financial year.

Mr Gisy also received share-based payments from under the MEP. For details of the MEP, see note 5.3 Share-based payments.

Pension cost

Scout24 AG pays members of its Management Board fixed pension fund contributions for the duration of their employment contracts, or it grants pension payments to existing commitments to employee pension schemes. Otherwise, the company itself has entered into no pension contracts for members of the Management Board, or it has granted pension commitments.

Ancillary benefits

Ancillary benefits vary for each member of the Management Board, but mainly include rent costs subsidies, costs assumed for flights home, company cars, compensatory payments for waiving the use 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. There are non-cash benefits in the form of participation in group accident and term life assurance cover. Members of the Management Board 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, members of the Management Board can be granted special payments for extraordinary services during the financial year. For Mr Hartmann, special payments are limited to three times the sum of one-year variable compensation. For Dr Schmelzer, Mr Weitz and Dr Schroeter, special payments cannot exceed two times the sum of their annual fixed compensation. For Mr Gisy, such special payments cannot exceed three times the sum of one-year variable compensation and multi-year variable compensation.

On 5 December 2019, the Supervisory Board granted the Management Board a special payment in view of its extra workload in the AutoScout24 strategic review. The special payment amounts to EUR 680 thousand for Mr Hartmann, EUR 420 thousand for Dr Schmelzer, EUR 400 thousand for Mr Weitz and EUR 400 thousand for Dr Schroeter. 50 % of the special payment was dependent on the strategic decision regarding the AutoScout24 sale and was already taken into account in 2019 following the decision taken. 50 % of the special payment is dependent on the performance of the Scout24 share price compared with the MDAX in the period from 17 December 2019 to 18 June 2020 (Annual General Meeting); the corresponding expected value is mainly taken into account in 2020. The special remuneration will be paid out in 2020 if the Management Board membership continue.

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 Hartmann to a maximum amount of EUR 8,800.0 thousand (previous year: EUR 1,012.7 thousand) gross, in the case of Dr Schmelzer to a maximum amount of EUR 3,415.7 thousand (previous year: EUR - thousand) gross, in the case of Mr Weitz to a maximum amount of EUR 7,000.0 thousand (previous year: EUR 361.1 thousand) gross, in the case of Dr Schroeter to a maximum amount of EUR 7,000.0 thousand (previous year: EUR 361.1 thousand) gross and in the case of Mr Gisy to a maximum amount of EUR 688.1 thousand (previous year: EUR 1,410.0 thousand).[70]

For the purpose of calculating the maximum amount, the LTIP 2018 payment is spread over five years. If the maximum amount is exceeded, the amount paid out is reduced accordingly.

MANAGEMENT BOARD TERMINATION BENEFITS

In the event that a service agreement is terminated by the company without due cause, the service agreements for the members of the Management Board include a settlement commitment equivalent to two times annual compensation, albeit to a maximum of the compensation that would be paid until the end of the contract.

Post-contract non-compete clauses have been agreed with the members of the Management Board including compensation to be paid by the company for the duration of the post-contract non-compete period of two years. To the extent that this clause is applied, the members of the Management Board in each case receive monthly compensation for the duration of the post-contract non-compete period equivalent to half of the last fixed compensation paid, including any ancillary benefits. Other income is taken into account in the compensation payments to be paid to Mr Hartmann, Dr Schmelzer, Mr Weitz and Dr Schroeter.

[70] Because Dr Schmelzer and Mr. Gisy took up or ended their duties during the year, the figures for them are pro rata temporis.

The company is entitled to waive the application of the non-compete clause. In such an event, the compensation payment decreases pro rata temporis from the waiver date.

Should a change of control occur before the end of the respective vesting periods under the LTIP by means of control, direct or indirect, being obtained over 50 % or more of the voting rights in Scout24 AG, and Scout24 terminates the employment contract with the participating members of the Management Board within twelve months of the change of control but not effectively for good cause without notice period, or the plan participants terminate their employment contract effectively for good cause within twelve months of the change of control, then the vesting periods end immediately and all share units vest immediately.

SCOPE OF COMPENSATION

Disclosures pursuant to the German Corporate Governance Code (GCGC)[71]

Pursuant to the requirements of the GCGC dated 7 February 2017, the following table presents the sums granted for the 2019 reporting year and for the previous year 2018 to the members of the Management Board in office in 2019, 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 PURSUANT TO GCGC, PART 1

	Tobias Hartmann CEO since 11/2018				Dr Dirk Schmelzer CFO since 06/2019			
EUR '000	**2018**	**2019**	**2019 min.**	**2019 max.**	**2018**	**2019**	**2019 min.**	**2019 max.**
Fixed compensation	82.4	680.0	680.0	680.0	–	225.8	225.8	225.8
Ancillary benefits	167.7	41.7	41.7	41.7	–	7.5	7.5	7.5
Total	**250.1**	**721.7**	**721.7**	**721.7**	**–**	**233.3**	**233.3**	**233.3**
One-year variable compensation[1,2]	30.5	1,020.0	340.0	1,360.0	–	533.9	210.0	647.7
Multi-year variable compensation[1]	5,135.3	1,464.7	–	–	–	4,000.0	–	–
Total	**5,415.9**	**3,206.4**	**1,061.7**	**2,081.7**	–	**4,767.2**	**443.3**	**4,881.0**
Pension cost	5.0	50.0	50.0	50.0	–	25.0	25.0	25.0
Total compensation	**5,420.9**	**3,256.4**	**1,111.7**	**2,131.7**	**–**	**4,792.2**	**468.3**	**4,906.0**

[1] The variable compensation components are limited by annual total compensation. For the maximum compensation amount for members of the Management Board, please refer to the section 'Limitation on total annual compensation'.

[2] The one-year variable compensation contains the special bonus of Mr Hartmann (EUR 680.0364.2 thousand) and of Dr Schmelzer (EUR 420.0 thousand).

[71] The German Corporate Governance Code of 9 May 2019 contains simplifications for the compensation report, which were implemented in connection with SRD II. As the provisions of SRD II were not yet applicable at the time the compensation report was prepared, the disclosures required by the GCGC dated 7 February 2017 were still made in the interest of compensation transparency.

BENEFITS GRANTED PURSUANT TO GCGC, PART 2

EUR '000	Ralf Weitz CCO since 12/2018				Dr Thomas Schroeter CPO since 12/2018			
	2018	2019	2019 min.	2019 max.	2018	2019	2019 min.	2019 max.
Fixed compensation	16.2	400.0	400.0	400.0	16.2	400.0	400.0	400.0
Ancillary benefits	0.7	7.4	7.5	7.5	0.7	9.1	9.1	9.1
Total	**16.9**	**407.4**	**407.5**	**407.5**	**16.9**	**409.1**	**409.1**	**409.1**
One-year variable compensation[1,2]	10.3	600.0	200.0	800.0	10.3	600.0	200.0	800.0
Multi-year variable compensation[1]	5,000	–	–	–	5,000.0	–	–	–
Total	**5,027.2**	**1,007.4**	**607.5**	**1,207.5**	**5,027.2**	**1,009.1**	**609.1**	**1,209.1**
Pension cost	1.2	25.0	25.0	25.0	1.2	25.0	25.0	25.0
Total compensation	**5,028.4**	**1,032.4**	**632.5**	**1,232.5**	**5,028.4**	**1,034.1**	**634.1**	**1,234.1**

[1] The variable compensation components are limited by annual total compensation. For the maximum compensation amount for members of the Management Board, please refer to the section 'Limitation on total annual compensation'.

[2] The one-year variable compensation contains the special bonus of Mr Weitz (EUR 400.0 thousand) and of Dr Schroeter (EUR 400.0 thousand).

BENEFITS GRANTED PURSUANT TO GCGC, PART 3

EUR '000	Christian Gisy CFO from 09/2014 to 06/2019, Management Board member in 06/2019			
	2018	2019	2019 min.	2019 max.
Fixed compensation	462.9	231.4	231.4	231.4
Ancillary benefits	38.2	21.0	21.0	21.0
Total	**501.1**	**252.4**	**252.4**	**252.4**
One-year variable compensation[1]	173.6	260.0	260.0	260.0
Multi-year variable compensation[1]	173.6	124.0	124.0	124.0
Total	**848.3**	**636.4**	**636.4**	**636.4**
Pension cost	37.0	22.3	22.3	22.3
Total compensation	**885.3**	**658.7**	**658.7**	**658.7**

[1] The variable compensation components are limited by annual total compensation. For the maximum compensation amount for members of the Management Board, please refer to the section 'Limitation on total annual compensation'.

ALLOCATION PURSUANT TO GCGC, PART 1

	Tobias Hartmann CEO since 11/2018		Dr Dirk Schmelzer CFO since 06/2019	
EUR '000	2019	2018	2019	2018
Fixed compensation	680.0	82.4	225.8	–
Ancillary benefits	41.7	167.7	7.5	–
Total	**721.7**	**250.1**	**233.3**	**–**
One-year variable compensation[1,2]	373.6	–	210.0	–
Multi-year variable compensation[1]	–	–	–	-
Total	**1,095.3**	**250.1**	**443.3**	**–**
Pension cost	50.0	5.0	25.0	–
Total compensation	**1,145.3**	**255.1**	**468.3**	**–**

[1] The variable compensation components are limited by annual total compensation. For the maximum compensation amount for members of the Management Board, please refer to the section 'Limitation on total annual compensation'.

[2] The one-year variable compensation contains the earned special bonus of Mr Hartmann (EUR 340.0 thousand) and of Dr Schmelzer (EUR 210.0 thousand).

ALLOCATION PURSUANT TO GCGC, PART 2

	Ralf Weitz CCO since 12/2018		Dr Thomas Schroeter CPO since 12/2018	
EUR '000	2019	2018	2019	2018
Fixed compensation	400.0	16.2	400.0	16.2
Ancillary benefits	7.4	0.7	9.1	0.7
Total	**407.4**	**16.9**	**409.1**	**16.9**
One-year variable compensation[1,2]	212.4	–	212.4	–
Multi-year variable compensation[1]	1,154.5	–	–	–
Total	**1,774.3**	**16.9**	**621.5**	**16.9**
Pension cost	25.0	1.2	25.0	1.2
Total compensation	**1,799.3**	**18.1**	**646.5**	**18.1**

[1] The variable compensation components are limited by annual total compensation. For the maximum compensation amount for members of the Management Board, please refer to the section 'Limitation on total annual compensation'.

[2] The one-year variable compensation contains the earned special bonus of Mr Weitz (EUR 200.0 thousand) and of Dr Schroeter (EUR 200.0 thousand).

ALLOCATION PURSUANT TO GCGC, PART 3

	Christian Gisy, CFO from 09/2014 to 06/2019, Management Board member in 06/2019	
EUR '000	2019	2018
Fixed compensation	231.4	462.9
Ancillary benefits	21.0	38.2
Total	**252.4**	**501.1**
One-year variable compensation[1]	186.9	97.3
Multi-year variable compensation[1]	212.8	198.6
Total	**652.1**	**797.0**
Pension cost	22.3	37.0
Total compensation	**674.4**	**834.0**

[1] The variable compensation components are limited by annual total compensation. For the maximum compensation amount for members of the Management Board, please refer to the section 'Limitation on total annual compensation'.

Members of the Management Board acquired and sold shares in the past financial year. Also see note 5.4 Related party disclosures in the notes to the consolidated financial statements.

In the financial year (August 2019), Mr Hartmann acquired 3,500 shares at a price of EUR 52.03 per share. This corresponds to a total volume of EUR 182 thousand.

In August 2019, Dr Schmelzer acquired 2,000 shares at a price of EUR 52.04 per share. This corresponds to a total volume of EUR 104 thousand.

In September 2019, Mr Weitz sold 20,948 shares at a price of EUR 49.54 per share. The proceeds amounted to EUR 1,038 thousand after deducting standard market fees.

In June 2019, Mr Gisy sold 2,500 shares at a price of EUR 45.50 per share. The proceeds amounted to EUR 114 thousand after deducting standard market fees.

Total compensation of the Management Board pursuant to German Accounting Standard No. 17 (GAS 17)

The total compensation of individual members of the Management Board active in the 2019 reporting year and in the previous year pursuant to GAS 17 is presented in the following table:

COMPENSATION OF THE MANAGEMENT BOARD PURSUANT TO GAS 17, PART 1

	Tobias Hartmann CEO since 11/2018		Dr Dirk Schmelzer CFO since 06/2019	
EUR '000	2019	2018	2019	2018
Non-performance-related compensation components				
Fixed compensation	680.0	82.4	225.8	–
Ancillary benefits	41.7	167.7	7.5	–
Pension cost	50.0	5.0	25.0	–
Total	**771.7**	**255.1**	**258.3**	**-**
Performance-related compensation components				
One-year variable compensation	33.6	–	–	–
Special payment	340.0	–	210.0	–
Total	**373.6**	**–**	**210.0**	**–**
Long-term incentive components				
Multi-year variable compensation	1,464.7	5,135.3	4,000.0	–
Total compensation excluding third-party remuneration	**2,611.0**	**5,390.4**	**4,468.3**	**–**

COMPENSATION OF THE MANAGEMENT BOARD PURSUANT TO GAS 17, PART 2

	Ralf Weitz CCO since 12/2018		Dr Thomas Schroeter CPO since 12/2018	
EUR '000	2019	2018	2019	2018
Non-performance-related compensation components				
Fixed compensation	400.0	16.2	400.0	16.2
Ancillary benefits	7.4	0.7	9.1	0.7
Pension cost	25.0	1.2	25.0	1.2
Total	**432.4**	**18.1**	**434.1**	**18.1**
Performance-related compensation components				
One-year variable compensation	12.4	–	12.4	–
Special payment	200.0	–	200.0	–
Total	**212.4**	**–**	**212.4**	**–**
Long-term incentive components				
Multi-year variable compensation	1,154.5	5,000	-	5,000
Total compensation excluding third-party remuneration	**1,799.3**	**5,018.1**	**646.5**	**5,018.1**

COMPENSATION OF THE MANAGEMENT BOARD PURSUANT TO GAS 17, PART 3

	Christian Gisy CFO from 09/2014 to 06/2019, Management Board member in 06/2019		Total	
EUR '000	2019	2018	2019	2018
Non-performance-related compensation components				
Fixed compensation	231.4	462.9	1,937.2	1,347.1
Ancillary benefits	21.0	38.2	86.7	501.2
Pension cost	22.3	37.0	147.3	90.9
Total	**274.7**	**538.1**	**2,171.2**	**1,939.2**
Performance-related compensation components				
One-year variable compensation	186.9	97.3	245.3	595.6
Special payment	–	–	950.0	
Total	**186.9**	**97.3**	**1,195.3**	**595.6**
Long-term incentive components				
Multi-year variable compensation	212.8	198.6	6,832.0	16,048.7
Total compensation excluding third-party remuneration	**674.4**	**834.0**	**10,198.5**	**18,583.5**

For the 2019 (2018) financial year, the Management Board members Mr Hartmann, Dr Schmelzer, Mr Weitz and Dr Schroeter were granted one-year variable compensation with a target value of EUR 340,0 thousand (EUR 30.5 thousand) for Mr Hartmann, EUR 113.9 thousand (EUR – thousand) for Dr Schmelzer, EUR 200.0 thousand (EUR 10.3 thousand) for Mr Weitz and EUR 200.0 thousand (EUR 10.3 thousand) for Dr Schroeter. As the final level of the variable compensation lies at the discretion of the Supervisory Board and it will not determine the level of compensation until after the annual financial statements have been prepared, this commitment is not included in the total compensation for the 2019 financial year.

For the 2019 (2018) financial year, the member of the Management Board Mr Gisy was granted one-year variable compensation with a target value of EUR 260.0 thousand (EUR 173.6 thousand). Mr Gisy was granted the aforementioned amount in the 2019 financial year after termination of his activities on the Management Board. The one-year variable compensation for Mr Gisy contained in the total compensation for 2019 (2018) corresponds to the amount that had already been granted to Mr Gisy in 2019.

For the 2019 (2018) financial year, Mr Gisy was additionally granted multi-year variable compensation with a target value of EUR 124.0 thousand (EUR 173.6 thousand). Mr Gisy was granted the aforementioned amount in the 2019 financial year after termination of his activities on the Management Board.

Compensation paid to former management members

Mr Ellis resigned from his position on the Management Board on 5 December 2018, and his employment relationship ended in the 2019 financial year. His total compensation for the financial year 2019 to EUR 25,344.5 thousand. Of this amount, EUR 24,522.4 thousand relates to third-party remuneration in connection with the management participation programme MEP.

On 17 June 2019, Mr Gisy resigned from his position as chief financial officer, remaining a member of the Management Board up to and including 30 June 2019. His employment relationship ended on 30 September 2019. His total compensation for the period from 1 July 2019 to 31 December 2019 comes to EUR 9,477.3 thousand. Of this amount, EUR 9,270.4 thousand relates to third-party remuneration in connection with the management participation programme MEP. Moreover, a provision was recognised as of 31 December 2019 for outstanding compensation payments amounting to EUR 220.3 thousand.

Compensation of key management personnel pursuant to IAS 24

Total compensation presented in accordance with IAS 24 is shown in the following table:

COMPENSATION OF KEY MANAGEMENT PERSONNEL PURSUANT TO IAS 24 – MANAGEMENT BOARD, PART 1

	Tobias Hartmann CEO since 11/2018		Dr Dirk Schmelzer CFO since 06/2019	
EUR '000	**2019**	**2018**	**2019**	**2018**
Short-term benefits	1,349.3	285.3	572.6	–
Post-employment benefits	50.0	5.0	25.0	–
Other long-term benefits	–	–	–	–
Termination benefits	–	–	–	–
Share-based payments	3,954.8	369.1	2,144.4	–
Total compensation	**5,354.1**	**659.4**	**2,742.0**	**–**

COMPENSATION OF KEY MANAGEMENT PERSONNEL PURSUANT TO IAS 24 – MANAGEMENT BOARD, PART 2

	Ralf Weitz CCO since 12/2018		Dr Thomas Schroeter CPO since 12/2018	
EUR '000	2019	2018	2019	2018
Short-term benefits	821.6	16.8	823.3	16.8
Post-employment benefits	25.0	1.2	25.0	1.2
Other long-term benefits	–	–	–	–
Termination benefits	–	–	–	–
Share-based payments	2,892.5	104.4	2,891.9	104.4
Total compensation	**3,739.1**	**122.4**	**3,740.2**	**122.4**

COMPENSATION OF KEY MANAGEMENT PERSONNEL PURSUANT TO IAS 24 – MANAGEMENT BOARD, PART 3

	Christian Gisy CFO from 09/2014 to 06/2019, Management Board member in 06/2019		Total	
EUR '000	2019	2018	2019	2018
Short-term benefits	530.3	649.3	4,097.0	2,630.3
Post-employment benefits	22.3	37.0	147.3	90.9
Other long-term benefits	124.0	190.9	124.0	190.9
Termination benefits	220.3	–	220.3	1,654.7
Share-based payment (MEP + LTIP)	3.0	33.0	11,886.5	804.9
Total compensation	**899.8**	**910.2**	**16,475.1**	**5,371.7**

COMPENSATION OF THE MEMBERS OF THE SUPERVISORY BOARD, PART 1

	Dr Hans-Holger Albrecht		Frank H. Lutz since 09/2019		Ciara Smyth	
EUR '000	2019	2018	2019	2018	2019	2018
Short-term benefits	200.0	116.7	70.0	–	88.3	46.7
Post-employment benefits	–	–	–	–	–	–
Other long-term benefits	–	–	–	–	–	–
Termination benefits	–	–	–	–	–	–
Other consultancy services	–	–	–	–	–	–
Total compensation	**200.0**	**116.7**	**70.0**	**–**	**88.3**	**46.7**

COMPENSATION OF THE MEMBERS OF THE SUPERVISORY BOARD, PART 2

	Christoph Brand since 09/2019		André Schwämmlein since 09/2019		Peter Schwarzenbauer	
EUR '000	2019	2018	2019	2018	2019	2018
Short-term benefits	31.7	–	38.3	–	86.7	80.0
Post-employment benefits	–	–	–	–	–	–
Other long-term benefits	–	–	–	–	–	–
Termination benefits	–	–	–	–	–	–
Other consultancy services	–	–	–	–	–	–
Total compensation	**31.7**	**-**	**38.3**	**-**	**86.7**	**80.0**

COMPENSATION OF THE MEMBERS OF THE SUPERVISORY BOARD, PART 3

	Dr Liliana Solomon until 08/2019		David Roche until 08/2019		Michael Zahn until 06/2019	
EUR '000	2019	2018	2019	2018	2019	2018
Short-term benefits	106.7	135.0	53.3	80.0	40.0	80.0
Post-employment benefits	–	–	–	–	–	–
Other long-term benefits	–	–	–	–	–	–
Termination benefits	–	–	–	–	–	–
Other consultancy services	–	–	–	–	–	–
Total compensation	**106.7**	**135.0**	**53.3**	**80.0**	**40.0**	**80.0**

COMPENSATION OF THE MEMBERS OF THE SUPERVISORY BOARD, PART 4

		Total
EUR '000	2019	2018
Short-term benefits	715.0	538.4
Post-employment benefits	–	–
Other long-term benefits	–	–
Termination benefits	–	–
Other consultancy services	–	–
Total compensation	**715.0**	**538.4**

D&O insurance

The members of the Management Board are covered by a D&O insurance policy. This D&O insurance covers personal liability risk in the event that claims for financial losses are brought against members of the Management Board in the course of exercising their professional duties for the company. In this context, the members of the Management Board are subject to a deductible equivalent to 10 % of the loss, limited to up to one and a half times their annual fixed compensation.

Additional disclosures about share-based payment programmes

The shares held by active members of the Management Board under the LTIP, MEP as well as the SOP and SSOP developed as follows in the 2019 financial year:

SHARES HELD UNDER THE LTIP, PART 1:

EUR ’000	Tobias Hartmann CEO since 11/2018 2019
Number of shares on 31 Dec. 2018	**121.9**
Exercisable shares on 31 Dec. 2018	**0.0**
Average remaining vesting period	3.2 years
Issued	24.9
Exercised	–
Forfeited	–
Number of shares on 31 Dec. 2019	**146.8**
Exercisable shares on 31 Dec. 2019	**0.0**
Average remaining vesting period	2.2 years

SHARES HELD UNDER THE LTIP, PART 2:

EUR ’000	Dr Dirk Schmelzer CFO since 06/2019 2019
Number of shares on 18 June 2019	**0.0**
Exercisable shares on 18 June 2019	**0.0**
Average remaining vesting period	2.8 years
Issued	88.9
Exercised	–
Forfeited	–
Number of shares on 31 Dec. 2019	**88.9**
Exercisable shares on 31 Dec. 2019	**0.0**
Average remaining vesting period	2.3 years

SHARES HELD UNDER THE LTIP, PART 3:

	Ralf Weitz CCO since 12/2019
EUR '000	2019
Number of shares on 31 Dec. 2018	**112.6**
Exercisable shares on 31 Dec. 2018	**0.0**
Average remaining vesting period	3.2 years
Issued	-
Exercised	–
Forfeited	–
Number of shares on 31 Dec. 2019	**112.6**
Exercisable shares on 31 Dec. 2019	**0.0**
Average remaining vesting period	2.2 years

SHARES HELD UNDER LTIP, PART 4:

	Dr Thomas Schroeter CPO since 12/2019
EUR '000	2019
Number of shares on 31 Dec. 2018	**112.6**
Exercisable shares on 31 Dec. 2018	**0.0**
Average remaining vesting period	3.2 years
Issued	-
Exercised	–
Forfeited	–
Number of shares on 31 Dec. 2019	**112.6**
Exercisable shares on 31 Dec. 2019	**0.0**
Average remaining vesting period	2.2 years

In the reporting period, personnel expenses resulting from cash-settled share-based payments were attributable to Mr Hartmann in the amount of EUR 3,954.8 thousand (previous year: EUR 369.1 thousand), to Dr Schmelzer EUR 2,144.4 thousand (previous year: EUR – thousand), to Mr Weitz EUR 2,891.9 thousand (previous year: EUR 104.4 thousand) and to Dr Schroeter EUR 2,891.9 thousand (previous year: EUR 104.4 thousand).

SHARES HELD UNDER THE MEP, PART 1:

EUR '000	Ralf Weitz CCO since 12/2018 2019
Number of shares[1] on 11 Dec. 2018	**21.0**
Exercisable shares on 11 Dec. 2018[2]	**18.0**
Average remaining contractual term	0.3 years
Issued	–
Exercised	–
Forfeited	–
Number of shares[1] on 31 Dec. 2018	**21.0**
Exercisable shares on 31 Dec. 2018[2]	**18.0**
Average remaining contractual term	0.2 years
Issued	–
Exercised	21.0
Forfeited	–
Number of shares[1] on 31 Dec. 2019	**–**
Exercisable shares on 31 Dec. 2019[2]	**–**
Average remaining contractual term	–

[1] One share corresponds to one ordinary share.

[2] The exercisable shares are shares already vested over the gradual vesting period. However, it is only possible to dispose of vested shares in connection with a block trade.

SHARES HELD UNDER THE MEP, PART 2:

EUR '000	Christian Gisy CFO from 09/2014 to 06/2019 2019
Number of shares[1] on 1 Jan. 2018	**184.9**
Exercisable shares on 31 Dec. 2017[2]	**98.6**
Average remaining contractual term	0.9 years
Issued	–
Exercised	–
Forfeited	–
Number of shares[1] on 31 Dec. 2018	**184.9**
Exercisable shares on 31 Dec. 2018[2]	**147.9**
Average remaining contractual term	0.4 years
Issued	–
Exercised	–
Forfeited	–
Number of shares[1] on 30 June 2019	**184.9**
Exercisable shares on 30 June 2019[2]	**184.9**
Average remaining contractual term	0.0 years

[1] One share corresponds to one ordinary share.

[2] The exercisable shares are shares already vested over the gradual vesting period. However, it is only possible to dispose of vested shares in connection with a block trade.

In the reporting period, personnel expenses resulting from equity-settled share-based payments were attributable to Mr Weitz in the amount of EUR 0.6 thousand (previous year: EUR - thousand) and to Mr Gisy in the amount of EUR 3.0 thousand (previous year: EUR 33.0 thousand).

SHARES HELD UNDER THE SOP AND SSOP

	Ralf Weitz CCO since 12/2018	Dr Thomas Schroeter CPO since 12/2018
EUR '000	2019	2019
Number of shares[1] on 1 Jan. 2018	2.0	15.0
Exercisable shares on 31 Dec. 2017	–	–
Average remaining vesting period	1.0 years	2.0 years
Issued	–	–
Exercised	–	–
Forfeited	–	–
Number of shares[1] on 31 Dec. 2018	**2.0**	**15.0**
Exercisable shares on 31 Dec. 2018	**–**	**–**
Average remaining vesting period	0.0 years	1.0 years
Issued	–	–
Exercised	2.0	–
Forfeited	–	–
Number of shares[1] on 31 Dec. 2019	**–**	**15.0**
Exercisable shares on 31 Dec. 2019	**–**	**–**
Average remaining vesting period	**0.0 years**	**0.0 years**

[1] One share corresponds to one ordinary share.

Compensation of the Supervisory Board

The compensation paid to the Supervisory Board is based on the corresponding provisions contained in the company's Articles of Association.

At the 21 June 2018 Annual General Meeting of Scout24 AG, the number of members of the Supervisory Board was reduced from nine to six for reasons of efficiency and cost, and a casting vote was introduced for the Chairman of the Supervisory Board.

The members of the Supervisory Board received annual fixed compensation of EUR 80.0 thousand until 31 May 2018, and the Audit Committee Chair additionally received fixed annual compensation of EUR 20.0 thousand. At the 21 June 2018 Annual General Meeting of Scout24 AG, a new concept was introduced regulating the level of compensation for work on the Supervisory Board from 1 June 2018 onwards. This takes into consideration in particular the increased responsibility and the considerable effort involved in working on the Supervisory Board and its committees. Each member of the company's Supervisory Board receives fixed annual compensation of EUR 60.0 thousand in addition to reimbursement of their expenses. The Chair of the Supervisory Board and his or her deputy receive fixed annual compensation of EUR 140.0 thousand and EUR 120.0 thousand respectively. Members of a committee additionally receive fixed annual compensation of EUR 20.0 thousand and committee chairs EUR 40.0 thousand respectively.

The members of the Supervisory Board received the following compensation in the financial year 2019:

COMPENSATION OF THE SUPERVISORY BOARD[1]

EUR '000		Fixed basic compensation	Compensation of the Executive Committee	Compensation of the Audit Committee	Compensation of the Remuneration Committee	Total
Dr Hans-Holger Albrecht	2019	140.0	40.0	20.0	-	200.0
	2018	81.7	23.3	11.7	-	116.7
Frank H. Lutz	2019	50.0	6.7	13.3	-	70.0
	2018	-	-	-	-	–
Ciara Smyth	2019	60.0	15.0	-	13.3	88.3
	2018	35.0	11.7	-	-	46.7
Christoph Brand	2019	25.0		6.7	-	31.7
	2018	–	-	-	-	–
André Schwämmlein	2019	25.0	6.7	-	6.7	38.3
	2018	–	-	-	-	–
Peter Schwarzenbauer	2019	60.0	20.0	-	6.7	86.7
	2018	68.3	11.7	-	-	80.0
Dr Liliana Solomon	2019	80.0	-	26.7	-	106.7
	2018	103.3	-	31.7	-	135.0
David Roche	2019	40.0	13.3	-	-	53.3
	2018	68.3	11.7	-	-	80.0
Michael Zahn	2019	30.0	-	10.0	-	40.0
	2018	68.3		11.7	-	80.0
Total	**2019**	**510.0**	**101.7**	**76.7**	**26.7**	**715.0**
	2018	**425.0**	**58.4**	**55.0**	**-**	**538.4**

[1] Without reimbursed expenses and VAT.

Reimbursement of outlays (excluding VAT reimbursed) paid to members of the Supervisory Board amounted to EUR 31.6 thousand in the financial year (previous year: EUR 44.1 thousand). Members of the Supervisory Board are reimbursed for necessary outlays.

Other disclosures

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

Information in accordance with Articles 289a (1) and 315a (1) HGB as of 31 December 2019 is presented in the following.

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 with a nominal value 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 share grants the same rights and carries one vote at the Annual General Meeting. All registered shares are fully paid in.

DIRECT OR INDIRECT EQUITY INVESTMENTS EXCEEDING 10 % OF VOTING RIGHTS

We were not aware of any equity investments representing more than 10 % of voting rights in the subscribed share capital as of 31 December 2019.

SHARES ENDOWED WITH SPECIAL RIGHTS

All shares grant the same rights; there are no shares endowed with any special rights granting control.

CONTROL OF VOTING RIGHTS FOR EQUITY INVESTMENTS OF EMPLOYEES

No provisions exist to control voting rights if employees hold equity interests in the share capital without directly exercising their voting rights.

APPOINTMENT AND DISMISSAL OF MEMBERS OF THE MANAGEMENT BOARD, AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Pursuant to Article 6 (2) of Scout24 AG's Articles of Association, the members of the Management Board are appointed and dismissed by the Supervisory Board. Further provisions are set out in Articles 84 and 85 of the German Stock Corporation Act (AktG). Any amendment to the Articles of Association requires a majority of at least three quarters of the share capital represented at the Annual General Meeting. The requirements of Article 179 et seq. AktG apply. Pursuant to Article 10 (4) of the Articles of Association, the Supervisory Board is entitled to make amendments to the Articles of Association provided they relate solely to the wording. In particular, the Supervisory Board is authorised to amend the wording of the Articles of Association after performance, in full or in part, of the capital increase out of authorised capital 2015 governed by Article 4 (6) of the Articles of Association or after expiry of the authorised period in accordance with the amount of the capital increase out of authorised capital 2015. The same applies in the event of utilisation, in full or in part, of conditional capital governed by Article 4 (7) of the Articles of Association.

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 in return for 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 Article 186 (5) AktG, the new shares can also be transferred to a bank or enterprise operating pursuant to Article 53 (1) Sentence 1 or Article 53b (1) Sentence 1 or (7) of the German Banking Act (KWG), with the obligation to offer them to the shareholders for subscription (indirect subscription right). The Management Board is authorised, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in full or in part in the following cases:

- in the event of new shares issued in accordance with Article 186 (3) Sentence 4 AktG in return for contributions in cash at an issue price not significantly lower than the stock exchange price of shares already listed and providing that the proportion of shares issued excluding subscription rights in accordance with Article 186 (3) Sentence 4 AktG does not exceed ten percent (10 %) of the share capital, either at the date on which this authorisation is entered in the commercial register or at the date on which this authorisation is exercised. Those shares must be taken into account with regard to this limit that have been issued or sold subject to exclusion of shareholder subscription rights during the time when this authorisation is in effect up to the time of exercise of the respective authorisation applying Article 186 (3) Sentence 4 AktG directly or by analogy. Further, those shares must 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 date of the respective exercise of the authorisation if the convertible bonds/bonds with warrants were issued by the Company or group entities subject to exclusion of shareholders' subscription rights applying Article 186 (3) Sentence 4 AktG directly or by analogy after this authorisation takes effect;
- in the event of capital increases in return for non-cash capital contributions, in particular for the purpose of offering the new shares to third parties in acquiring companies, parts of companies or interests in companies;
- 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 Article 204 (3) AktG;
- for the purpose of granting subscription rights to holders of conversion rights or warrants related to bonds issued by the Company or any subordinated group entities.

In aggregate, the proportion of share capital that is attributable to shares issued on the basis of the authorised capital 2015 with the shareholders' subscription rights being excluded must not exceed 10 % of share capital, either at the date when that authorisation takes effect or at the date when the authorisation is exercised. The shares issued or to be issued to service bonds with conversion rights or warrants or an obligation to convert them count towards the aforementioned 10 % limitation if such bonds were issued excluding the shareholders' subscription rights while this authorisation is in effect.

The Management Board is authorised to determine, with the approval of the Supervisory Board, the further details of capital increases and their performance, including but not limited to the content of the share-related rights and the general terms and conditions of the share issue.

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 Annual General Meeting on 21 June 2018, the Company increased its share capital conditionally by up to EUR 10,760,000 by issuing up to 10,760,000 new registered no-par-value shares. The conditional capital increase will only be carried out to the extent that

- holders or creditors of bonds with warrants, convertible bonds, profit participation rights, and/or participating bonds (or any combination of such instruments) with warrants or conversion rights issued or guaranteed by Scout24 AG or its direct or indirect majority shareholdings until 20 June 2023 on the basis of the authorisation of the Annual General Meeting of 21 June 2018 make use of their warrants or conversion rights, or
- the parties liable to fulfil the obligations from bonds with warrants, convertible bonds, profit participation rights and/or participating bonds (or any combination of such instruments) with warrants or conversion rights issued or guaranteed by Scout24 AG or its direct or indirect majority shareholdings until 20 June 2023 on the basis of the authorisation of the Annual General Meeting of 21 June 2018 fulfil their warrants or conversion obligation (also in the event of Scout24 AG exercising its repayment option upon maturity to grant shares instead of cash payment for all or some of the amount due)

and no other forms of settlement are used. The new shares participate in profit from the beginning of the financial year in which they originate through the exercise of warrants or conversion rights or through the settlement of warrants and conversion obligations.

By resolution of Scout24 AG's Annual General Meeting on 8 June 2017 and in accordance with Article 71 (1) No. 8 AktG, the Management Board is authorised to purchase treasury shares representing up to 10 % of share capital at the date of the Annual General Meeting's resolution or at the date of the respective exercise of the authorisation, whichever amount is lower. The share capital at the date of the resolution 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 treasury 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) by using derivatives (put or call options or a combination of both).

SIGNIFICANT AGREEMENTS OF THE COMPANY THAT TAKE EFFECT IN THE EVENT OF A CHANGE OF CONTROL FOLLOWING A TAKEOVER OFFER

The term loan and RFA signed on 16 July 2018 represents a significant agreement of the Group subject to a change of control. A change of control occurs when a shareholder acquires 30 % of the shares in the Company. In the case of a change of control and under additional preconditions, the RFA entitles each lender to claim their share of the facility within a set period of ten days after the facts have become known. The promissory note loan (Schuldscheindarlehen) placed on 28 March 2018 represents a further significant agreement of the Group subject to a change of control. A change of control occurs when a shareholder acquires more than 50 % of the shares in the Company. In the case of a change of control, the promissory note loan entitles each lender to terminate prematurely their share of the promissory note loan within a set period of ten days after the facts have become known.

COMPENSATION AGREEMENTS BETWEEN THE COMPANY AND MEMBERS OF THE MANAGEMENT BOARD OR EMPLOYEES IN THE EVENT OF A TAKEOVER OFFER

No such agreements exist.

Information on the purchase of treasury shares

Reference is made to the information in the section on equity in the notes to the consolidated financial statements.

Corporate governance declaration pursuant to Articles 289f, 315d of the German Commercial Code (HGB)

The corporate governance declaration is part of the corporate governance report, which is available on our website at WWW.SCOUT24.COM/INVESTOR-RELATIONS/CORPORATE-GOVERNANCE .

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

The non-financial report for the financial year 2019 is part our sustainability reporting. It will be permanently available on our website at WWW.SCOUT24.COM/EN/INVESTOR-RELATIONS/FINANCIAL-PUBLICATIONS/CSR-REPORTS upon publication of the sustainability report in accordance with Article 315b (3) No. 2 b HGB.

Additional disclosures relating to the separate financial statements of Scout24 AG

The management report of Scout24 AG and the group management report of the Scout24 Group have been combined. The following statements refer exclusively to the separate financial statements of Scout24 AG prepared in accordance with the accounting provisions of Article 242 et seq. and Article 264 et seq. HGB and the supplementary provisions of Article 150 et seq. AktG.

The consolidated financial statements were prepared in accordance with IFRS as adopted by the European Union. The main accounting differences relate to the measurement of provisions, of fixed assets and financial instruments.

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 specialising in real estate and cars in Germany and other selected European countries.

The purpose of the company is to acquire, hold, manage and sell interests in entities – in Germany and other countries – of any legal form which are active in the area of online/Internet services, to take all measures relating to the activities of a holding company with group management functions, including but not limited to rendering management and advisory services to affiliated entities in return for consideration, and to operate in the field of online/Internet business in Germany and other countries.

Scout24 AG therefore renders intragroup services for its subsidiaries in the fields of finance, accounting, controlling, internal audit, risk management and compliance, corporate development and strategy, communication, investor relations, human resources and legal services and thus generates revenue from management services and cost allocations.

Scout24 AG additionally generates external revenue from the marketing of advertisements from non-real-estate and non-automotive-related third parties on the Scout24 Group's digital marketplaces.

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

Scout24 AG is managed by means of an effective investment controlling system that monitors activities continuously. In the course of monthly analyses, the budget figures are compared with the actual figures and any differences are analysed.

Management does not have any material separate control measures in place for Scout24 AG. To this extent, the Group-wide steering metrics are not applied at the level of Scout24 AG. The main focus is on managing the Group and the subsidiaries.

Situation of Scout24 AG

RESULTS OF OPERATIONS

The results of operations of Scout24 AG are presented in the following condensed statement of profit or loss:

STATEMENT OF PROFIT OR LOSS (CONDENSED)

EUR '000	FY 2019	FY 2018	+/–	+/ in %
Revenue	98,965	90,947	8,018	8.8
Other operating income	3,574	5,794	-2,220	-38.3
Cost of materials	-33,360	-35,543	2,183	6.1
Personnel expenses	-70,769	-45,735	-25,034	54.7
Amortisation, depreciation and write-downs	-1,678	-1,505	-173	11.5
Other operating expenses	-79,141	-49,706	-29,435	59.2
Income from profit transfer agreements	276,104	294,831	-18,727	-6.3
Income from long-term loans	2,421	-	2,421	–
Other interest and similar income	1,027	1,088	-61	-5.6
Expenses from loss absorption	-17,065	-	-17,065	–
Interest and similar expenses	-10,450	-10,327	-123	1.2
Income taxes	-66,131	-57,804	-8,327	-14.4
Deferred taxes	5,650	3,586	2,064	57.6
Earnings after tax	109,147	195,626	-86,479	-44.2
Other taxes	-22	-2	-20	-1,000.0
Net profit for the year	109,125	195,624	-86,499	-44.2

Revenue increased year-on-year by EUR 8.1 million, from EUR 90.9 million to EUR 99.0 million. The increase in intra-company revenue of EUR 12.5 million is mainly due to higher IT cost allocations of EUR 16.7 million (previous year: EUR 11.7 million) and the cross-charging of finance leads of EUR 4.7 million to FFG FINANZCHECK Finanzportale GmbH.

Other operating income decreased by EUR 2.2 million compared with the previous year, from EUR 5.8 million to EUR 3.6 million. The previous year's income was mainly due to special effects from the sale of the JobScout24 brand and the chain merger of Scout24 Services GmbH and Scout24 Holding GmbH into Scout24 AG. In the past financial year, the sale of the FinanceScout24 operations generated proceeds of EUR 1.8 million.

Cost of materials fell from EUR 35.5 million in the previous year to EUR 33.4 million. This reduction results primarily from a decline in agencies' purchasing activities.

Personnel expenses rose from EUR 45.7 million in 2018 to EUR 70.8 million in 2019. EUR 21.3 million of this figure is due to the increase in expenses relating to the Long-Term Incentive Program (LTIP) for the Management Board and selected executives. The slight increase in headcount and salaries also contributed to the increase. Scout24 AG had an annual average headcount of 302 employees in the 2019 financial year (previous year: 244), excluding members of the executive leadership team.

Compared with the previous year, depreciation, amortisation and write-downs increased from EUR 1.5 million to EUR 1.7 million, thus remaining at the previous year's level.

Other operating expenses increased by 59 % to EUR 79.1 million compared with the previous year (EUR 49.7 million). This is mainly due to an increase in legal and consulting fees to EUR 23.1 million (previous year: EUR 13.0 million) in connection with the strategic review carried out in 2019 and the sale of shares in AutoScout24, the FINANZCHECK and FinanceScout24 as well as the takeover bid by Hellman & Friedman. The costs of IT services also rose, mainly due to the switch to cloud servers.

Income from profit transfer agreements amounted to EUR 276.1 million in the financial year (previous year: EUR 294.8 million), down 6.4 % year-on-year. The income is attributable to the profit transfer agreements with Immobilien Scout GmbH (EUR 189.6 million (previous year: EUR 177.3 million)) and AutoScout24 GmbH (EUR 86.5 million (previous year: EUR 117.5 million)). The decline is due to the profit and loss transfer agreement in place with AutoScout24 GmbH. In addition to higher income from dividends in the 2018 financial year, there was also a special effect in the previous year from the contribution of 100.00 % of the shares in AutoScout24 España S.A., Madrid, Spain, to the associate SUMAUTO MOTOR, S.L., Madrid, amounting to EUR 32.4 million.

Expenses from loss absorption amounted to EUR 17.1 million in 2019 (previous year: EUR 0 million) and result from the profit and loss transfer agreement newly concluded on 10 July 2019 with Consumer First Services GmbH.

By granting loans to subsidiaries, Scout24 AG generated income totalling EUR 2.4 million from long-term loans in 2019 (previous year: EUR 0 million).

Other interest and similar income decreased from EUR 1.1 million in 2018 to EUR 1.0 million in 2019, thus remaining at the previous year's level.

At EUR 10.5 million, interest and similar expenses remain at the previous year's level (EUR 10.3 million).

Particularly on account of taxes on non-deductible costs of disposal pertaining to the sale of the shares in AutoScout24, the FINANZCHECK and FinanceScout24, income taxes increased in the 2019 financial year to EUR 66.1 million (previous year: EUR 57.8 million). This represents an increase of EUR 8.3 million (14.4 %).

In the financial year, deferred tax assets of EUR 5.7 million were recognised through profit or loss (previous year: EUR 3.6 million), mainly to account for timing differences related to provisions.

As a consequence, the net profit for the year decreased in total by 44.2 % from EUR 195.6 million in the previous year to EUR 109.1 million.

FINANCIAL POSITION AND NET ASSETS

Scout24 AG manages the Group's liquidity through its financial management function. It ensures that the Group always has sufficient liquidity available to meet all payment obligations. This is performed on the basis of annual budgeting and rolling liquidity planning for the Group.

Scout24 AG's net assets and financial position are presented in the condensed statement of financial position below:

STATEMENT OF FINANCIAL POSITION (CONDENSED)

EUR '000	31 Dec. 2019	31 Dec. 2018	+/–	+/– in %
Intangible assets	633	1,395	-762	-54.6
Property, plant and equipment	5,096	6,128	-1,032	-16.8
Financial assets	2,068,645	2,056,795	11,850	0.6
Fixed assets	**2,074,374**	**2,064,318**	**10,056**	**0.5**
Trade receivables	7,119	8,693	-1,574	-18.1
Receivables from affiliated entities	276,104	320,228	-44,124	-13.8
Other assets	774	627	147	23.4
Cash on hand and bank balances	65,146	47,126	18,020	38.2
Current assets	**349,144**	**376,674**	**-27,530**	**-7.3**
Prepaid expenses	6,389	5,885	504	8.6
Total assets	**2,429,907**	**2,446,877**	**-7,734**	**-0.3**
Issued capital	105,163	107,600	-2,437	-2.3
Subscribed share capital	107,600	107,600	–	–
Nominal value of treasury shares	-2,437	–	–	–
Capital reserve	170,324	170,324	–	–
Accumulated profits	887,178	973,986	-86,808	-8.9
Equity	**1,162,665**	**1,251,910**	**-89,245**	**-7.1**
Provisions	**106,627**	**65,575**	**41,052**	**62.6**
Liabilities	**1,153,530**	**1,115,251**	**38,279**	**3.4**
Deferred income	2,687	4,093	-1,406	34.4
Deferred tax liabilities	4,398	10,048	5,650	-56.2
Total equity and liabilities	**2,429,907**	**2,446,877**	**-7,734**	**-0.3**

The year-on-year change in financial assets of EUR 11.8 million is mainly due to the issue of a loan to FFG FINANZCHECK Finanzportale GmbH. Financial assets consist primarily of the investments in Immobilien Scout GmbH and Scout24 Beteiligungs SE, which was created during the past financial year from the cross-border merger of the newly founded Scout24 HCH Beteiligungs AG into Scout24 HCH Alpen AG.

Trade receivables decreased in line with the lower external revenue by EUR 1.6 million to EUR 7.1 million.

Receivables from affiliated entities mainly comprise receivables from the profit transfer agreements with Immobilien Scout GmbH and AutoScout24 GmbH. The decrease in receivables in 2019 from EUR 320.2 million to EUR 276.1 million results primarily from the decrease in income from profit and loss transfers.

Equity changed by EUR 89.2 million, from EUR 1,251.9 million in the previous year to EUR 1,162.7 million in 2019. This effect was partly due to the dividend payout of EUR 68.9 million (previous year: EUR 60.3 million) approved at the Annual General Meeting. The effect also reflected the 2,437,041 treasury shares repurchased by 31 December 2019 under the share buy-back programme. As a result, equity decreased by EUR 89.2 million. It was increased, however, by the net profit generated in the past financial year.

The equity ratio changed from 51.2 % in the previous year to 47.8 %, primarily as a result of the reported changes in equity.

Provisions rose to EUR 106.6 million in 2019 (previous year: EUR 65.5 million). The tax provisions amounted to EUR 14.7 million (previous year: EUR 26.3 million), resulting from the higher tax prepayments during the year. The increase in other provisions is mainly due to the new long-term incentive programme (EUR 32.1 million) and to provisions in connection with disposal costs of EUR 22.0 million.

The main items under liabilities are liabilities to affiliated entities of EUR 303.8 million (previous year: EUR 317.3 million) as well as the liabilities to banks of EUR 837.1 million (previous year: EUR 787.9 million).

The decrease in liabilities to affiliated entities is mainly due to the decrease in cash pool liabilities to subsidiaries to EUR 301.0 million (previous year: EUR 310.3 million).

The increase in liabilities to banks resulted from the EUR 65.0 million increase in revolving credit facility II. An amount of EUR 35.0 million was initially repaid in the second quarter, and later a further EUR 100.0 million was drawn in the third quarter in connection with the share buy-back programme. A total of EUR 18.0 million in early repayments of fixed-interest promissory notes partly offset this increase. As part of the share buy-back programme, there are also liabilities of EUR 2.3 million as of 31 December 2019 attributable to value date differences.

Deferred taxes resulted from the temporary differences between the carrying amounts of assets, liabilities and deferred income and prepaid expenses in the statement of financial position and in the tax accounts. Offsetting deferred tax assets of EUR 9.2 million (previous year: EUR 3.8 million) against the deferred tax liabilities of EUR 13.6 million (previous year: EUR 13.8 million) results is a net liability of EUR 4.4 million (previous year: EUR 10.0 million). This was reported under deferred tax liabilities.

Risks and opportunities of Scout24 AG

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

Munich, 17 March 2020
Scout24 AG

The Management Board

Tobias Hartmann	Dr Dirk Schmelzer
Dr Thomas Schroeter	Ralf Weitz

Consolidated Financial Statements

Consolidated statement of profit or loss

(EUR '000)	Note	2019	2018[72] (adjusted)
Revenue	**3.1**	**349,737**	**318,248**
Own work capitalised	3.2	13,975	11,209
Other operating income	3.3	3,076	4,715
Total operating performance		**366,788**	**334,173**
Personnel expenses	3.4	–107,598	–84,433
Advertising expenses	3.5	–30,563	–24,764
IT expenses	3.6	–14,182	–11,809
Other operating expenses	3.7	–50,785	–48,975
Earnings before interest, tax, depreciation, amortisation and impairment losses – EBITDA		**163,660**	**164,192**
Depreciation, amortisation and impairment losses	4.5; 4.6; 4.7	–54,211	–53,027
Earnings before interest and tax – EBIT		**109,449**	**111,165**
Profit/loss from investments accounted for using the equity method	3.8	–733	53
Finance income	3.9	542	9,274
Finance expenses	3.10	–15,049	–15,379
Financial result		**–15,239**	**–6,052**
Earnings before tax		**94,210**	**105,113**
Income taxes	3.11	–30,693	–29,240
Earnings from continuing operations after tax		**63,517**	**75,872**
Earnings from discontinued operations after tax	2.1	16,502	88,295
Earnings after tax		**80,019**	**164,167**
Of which attributable to:			
Shareholders of the parent company		**80,019**	**164,167**
of which: continuing operations, after tax		63,517	75,872
of which: discontinued operations, after tax		16,502	88,295

[72] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year and note 2.2 Assets held for sale in the 2018 financial year.

EARNINGS PER SHARE

(EUR '000)	Note	2019	2018[73]
Basic earnings per share	**3.12**		
Earnings per share after tax		0.75	1.53
Diluted earnings per share	**3.12**		
Earnings per share after tax		0.75	1.52

Accompanying notes form an integral part of the consolidated financial statements.

EARNINGS PER SHARE FROM CONTINUING OPERATIONS

(EUR '000)	Note	2019	2018[74]
Basic earnings per share	**3.12**		
Earnings per share after tax		0.59	0.71
Diluted earnings per share	**3.12**		
Earnings per share after tax		0.59	0.70

EARNINGS PER SHARE FROM DISCONTINUED OPERATIONS

(EUR '000)	Note	2019	2018[75]
Basic earnings per share	**3.12**		
Earnings per share after tax		0.15	0.82
Diluted earnings per share	**3.12**		
Earnings per share after tax		0.15	0.82

Accompanying notes form an integral part of the consolidated financial statements.

[73] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year and note 2.2 Assets held for sale in the 2018 financial year.
[74] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year and note 2.2 Assets held for sale in the 2018 financial year.
[75] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year and note 2.2 Assets held for sale in the 2018 financial year.

Consolidated statement of comprehensive income

(EUR ’000)	Note	2019	2018[76] (adjusted)
Earnings after tax		**80,019**	**164,167**
Items that will not be reclassified to profit or loss:			
Measurement of pension obligations – before tax	4.14	–	0
Deferred taxes on measurement of pension obligations	4.14	–	0
Measurement of pension obligations associated with assets held for sale, after tax	4.14	–85	–
Measurement of financial assets designated at fair value through other comprehensive income (FAFVOCI) – before tax	4.3	–180	–
Deferred taxes on measurement of FAFVOCI	4.3	–	–
Sum of the items that will not be reclassified to profit or loss		**–265**	**0**
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		13	–9
Sum of the items that may be reclassified subsequently to profit or loss		**13**	**–9**
Other comprehensive income, after tax		**–252**	**–9**
Total comprehensive income		**79,767**	**164,158**
Of which attributable to:			
Shareholders of the parent company		79,767	164,158
Total comprehensive income		**79,767**	**164,158**
Total comprehensive income attributable to shareholders of the parent company from:			
Continuing operations		63,349	75,864
Discontinued operations		16,417	88,295
		79,767	**164,158**

Accompanying notes form an integral part of the consolidated financial statements.

[76] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year and note 2.2 Assets held for sale in the 2018 financial year.

Consolidated statement of financial position

ASSETS

(EUR '000)	Note	2019	2018[77] (adjusted)
Current assets		**740,382**	**137,079**
Cash and cash equivalents	4.1	65,574	59,202
Trade receivables	4.2	31,241	59,378
Financial assets	4.3	1,290	7,754
Income tax assets	3.11	32	721
Other assets	4.4	7,450	10,024
Assets held for sale	2.1	634,795	–
Non-current assets		**1,690,810**	**2,327,233**
Goodwill	4.5	692,690	1,071,356
Trademarks	4.5	872,818	992,061
Other intangible assets	4.5	91,437	176,441
Right-of-use assets from leases	4.6	22,051	29,710
Property, plant and equipment	4.7	8,747	13,679
Investments accounted for using the equity method	4.8	247	39,207
Financial assets	4.3	2,525	3,569
Deferred tax assets	3.11	277	1,206
Other assets	4.4	18	3
Total assets		**2,431,192**	**2,464,311**

Accompanying notes form an integral part of the consolidated financial statements.

[77] See note 2.2 Assets held for sale in the 2018 financial year.

EQUITY AND LIABILITIES

(EUR '000)	Note	2019	2018[78] (adjusted)
Current liabilities		**210,809**	**138,454**
Trade payables	4.9	17,905	38,103
Financial liabilities	4.10	26,666	25,048
Lease liabilities	4.6	4,834	6,620
Other provisions	4.11	48,038	8,973
Income tax liabilities	3.11	17,124	28,513
Contract liabilities	4.12	8,339	9,873
Other liabilities	4.13	16,192	21,324
Liabilities associated with assets held for sale	2.1	71,710	–
Non-current liabilities		**1,166,465**	**1,153,346**
Financial liabilities	4.10	805,199	756,020
Lease liabilities	4.6	18,075	23,799
Pensions and similar obligations	4.14	-	546
Other provisions	4.11	44,983	13,214
Deferred tax liabilities	3.11	296,060	357,121
Other liabilities	4.13	2,148	2,646
Equity	**4.15**	**1,053,919**	**1,172,511**
Subscribed share capital		107,600	107,600
Capital reserve		171,133	423,689
Retained earnings		904,083	640,296
Measurement of pension obligations		–	–121
Measurement of pension obligations associated with assets held for sale		–206	–
Other reserves		879	1,047
Treasury shares (2,437,041 shares, previous year: 0 shares)		–129,571	–
Equity attributable to shareholders of parent company		**1,053,919**	**1,172,511**
Total equity and liabilities		**2,431,192**	**2,464,311**

Accompanying notes form an integral part of the consolidated financial statements.

[78] See note 2.2 Assets held for sale in the 2018 financial year.

Consolidated statement of changes in equity

(EUR '000)	Note	Subscribed share capital	Capital reserve	Retained earnings	Measurement of pension obligations	Measurement of pension obligations associated with assets held for sale	Other reserves	Treasury shares	Equity attributable to shareholders	Total equity
Balance at 1 Jan. 2018		**107,600**	**423,302**	**536,384**	**–121**	-	**1,056**	**–**	**1,068,221**	**1,068,221**
Measurement of pension obligations		–	–	–	0	–	–	–	0	0
Currency translation differences		–	–	–	–	–	–9	–	–9	–9
Earnings after tax (adjusted)	2.2	–	–	164,167	–	–	–	–	164,167	164,167
Total comprehensive income		**0**	**0**	**164,167**	**0**	**–**	**–9**	**0**	**164,158**	**164,158**
Dividends		–	–	–60,256	–	–	–	–	–60,256	–60,256
Share-based payments	5.3	–	387	–	–	–	–	–	387	387
Balance at 31 Dec. 2018		**107,600**	**423,689**	**640,296**	**–121**	**–**	**1,047**	**–**	**1,172,511**	**1,172,511**
Reclassification of pension obligations associated with assets held for sale		–	–	–	121	–121	–	–	0	0
Measurement of pension obligations associated with assets held for sale	2.1; 4.14	–	–	–	–	–85	–	–	–85	–85
Measurement of financial assets designated at fair value through other comprehensive income (FAFVOCI)	4.3	–	–	–	–	–	–180	–	–180	–180
Currency translation differences		–	–	–	–	–	13	–	13	13
Earnings after tax		–	–	80,019	–	–	–	–	80,019	80,019
Total comprehensive income		**–**	**–**	**80,019**	**121**	**–206**	**–167**		**79,767**	**79,767**
Dividends		–	–	–68,864	–		–	–	–68,864	–68,864
Share-based payments	5.3	–	77	–	–	–	–	–	77	77
Withdrawal from the capital reserve	4.15	–	–252,632	252,632	–	–	–	–	0	0
Purchase of treasury shares	4.15	–	–	–	–	–	–	–129,571	–129,571	–129,571
Balance at 31 Dec. 2019		**107,600**	**171,133**	**904,083**	**–**	**–206**	**879**	**–129,571**	**1,053,919**	**1,053,919**

Accompanying notes form an integral part of the consolidated financial statements.

Consolidated statement of cash flows

(EUR '000)	Note	2019	2018[79] (adjusted)
Earnings from continuing operations after tax		**63,517**	**75,872**
Amortisation, depreciation and impairment losses	4.5; 4.6; 4.7	54,211	53,027
Income tax expense	3.11	30,693	29,240
Finance income	3.9	−542	−9,274
Finance expenses	3.10	15,049	15,379
Profit/loss from investments accounted for using the equity method	3.8	733	−53
Gain/loss on disposal of intangible assets and property, plant and equipment		69	−1,628
Other non-cash transactions		405	−490
Change in trade receivables and other assets not attributable to investing or financing activities		−633	−1,747
Change in trade payables and other liabilities not attributable to investing or financing activities		−5,345	5,285
Change in provisions		71,049	11,241
Income taxes paid		−55,375	−29,553
Cash flow from operating activities of continuing operations		*173,831*	*147,299*
Cash flow from operating activities of discontinued operations		*24,682*	*60,951*
Cash flow from operating activities		**198,513**	**208,250**
Investments in intangible assets, including internally generated intangible assets and intangible assets under development	4.5	−14,755	−11,775
Investments in property, plant and equipment	4.7	−1,267	−7,157
Proceeds from disposal of intangible assets and property, plant and equipment		4	1,781
Proceeds from disposal of financial assets		–	83
Consideration transferred for investments accounted for using the equity method		−350	−350
Dividends from investments accounted for using the equity method		125	–
Consideration transferred for a subsidiary, net of cash and cash equivalents acquired		–	−266,347
Disposal of subsidiaries		–	−856
Interest received		1	3
Consideration transferred for subsidiaries acquired in the previous year		−560	–
Proceeds from subsidiaries sold in the previous year		5,300	–
Cash flow from investing activities of continuing operations		*−11,502*	*−284,618*
Cash flow from investing activities of discontinued operations		*−7,002*	*−9,434*
Cash flow from investing activities		**−18,504**	**−294,052**

[79] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year and note 2.2 Assets held for sale in the 2018 financial year.

(EUR '000)	Note	2019	2018[79] (adjusted)
Raising of short-term financial liabilities	4.10	–	70,000
Repayment of short-term financial liabilities	4.10	–5,537	–104,978
Raising of medium- and long-term financial liabilities	4.10	100,000	765,000
Repayment of medium- and long-term financial liabilities	4.10	–53,000	–570,000
Interest paid		–11,247	–10,062
Dividends paid	4.15	–68,864	–60,256
Purchase of treasury shares	4.15	–127,269	–
Cash flow from financing activities of continuing operations		*–165,917*	*89,704*
Cash flow from financing activities of discontinued operations		*–2,920*	*–1,370*
Cash flow from financing activities	**5.1**	**–168,837**	**88,334**
Net foreign exchange difference, continuing operations		11	11
Net foreign exchange difference, discontinued operations		–	–
Change in cash and cash equivalents		**11,183**	**2,543**
Cash and cash equivalents at beginning of period		**59,202**	**56,659**
Cash and cash equivalents at end of period		**70,385**	**59,202**
Less cash and cash equivalents at end of period held for sale	2.1	–4,811	–
Cash and cash equivalents at end of period from continuing operations		**65,574**	**59,202**

Accompanying notes form an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

Contents

Notes to the Consolidated Financial Statements

1 Company information and basis of preparation

1.1 COMPANY INFORMATION

Scout24 AG is a listed public stock corporation with registered office in Munich, Germany. The business address is: Bothestrasse 11–15, 81675 Munich, Germany. Scout24 AG is registered at the Munich District Court (HRB 220 696).

The shares of Scout24 AG (hereinafter also referred to as the 'Company') have been listed on the Prime Standard of the Frankfurt Stock Exchange since 1 October 2015. On 18 June 2018, Scout24 AG was listed on the MDAX.

Scout24 AG as the parent entity and its direct and indirect subsidiaries together form the Scout24 Group (hereinafter also referred to as 'Scout24' or the 'Group').

The Scout24 Group is a group of entities with digital marketplaces in Germany and other selected European countries in the real estate, automotive and financial services sectors.

With its digital marketplaces, the Scout24 Group offers private and business customers possibilities for placing online listings, brokers financing arrangements and acts as a lead generator, also for other online platforms; the Group also operates websites in many language versions.

Scout24's most well-known marketplaces are ImmobilienScout24 and AutoScout24.

Takeover bid by Hellman & Friedman and Blackstone

On 15 February 2019, Pulver BidCo GmbH, a holding company jointly controlled by funds which in turn are advised by Hellman & Friedman LLC and group entities of Blackstone Group L.P., ('BidCo') had announced its decision to make a voluntary public takeover bid ('takeover bid') to all shareholders of Scout24 AG for all of its Scout24 shares at an offer price of EUR 46.00 in cash. The takeover bid was subject to a minimum acceptance threshold of 50 % plus one share and a market MAC (no decline of the DAX 30 by more than 27.50 %) and other customary conditions, in particular merger control clearance. Following a careful and thorough review, the Management Board and the Supervisory Board of the Company concluded to support the takeover bid. Accordingly, on 15 February 2019 Scout24 AG and BidCo signed an investment agreement for a strategic partnership.

On 14 May 2019, BidCo informed the Company that the takeover bid for Scout24 shares issued failed to reach the minimum acceptance threshold of 50 % plus one share. The takeover bid was therefore not successful. Expenses of EUR 6 million were recognised in the first six months of 2019 in connection with the takeover bid.

Scout24 sells AutoScout24 and FINANZCHECK

On 17 December 2019, Scout24 concluded an agreement for the sale of 100 % of the shares in AutoScout24 (AS24), FinanceScout24 and FINANZCHECK. The transaction also comprises operations from the Scout24 Consumer Services operating segment relating to the AS24 business. The transaction is expected to be completed in the first half of 2020, with Scout24 AG planning to close on 31 March 2020. For further information, also see note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.

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 reporting date. It complies with 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 requirements of German commercial law pursuant to Article 315e (1) HGB.

Scout24 applied all accounting standards that were effective as of 31 December 2019. For information about the application of new or amended standards and interpretations also see note 1.3 New accounting regulations.

The financial statements of the entities included in the Group are based on uniform accounting policies in accordance with IFRSs, as adopted by the EU.

The financial year for all entities included in the Group corresponds to the calendar year. All entities including associates and joint ventures (accounted for using the equity method) are included on the basis of their financial statements prepared as of 31 December 2019 for the period from 1 January to 31 December 2019. In accordance with IFRS 10, entities acquired during the financial year are included in the consolidated financial statements from the date on which control is obtained.

The consolidated financial statements are prepared based on historical cost, except for financial assets and financial liabilities (including derivative financial instruments) that are measured at fair value either through profit or loss or through other comprehensive income. The presentation in the statement of financial position distinguishes between current and non-current assets and liabilities. The consolidated statement of profit or loss is classified using the nature of expense method. The consolidated financial statements are prepared in euro, which is the reporting currency. Unless otherwise indicated, figures are generally presented in thousands of euros (EUR ’000). The tables and information presented can contain rounding differences.

1.3 NEW ACCOUNTING REGULATIONS

i. Standards, interpretations and amendments that became effective in the past financial year

In addition to the previous standards applied, all accounting standards adopted by the EU that became effective for Scout24 as of 1 January 2019 were applied. The effects arising from first-time application are described below. The standards applicable beginning as of 1 January 2019 are presented in the following table:

Standard/Interpretation	Effect
IFRS 16 Leases (issued on 13 January 2016)	Already adopted as of 1 January 2018
IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017)	No significant effects
Amendments to IFRS 9: Prepayment Features with Negative Compensation and Modification of Financial Liabilities (issued on 12 October 2017)	Not relevant or no significant effects
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 February 2018)	No significant effects
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017)	Not relevant
Annual Improvements to IFRS Standards 2015 – 2017 Cycle (issued on 12 December 2017)	Not relevant or no significant effects

ii. Standards, interpretations and amendments that will become effective in future reporting periods (standards published, but not yet effective)

The following new or amended accounting standards already issued by the IASB were not applied in the consolidated financial statements for the 2019 financial year as application was not yet mandatory. Some of the effects arising from the new or amended standards on the financial statements are still being analysed.

Standard/Interpretation		Following endorsement by the EU effective for financial years beginning on or after[1]:	Effect
IFRS 17	Insurance Contracts (issued on 18 May 2017)	EU endorsement pending	Not relevant
IFRS 3	Amendments to IFRS 3: Definition of a Business (issued on 22 October 2018)	EU endorsement pending	No significant effects are expected.
IAS 1 and IAS 8	Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018)	1 January 2020	No significant effects are expected.
IFRS 9, IAS 39 and IFRS 7	Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (issued on 26 September 2019)	1 January 2020	Not relevant
IAS 1	Amendments to IAS 1: Classification of Liabilities as Current or Non-current (issued on 23 January 2020)	EU endorsement pending	Still being analysed
	Revised Conceptual Framework (issued on 29 March 2018)	1 January 2020	No significant effects are expected.

[1] Status as of 23 January 2020 according to the EFRAG EU Endorsement Status Report

1.4 BASIS OF CONSOLIDATION

Scope of consolidation

Subsidiaries are entities that Scout24 AG controls either directly or indirectly. Control exists if, and only if, Scout24 AG has the power to control the financial and operating policy, directly or indirectly, in such a way that Group entities obtain benefits from the activities of such entities.

The existence or effect of substantial potential voting rights that can be exercised or converted at present are taken into account when assessing whether an entity is controlled. All German and foreign subsidiaries over which Scout24 has direct or indirect control, and which are not immaterial, are included in the consolidated financial statements of Scout24 in accordance with the principles of full consolidation.

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

A joint operation is characterised by the fact that the parties, that jointly control the agreement, have rights to the assets attributable to the arrangement and obligations for their liabilities.

In a joint venture, by contrast, the parties involved in joint control (venturers) have rights to the entity's net assets.

Associates are entities over which Scout24 AG exercises significant influence, and which are neither subsidiaries nor joint ventures. Associates and joint ventures are accounted for in the consolidated financial statements using the equity method. The share of profit/loss is reported under finance result.

Number	2019	2018
Scout24 AG and its fully consolidated subsidiaries		
Germany	9	8
Other countries	7	10
Entities accounted for using the equity method		
Germany	2	2
Other countries	1	1
Non-consolidated subsidiaries		
Germany	–	–
Other countries	–	–
Total	**19**	**21**

On 15 March 2019, Scout24 HCH Beteiligungs AG with registered office in Bonn was established. Scout24 AG, Munich, held 100 % of the entity's share capital. After its incorporation, Scout24 HCH Beteiligungs AG was merged (by acquisition) with Scout24 HCH Alpen AG in 2019 to form Scout24 Beteiligungs SE. Scout24 HCH Alpen AG and Scout24 HCH Beteiligungs AG were then deregistered.

In addition, two further mergers were realised in the 2019 financial year; the mergers were recognised at carrying amount:

Transferring entity	Acquiring entity
Austria:	
immosuma GmbH, Vienna	Immobilien Scout Österreich GmbH, Vienna
Netherlands:	
European AutoTrader B.V., Hoofdoorp	AutoScout24 Nederland B.V., Amsterdam

Alpinia Investments 2018 S.L.U. was renamed SUMAUTO MOTOR S.L.

A complete list of shareholdings of Scout24 is provided in note 5.9.

Consolidation methods

Subsidiaries are fully consolidated applying the acquisition method as of the date on which the Group obtains control and are deconsolidated as of the date when control is lost.

Capital consolidation is performed by offsetting the carrying amount of the investments against the proportionate equity of the subsidiaries. In accordance with IFRS 3, first-time consolidation is based on the acquisition method by offsetting cost against the acquisition-date fair value of identifiable assets acquired and liabilities and contingent liabilities assumed. Any excess of the cost of the investment over the share in remeasured equity acquired gives rise to goodwill (for subsequent measurement also see note 1.6 Accounting policies).

Intercompany transactions are eliminated. Receivables and liabilities between consolidated entities are offset. Intercompany profits are eliminated, and intragroup revenue is offset against the corresponding expenses.

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

Investments in associates and interests in joint ventures are accounted for using the equity method in the consolidated financial statements in accordance with IAS 28, and initially recognised at cost. After the acquisition date, the cost is increased or decreased annually by the share in total comprehensive income. Changes in other comprehensive income of the investee are recognised in the Group's other comprehensive income. Furthermore, the Group recognises its share of any changes recognised directly in the equity of the associate or joint venture and are, were required, presents these in the consolidated statement of changes in equity. Dividends paid by the associate reduce the cost accordingly at the date of distribution. At each reporting date, the Group examines whether there are any indications that any investments in associates or interests in joint ventures may be impaired. In such a case, the difference between the carrying amount and the recoverable amount is recognised as an impairment loss in the statement of profit or loss. The share in profit or loss from investments in entities accounted for using the equity method is recognised in profit or loss.

Foreign currency translation

The financial statements of subsidiaries and entities accounted for using the equity method that are outside of the eurozone are translated in accordance with the functional currency concept. The functional currency of the subsidiaries depends on the primary economic environment in which the entity operates. The functional currency of all Scout24 Group entities 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 currency translation differences are recognised through profit or loss. Non-monetary items measured at historical cost in a foreign currency are translated 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 fair value measurement.

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

The underlying exchange rates for currency translation are presented below:

One euro in foreign currency unit	2019	2018
Switzerland		
CHF closing rate	1.0854	1.1269
CHF average rate	1.1124	1.1550

1.5 JUDGEMENTS AND ESTIMATION UNCERTAINTY

In the preparation of the consolidated financial statements, judgments are relevant in two respects: Firstly, it is necessary to interpret undefined terms and rules. On the other hand, management must make (forward-looking) assumptions and estimates that may have an impact on the net assets, financial position and results of operations.

Judgements concerning the interpretation of rules were made especially in connection with the recognition of internally generated intangible assets, the classification of any changes in financing agreements and concerning the timing of future cash flows in the measurement and reporting of loans. In addition, judgement was involved in determining whether the Company qualifies as principal or agent for revenue recognition purposes.

Significant (forward-looking) assumptions and estimates were made for purchase price allocations as well as for asset impairment testing, determining fair value for the purpose of reallocating goodwill, measuring investments in associates, the collectability of receivables and the recognition and measurement of provisions, especially provisions for share-based payments and the allocation of expenses, and the allocation of expenses and income in connection with operations held for sale (see note 2.1). Actual results may later differ from these estimates.

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

Purchase price allocation

As part of the purchase price allocation for the shares in SUMAUTO MOTOR S.L. (formerly: Alpinia Investments 2018, S.L.U.), which was still provisional as of 31 December 2018, assumptions were made regarding the recognition and measurement of assets and liabilities. The determination of the acquisition-date fair value of the acquired assets and assumed liabilities as well as the useful lives of the acquired intangible assets and property, plant and equipment involves making assumptions. The measurement of intangible assets is based to a large extent on forecast cash flows and discount rates. Actual cash flows may differ significantly from the cash flows underlying the determination of fair value, which can lead to other values and impairment losses. There were no business combinations in the past financial year.

Goodwill impairment

In the financial year, Scout24's consolidated statement of financial position reports goodwill of EUR 692,690 thousand (previous year: EUR 1,071,356 thousand), which is described in more detail in note 4.5 Goodwill and intangible assets.

In accordance with the accounting policy presented below, goodwill is tested for impairment at least once a year and additionally when there is any indication of potential impairment. In this connection, goodwill is first assigned to a cash-generating unit and tested for impairment based on forward-looking assumptions.

Due to the changed allocation at segment level of the business activities relating to advertisements by OEM partner agencies and the corresponding changed allocation of revenue and ordinary operating EBITDA contributions, as of 1 January 2019 the associated goodwill of EUR 1,390 thousand was likewise reallocated from the AutoScout24 cash-generating unit to the Scout24 Consumer Services cash-generating unit. The change in the reporting structure constituted an indication of potential impairment and further impairment testing in addition to the annual impairment test therefore had to be performed before reallocating goodwill. The impairment test did not indicate any need to record an impairment loss before the reallocation. Reallocation of goodwill was carried out in accordance with IAS 36.87 based on the relative fair values less costs of disposal as of 1 January 2019.

Determining the fair value involves estimating the expected future cash flows of the cash-generating unit and an appropriate discount rate. The forecast of future cash flows depends to a large extent on assumptions made regarding expected revenue and profit developments for the operating segments over the next three years and long-term growth rates. Future changes in the expected cash flows and discount rates can lead to impairment losses in the future.

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, such trademarks are not amortised until their useful life is determined to be finite. Trademarks with an indefinite useful life are tested for impairment at least once a year and additionally, like all trademarks, when there is any indication of potential impairment. However, as they constitute corporate assets, the carrying amounts of the trademarks ImmobilienScout24 and AutoScout24 are allocated to the cash-generating units and tested for impairment together with goodwill at segment level.

Scout24's consolidated statement of financial position as of 31 December 2019 reports a trademark of EUR 872,818 thousand (previous year: EUR 992,061 thousand). More detailed disclosures are presented in note 4.5 Goodwill and intangible assets.

Measurement of the provisions for share-based payments

The recognition and measurement of provisions for share-based payments requires estimates to be made by the Company to a significant extent. Estimation uncertainties involving the risk of material adjustments of the provision's carrying amount in the next financial year relate to the share price, the degree of achievement of revenue targets and growth targets relating to ordinary operating EBITDA as well as assumptions with respect to fluctuation. For more detailed disclosures also see note 5.3 Share-based payments.

1.6 ACCOUNTING POLICIES

The main 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 acquisition-date fair value and compared with the cost of the business combination. Goodwill is determined as the excess of the cost of the business combination over the fair value of the recognisable assets and liabilities. Any difference arising from the remeasurement of Scout24's previously held equity interests is recognised through profit or loss.

If the sum of the cost of the business combination, the non-controlling interests and the fair value of Scout24's previously held equity interests (step acquisition) is less than the fair value of the recognisable assets and liabilities in the event of a bargain purchase, the difference is recognised in profit or loss following a further review of the carrying amounts of the assets and liabilities.

Goodwill is tested for impairment at least once annually and additionally if there is any indication of potential impairment. Any impairment loss 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 consideration is measured at acquisition-date fair value. Subsequent changes in value are recognised in accordance with IFRS 9 either through profit or loss or directly in equity. If contingent consideration is classified as equity, it is not remeasured. Subsequent settlement is accounted for within equity.

Financial instruments

Classification

IFRS 9 comprises a classification and measurement approach for financial assets and financial liabilities based on the business model within which they are held and their contractual cash flow characteristics. The following categories of financial instruments are possible under IFRS 9:

a. Assets

- Financial assets measured at amortised cost (FAAC)
- Financial assets at fair value through other comprehensive income (FVOCI) with cumulative gains and losses reclassified to profit or loss upon derecognition of the financial asset (reclassification adjustment)
- Financial assets, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments at fair value through other comprehensive income (FVOCI) with gains and losses remaining in other comprehensive income (no reclassification adjustment)

b. Liabilities

- Financial liabilities measured at amortised cost (FLAC)
- Financial liabilities at fair value through profit or loss (FVTPL) if they are classified as held for trading, constitute derivatives or the liabilities are designated at initial recognition as at fair value through profit or loss

Initial recognition

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. The method used must be applied consistently for all purchases and sales of financial assets that belong to the same category under IFRS 9. Scout24 applies the trade date accounting method.

In accordance with IFRS 9, upon initial recognition financial assets and financial liabilities are generally measured at fair value irrespective of the measurement category to which a financial instrument is allocated. Transaction costs are included in the carrying amount for financial instruments that are subsequently measured at amortised cost.

Trade receivables are recognised at the amount of the transaction price. For non-current receivables and other non-current financial assets, the fair value is calculated as the present value of the future cash flows, discounted using the market interest rate at initial recognition. Subsequent measurement depends on their classification. Receivables and other financial assets are usually classified as at amortised cost and measured accordingly using the effective interest method.

Subsequent measurement

The subsequent measurement of financial instruments depends on their classification. They are measured either at i) amortised cost, ii) fair value through profit or loss, or iii) fair value through other comprehensive income. The effective interest method is used for instruments measured at amortised cost.

i) Amortised cost
- Financial assets and financial liabilities measured at amortised cost

ii) At fair value through profit or loss
- Financial instruments measured at fair value through profit or loss

iii) At fair value through other comprehensive income
- Financial instruments measured at fair value through other comprehensive income

Details of the individual categories used at Scout24 are provided in the following:

Categories:

CATEGORY: FINANCIAL ASSETS/LIABILITIES MEASURED AT AMORTISED COST

Financial instruments that satisfy the following criteria are allocated to this category:

i) Financial instruments are held within a business model whose objective is to hold these in order to collect contractual cash flows.

ii) The contractual terms of financial instruments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

CATEGORY: FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

If one of the above criteria is not satisfied or if the fair value option is exercised, the instruments are measured at fair value through profit or loss.

CATEGORY: FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

If one of the above criteria is not satisfied or if the fair value option is exercised, the instruments are measured at fair value. In addition, there is a policy choice relating to equity instruments that are not held for trading. These can be recognised either through other comprehensive income or through profit or loss. Scout24 has selected the policy to classify investments in other entities' equity instruments that are not accounted for using the equity method as at fair value through other comprehensive income.

Impairment

In accordance with IFRS 9, loss allowances are calculated based on expected credit losses (ECLs). The basic principle of impairment in IFRS 9 allows distinguishing between three levels that differ in terms of period considered, loss allowances and recognition of interest revenue. In addition, impairment losses are recognised in profit or loss. Financial instruments are generally allocated to level 1 with the explicit exception of financial assets that are credit-impaired already at initial recognition.

- Level 1: Impairment losses on financial instruments whose credit risk at the reporting date has not increased significantly since initial recognition are recognised through profit or loss at the amount of the 12-month ECL. Interest revenue is recognised based on gross carrying amount.
- Level 2: If the credit risk has increased significantly as of the reporting date, a loss allowance is recognised at the amount of the lifetime ECL. The lifetime ECL is a probability-weighted estimate of credit losses. Interest revenue is recognised in the same way as in level 1.
- Level 3: If there is objective evidence that a financial instrument is credit-impaired, it is allocated to level 3. The loss allowance is also recognised at the amount of the lifetime ECL. However, interest revenue is adjusted in subsequent periods such that the amount of interest is based on net carrying amount in future.

Loss allowances for trade receivables are generally calculated and recognised based on the lifetime ECL.

The standard provides for expected losses over the entire remaining term to maturity to be considered as of the date on which the receivables are recognised. Such lifetime ECLs are expected credit losses arising from all kinds of potential default events during the expected term of a financial instrument. This requires considerable judgement about the extent to which ECLs are affected by changes in economic factors. This estimate is calculated on the basis of weighted probabilities. Due to the stable political environment and the current nature of receivables, forecasts have at present not been included in measurement to any significant extent.

IFRS 9 permits a simplified impairment approach involving loss allowances equal to the amount of lifetime ECLs for all financial assets irrespective of their credit quality. For current receivables, the 12-month ECL corresponds to the lifetime ECL. For non-current receivables with a term of more than one year, the Group also applies the simplified approach. Based on records of default events over the past three years, default rates are determined for different maturity bands and then applied to the respective outstanding balance of receivables in the maturity bands.

A financial asset or a group of financial assets is impaired and an impairment loss is recognised if there is any evidence of impairment as the result of one or more events after initial recognition of the financial asset. This estimate continues to be made as of each reporting date.

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 statement of financial position if the Group has a legal right to offset and intends 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 incidental to ownership. As of the reporting date, Scout24 has no continuing involvement in financial assets that were transferred but not fully derecognised.

Cash and cash equivalents

Cash and cash equivalents comprise 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 approximate their fair values due to their short term to maturity.

Investments accounted for using the equity method

Associates and joint ventures are generally accounted for using the equity method, with the exception of associates and joint ventures previously classified as held for sale.

When applying the equity method, the cost of the investment is adjusted by Scout24's share of the change in net assets. Shares in losses that exceed the carrying amount 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 investment accounted for using the equity method. Unrealised intercompany profits and losses from transactions with investments 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 investment accounted for using the equity method is compared with its recoverable amount. If the carrying amount exceeds the recoverable amount, the difference is recognised as an impairment loss. If the reasons for a previously recognised impairment loss no longer exist, a corresponding reversal of the impairment loss is recognised through profit or loss.

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

Intangible assets (excluding goodwill)

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

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

A It is technically feasible that the intangible asset can be completed 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 amortised. Instead, they are tested for impairment annually as well as when there is any indication of impairment at the level of the smallest cash-generating unit. The approach corresponds to that for goodwill. If the reason for an impairment loss previously recognised on intangible assets with an indefinite useful life no longer applies, the impairment loss is reversed (see table below).

The expected economic useful lives are as follows:

Trademarks	Indefinite
Customer base	8–15 years
Internally generated intangible assets	3 years
Other concessions, rights and licences	3–10 years

Scout24 distinguishes between two categories of trademarks: (1) trademarks with an indefinite useful life that are not amortised and (2) trademarks with a finite useful life that are amortised. 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 873 million had instead been amortised since acquisition applying a finite useful life of ten years, amortisation would have amounted to EUR 87.3 million per year.

The customer base includes existing customer relationships, in particular with commercial customers such as real estate agents and car dealers (discontinued operations)[80], that were purchased. These customer relationships have an assumed useful life of 8 to 15 years.

Purchased software, other concessions, rights and licences are presented as technology-based intangible assets in the purchase price allocation.

Gains and losses on the disposal of intangible assets are determined as the difference between the disposal proceeds and the carrying amounts of the intangible assets and are recognised in the statement of profit or loss in 'other operating income' in the case of a gain and in 'other operating expenses' in the case of a loss.

Goodwill

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

For impairment testing purposes, goodwill is assigned to the cash-generating unit or group of cash-generating units which is expected to benefit from synergies arising from the acquisition. The cash-generating units represent the lowest level within the Company at which goodwill is monitored for internal management purposes. Within the Scout24 Group, this is the segment level.

Goodwill is not amortised but is tested for impairment on an annual basis and additionally if there is any indication 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 fair value less costs of disposal and value in use. The Group generally calculates fair value less costs of disposal for this purpose.

If the carrying amount exceeds the recoverable amount, goodwill is impaired and its carrying amount is written down to the recoverable amount. If fair value less costs of disposal is greater than the carrying amount, it is not necessary to calculate value in use; the asset is not impaired. An appropriate valuation technique is used to determine the fair value less costs of disposal. This technique is based on discounted cash flow valuation models or other available indicators of fair value. It is not permitted to subsequently reverse an impairment loss recognised on goodwill in a previous financial year or interim reporting period because the reasons for the impairment no longer apply. Goodwill is recognised in the currency of the acquired entity.

[80] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.

Property, plant and equipment

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

Uniform depreciation periods are applied throughout the Group based on the expected economic useful life as follows:

Leasehold improvements	10 years
Other equipment, furniture and fixtures	3–10 years

Repair and maintenance expenses are expensed when incurred.

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

If the reasons for a previously recognised impairment loss no longer exist, the impairment loss is reversed through profit or loss; the increased carrying amount attributable to such a reversal of an impairment loss may not exceed the carrying amount that would have resulted had no impairment loss been recognised in previous periods.

Gains and losses on the disposal 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 statement of profit or loss 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 from a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the amount that reflects the best estimate of the expenditure required to settle the present obligation as at the reporting date, with expected reimbursements from third parties not netted but instead recognised as a separate asset if it is virtually certain that they will be realised. If the time value of money is material, the provision is discounted using the market interest rate adequate for the risk.

Pension provisions and similar obligations

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 financial 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 defined benefit obligation is calculated annually by an independent actuary based on the projected unit credit method.

Contingent liabilities and unrecognised contractual commitments

Contingent liabilities and unrecognised contractual commitments are not recognised as liabilities in the consolidated financial statements until utilisation is more likely than not.

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

Contingent assets

Contingent assets arise from unplanned or unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are disclosed in the notes to the financial statements if the inflow of economic benefits is more likely than not. If the inflow of economic benefits is virtually certain, they are recognised in the statement of financial position.

Equity

Transaction costs associated with issuing equity instruments 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 the capital reserve.

Treasury shares

When the Company repurchases ordinary shares, these are reported in the ‘treasury shares’ item and deducted from equity in the statement of financial position. Any directly attributable transaction costs, net of any associated tax benefits, are likewise reported under this item.

Income taxes

Income taxes comprise both current as well as deferred taxes.

Current taxes on income are calculated on the basis of the tax regulations enacted or substantively enacted as of the reporting date in those countries in which the respective entity operates and generates taxable income.

Deferred taxes are recognised for temporary differences between the amounts recognised in the IFRS statements of financial position of the Group entities and the tax accounts as well as for unused tax losses. No deferred taxes are recognised if these result from the first-time recognition of an asset or liability in connection with a transaction that is not a business combination and affects neither the profit (before income taxes) under IFRS nor the taxable profit or loss. Additionally, deferred taxes are not recognised on the first-time recognition of goodwill under IFRS. Deferred taxes are calculated using the tax regulations enacted or substantively enacted at the end of the reporting period and which are expected to apply when the temporary difference is reversed or realised.

Deferred tax assets are recognised only 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 investments accounted for using the equity method unless 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.

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

Current and deferred taxes are allocated to continuing operations or discontinued operations depending on where they originated.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to offset deferred taxes, and either these deferred taxes relate to income taxes that are assessed by the same tax authority on the same taxable entity or different entities intend to settle the amounts on a net basis.

Share-based payments

The Company has various management participation programmes. Some of these programmes grant the Company the contractual option to settle share-based payments in cash or in shares.

Pursuant to IFRS 2 'Share-based Payment', the management participation programmes are recognised as equity-settled share-based payment transactions, or as cash-settled share-based payment transactions when there is a constructive obligation to settle in cash. Accordingly, the fair value of the work performed by employees is 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 a provision. As the fair value of the work performed by employees cannot be determined reliably, 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 recognised for a cash settlement is reassessed at each reporting date.

Short-term employee benefits

Obligations from short-term employee benefits (wages and salaries, including variable components) are recognised as an expense when an employee has rendered the related service. A liability is recognised to account for the amount expected to be paid to the extent that the entity has a present legal or constructive obligation to make such payments in exchange for a service rendered by an employee and a reliable estimate of the obligation can be made.

Leases

A lessee is required to recognise the rights and obligations from all leases in the statement of financial position as right-of-use assets and lease liabilities. Lease liabilities are measured at the present value of the future lease payments at the commencement date. Right-of-use assets comprise the amount of the initial measurement of the lease liability plus any lease payments made at or before the commencement date, plus initial direct costs and any restoration obligations and less any lease incentives received. The Group exercises the policy choice not to apply the recognition and measurement principles of IFRS 16 for leases of low-value assets. In addition, with the exception of the right-of-use asset for vehicles, the Group applies the practical expedient to account for leases with a lease term of less than twelve months as short-term leases and recognise the associated lease payments as an expense. Scout24 does not apply the practical expedient allowed by IFRS 16.15 to account for lease and non-lease components as a single lease component under IFRS 16.

In subsequent measurement, the carrying amount of the lease liability is increased using the applied interest rate and reduced to reflect the lease payments made. Right-of-use assets are subsequently depreciated over the term of the lease.

The expected economic useful lives are as follows:

Right-of-use asset for buildings	1–10 years
Right-of-use asset for vehicles	0–4 years
Right-of-use asset for IT equipment	1–4 years
Right-of-use asset for office equipment	2–5 years

The expenses relating to leases constitute the depreciation of right-of-use assets and interest expenses on lease liabilities.

Principles of revenue recognition

The Scout24 Group generates its revenue from rendering services, in particular from offering online listings, generating leads and providing advertising space. In addition, the Scout24 Group generates revenue by brokering credit contracts and contracts for residual debt insurance with private customers to banks.

Revenue is recognised under IFRS 15 when the Group satisfies the performance obligation or transfers control. Revenue is reported net of VAT, sales deductions and credit notes. The underlying estimates of the Group are based on historical amounts taking into consideration the type of customer, the transaction and particular features of the agreement.

Revenue from online listings chiefly relates to performance obligations satisfied over time that are accounted for pro rata temporis as the customer's benefits are distributed equally. The Scout24 Group also offers services in a bundle (e.g. online classifieds, combined with other components such as placement of corporate logo and providing market information), but these relate exclusively to services invoiced over the same period (usually monthly). This means that, even if there are separable performance obligations, there is no effect on the amount and timing of revenue recognition as a result of allocating consideration on the basis of the relative stand-alone selling prices. Commission from establishing and referring business contacts (lead generation) is recognised in accordance with the transactions brokered. Depending on the nature of the advertising contract, revenue from advertising space is recognised in the period in which the advertising is placed or shown. In cases where invoicing occurs in advance, revenue, including discounts, is initially recognised under contract liabilities; the revenue is subsequently recognised through profit or loss as the contractual performance obligation is satisfied.

In addition, the Scout24 Group generates revenue by brokering credit contracts and contracts for residual debt insurance with private customers to banks. The performance obligation relates to the supply of credit applicant data to banks. The Scout24 Group receives commission for the brokerage service. Revenue is recognised at the point in time when the performance obligation is satisfied, in this case when the lead is provided to the bank.

Revenue from granting temporary rights to use software licences is recognised on a pro rata basis over the period for which the temporary rights are granted. If the features are predominantly those of a sale, revenue is recognised immediately. Revenue from the maintenance business is recognised on a pro rata basis over the period in which the services are rendered. Revenue from service contracts invoiced based on hours worked is recognised when the services are performed.

Finance income and finance expenses

Finance income and finance expenses comprise interest income and expenses as well as foreign currency gains and losses. Finance income and expenses are recognised using the effective interest method. This item also includes changes in value from financial instruments measured at fair value and gains on deconsolidation.

Earnings per share

Basic earnings per share are calculated as the Group's net profit for the year attributable to the shareholders of the parent company, divided by the weighted average number of ordinary shares outstanding. 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 programmes.

As the operations of AS24, FinanceScout24 and FINANZCHECK have been classified as discontinued operations as defined by IFRS 5, earnings per share is also indicated separately for continuing operations and discontinued operations.

Assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This criterion is considered satisfied only if the non-current asset is available for immediate sale in its present condition and its sale is highly probable.

Management must be committed to a plan to sell the asset. It must be possible to assume that a sale will be completed within one year of classifying the asset as held for sale. Assets held for sale and liabilities associated with assets held for sale are measured separately and presented separately in the statement of financial position as of the date on which all the above conditions are satisfied cumulatively.

Non-current assets classified as held for sale are measured at the lower of their original carrying amount and their fair value less costs of disposal.

In the event that the Group has committed to a sale involving a loss of control over a subsidiary, all of that subsidiary's assets and liabilities are classified as held for sale provided the criteria given above are satisfied.

The comparative information relating to assets held for sale and liabilities associated with assets held for sale is not restated. If there are any changes to the plan to sell, the disposal group is no longer presented in a separate item of the statement of financial position. Assets and liabilities of the disposal group are reclassified back to their respective items in the statement of financial position; their carrying amount is adjusted subsequently for any amortisation and depreciation.

Discontinued operations are a component of an entity that can be clearly distinguished from the rest of the entity and that either have been disposed of or are held for sale. The assets and liabilities of operations held for sale represent disposal groups that are required to be measured and presented in accordance with the same principles as for non-current assets held for sale. Revenue and expenses of discontinued operations are presented separately in the statement of profit or loss – after the earnings from continuing operations – in an item entitled 'earnings from discontinued operations'. Related gains or losses on sale are included in earnings from discontinued operations. The previous-year figures in the statement of profit or loss and the statement of cash flows have been restated accordingly.

2 Discontinued operations and assets held for sale

2.1 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE IN THE 2019 FINANCIAL YEAR

By purchase agreement dated 17 December 2019, Scout24 concluded an agreement to sell 100 % of the shares in the digital marketplaces AutoScout24, FinanceScout24 and FINANZCHECK, which were part of the AutoScout24 and Scout24 Consumer Services operating segments, to Speedster Bidco GmbH, HRB 253178, with registered office in Munich. Speedster Bidco GmbH itself is part of the consortium of financial investor Hellman & Friedman. The transaction was entered into following a careful and thorough review of strategic options for AutoScout24 initiated by the Company in August 2019. Scout24's Management Board and Supervisory Board both came to the conclusion that the disposal of AutoScout24, FinanceScout24 and FINANZCHECK presents a highly attractive opportunity for Scout24 shareholders to realise value for their shares. The purchase price is EUR 2.892 billion before any potential adjustments. The final purchase price is contingent on performance indicators relating to net financial debt and net working capital. As of 31 December 2019, closing of the transaction in formal and legal terms was subject to the condition that it is approved by the relevant oversight authorities. The transaction is expected to be completed in the first half of 2020, with Scout24 AG planning to close on 31 March 2020.

The disposal group comprises the following entities:

Entity	Registered office	Interest
AutoScout24 GmbH	Munich (Germany)	100.00 %
AutoScout24 Belgium S.A.	Brussels (Belgium)	100.00 %
AutoScout24 Italia S.R.L.	Padua (Italy)	100.00 %
AutoScout24 Nederland B.V.	Amsterdam (Netherlands)	100.00 %
AutoScout24 France SAS	Boulogne-Billancourt (France)	100.00 %
AutoScout24 AS GmbH	Vienna (Austria)	100.00 %
SUMAUTO MOTOR S.L.	Madrid (Spain)	49.999 %
FFG FINANZCHECK Finanzportale GmbH	Hamburg (Germany)	100.00 %
finanzcheckPRO GmbH	Hamburg (Germany)	100.00 %
FVG FINANZCHECK Versicherungsvergleiche GmbH	Hamburg (Germany)	100.00 %

A classification according to IFRS 5 was made in December 2019. In accordance with IFRS 5, assets held for sale relating to the operations concerned of EUR 634,795 thousand and directly associated liabilities of EUR 71,710 thousand are reported separately in the consolidated statement of financial position at the reporting date. In accordance with IFRS 5.40, the previous-year figures have not been restated.

Before the AutoScout24 cash-generating unit and the operations held for sale of the Scout24 Consumer Services cash-generating unit were classified in accordance with IFRS 5, an impairment test was performed that did not reveal any need to recognise impairment losses.

The assets held for sale and liabilities directly associated with these break down into the following material line items:

(EUR '000)	31 Dec. 2019
Goodwill	378,384
Trademarks	118,392
Other intangible assets	50,373
Right-of-use assets from leases	2,993
Investments accounted for using the equity method	37,623
Financial assets	1,585
Property, plant and equipment	2,619
Trade receivables	32,384
Other assets and deferred tax assets	4,942
Income tax assets	690
Cash and cash equivalents	4,811
Assets held for sale	**634,795**
Deferred tax liabilities	45,159
Other provisions	557
Financial liabilities and lease liabilities	3,262
Other liabilities	8,448
Trade payables	12,399
Income tax liabilities	1,190
Pensions and similar obligations	695
Liabilities associated with assets held for sale	**71,710**

The goodwill of EUR 378,384 thousand allocated to the disposal group comprises goodwill of EUR 143,827 thousand from the AutoScout24 operating segment and a proportionate share of goodwill of EUR 234,557 thousand from the Scout24 Consumer Services operating segment. The goodwill of the Scout24 Consumer Services operating segment was allocated in accordance with IAS 36.86 on the basis of the relative values of the operations disposed of and those retained in the operating segment.

Due to their significance for the results of operations, net assets and financial position of the Scout24 Group, the operations classified as held for sale constitute discontinued operations as defined by IFRS 5.32, as they represent a major line of business of the Scout24 Group that was a cash-generating unit or a group of cash-generating units while being held for use. For this reason, the earnings from discontinued operations are summarised and presented separately in the statement of profit or loss and the comparative figures have been represented in accordance with IFRS 5.34.

Earnings from discontinued operations also include costs of EUR 24,736 thousand (previous year: EUR 20,762 thousand) incurred in companies, in particular Scout24 AG, which are not being sold. These costs are attributable to the business activities of AutoScout24 or FINANZCHECK and will be assumed by these companies in the course of the sale. Intragroup transactions between continuing and discontinued operations were eliminated during consolidation. This does not include services amounting to EUR 2,528 thousand (previous year: EUR 2,284 thousand), which will continue to exist between the business activities after the sale and have accordingly been recognised as income in the continuing operations and expenses in the discontinued operations on the basis of the scope of services regulated in the service agreements between Scout24 AG and AutoScout24 GmbH, which are currently being prepared.

The table below shows earnings from discontinued operations:

(EUR ’000)	2019	2018
Revenue	263,835	213,499
Other revenue	9,867	7,777
Expenses	–201,351	–141,645
Earnings before interest and tax – EBIT	**72,350**	**79,631**
Financial result	841	33,351
Earnings before tax	**73,192**	**112,982**
Income taxes	–32,363	–24,687
Earnings after tax	**40,829**	**88,295**
Costs to sell	–24,327	–
Earnings from discontinued operations after tax	**16,502**	**88,295**
Of which attributable to:		
Shareholders of Scout24 AG	16,502	88,295

Income taxes include a deferred tax expense of EUR 1,279 thousand that is directly associated with the sale. Income taxes also include a current tax expense of AutoScout24 GmbH attributable to discontinued operations, which is actually borne by the parent company Scout24 AG.

Other comprehensive income includes expenses of EUR 85 thousand (previous year: EUR 0 thousand) associated with the discontinued operations.

2.2 ASSETS HELD FOR SALE IN THE 2018 FINANCIAL YEAR

In November 2018, management committed to a plan to sell the subsidiaries FlowFact GmbH and FlowFact Schweiz AG, which are part of the ImmobilienScout24 segment. In the 2018 consolidated financial statements of the Scout24 Group, these entities were accordingly classified and presented as a disposal group as of 31 December 2018 comprising the following assets and liabilities:

(EUR '000)	31 Dec. 2018
Goodwill	7,270
Trademarks	11,118
Right-of-use assets from leases	5,081
Other intangible assets	7,744
Property, plant and equipment	361
Investments accounted for using the equity method	223
Financial assets	91
Trade receivables and other assets	1,105
Cash and cash equivalents	782
Assets held for sale	**33,775**
Lease liabilities	5,193
Trade payables and other liabilities	1,546
Deferred tax liabilities	5,009
Liabilities associated with assets held for sale	**11,748**

In April 2019, management had decided to make a change to the original plan of sale. This change involved an interruption of the disposal process in order to increase the disposal group's profitability and attract a larger number of potential buyers. As a result of the change to the plan of sale, the criteria for classification as non-current assets held for sale were no longer all satisfied.

In accordance with the change to the plan of sale, the subsidiaries FlowFact GmbH and FlowFact Schweiz AG were no longer classified as a disposal group of the Scout24 Group. Accordingly, the assets and liabilities of the FlowFact disposal group were transferred out of the separate items 'assets held for sale' and 'liabilities associated with assets held for sale' in the statement of financial position back to the respective items. Consequently, the carrying amounts reported in the statement of financial position as of 31 December 2018 have likewise been adjusted retrospectively. On account of the subsequently recorded attributable amortisation and depreciation, this reclassification had an effect of EUR -790 thousand on earnings from continuing operations after tax for the 2019 financial year and of EUR -259 thousand for the 2018 financial year.

The recoverable amount of the FlowFact disposal group was determined as of the reclassification date. In the process, an impairment loss of EUR 282 thousand was identified. This was allocated in full to goodwill and charged to impairment losses for the 2019 financial year.

3 Notes to the consolidated statement of profit or loss

3.1 REVENUE

The Scout24 Group generates its revenue from rendering services, in particular from offering online listings, generating leads and providing advertising space. In addition, the Scout24 Group generates revenue by brokering credit contracts and contracts for residual debt insurance with private customers to banks.

Breakdown of revenue

The table below shows revenue by category:

EXTERNAL REVENUE

(EUR '000)	2019	2018[81] (adjusted)
ImmobilienScout24 (continuing operations)		
Revenue with residential real estate partners	137,455	122,611
Revenue with business real estate partners	59,752	53,462
Revenue with private listers and others	73,014	73,887
Total external revenue	**270,221**	**249,960**
AutoScout24 (discontinued operations)		
Revenue with dealers in Germany	94,366	80,497
Revenue with dealers in European core countries	86,613	74,282
Other revenue	5,888	11,547
Total external revenue	**186,867**	**166,326**
Scout24 Consumer Services (including some discontinued operations)		
Revenue with finance partners	88,249	54,794
Services revenue	36,304	27,930
Third-party display revenue	31,952	32,591
Total external revenue	**156,505**	**115,315**
Total, reportable segments	**613,593**	**531,601**
Total external revenue from discontinued operations	–263,823	–213,479
Central group functions/consolidation/other	–32	126
Total external revenue of the Group (continuing operations)	**349,737**	**318,248**
Total, reportable segments (discontinued operations)	**263,823**	**213,479**
Central group functions/consolidation/other	12	20
Total external revenue from discontinued operations	**263,835**	**213,499**

The presentation of revenue by geographic region is based on the respective Scout24 entity's registered office (see note 5.9 List of shareholdings).

[81] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year and note 5.5 Segment reporting.

Contract balances

The table below shows the balances reported in accordance with IFRS 15:

(EUR '000)	31 Dec. 2019	31 Dec. 2018[82] (adjusted)
Trade receivables	**31,241**	59,378
Contract liabilities	**8,339**	9,873

Loss allowances of EUR 1,405 thousand (previous year: EUR 2,172 thousand) were recognised in the past financial year in connection with trade receivables of continuing operations.

Contract liabilities primarily result from advance invoicing and developed as follows:

(EUR '000)	2019	2018[83] (adjusted)
Balance at 1 January	**9,873**	**9,735**
Recognised in the reporting period	100,651	94,734
Amortised through profit or loss in the reporting period	100,159	94,591
Changes in the consolidation scope	–	–5
Liabilities associated with assets held for sale	–2,027	–
Balance at 31 December	**8,339**	**9,873**

The decrease in the balances reported is due to the classification of a portion of contract liabilities as liabilities associated with assets held for sale.

Remaining performance obligations

Remaining performance obligations relate to contracts with an expected original term of no more than one year or performance obligations that will be invoiced at a fixed hourly rate. Therefore, as permitted by IFRS 15, no disclosures are made relating to the remaining performance obligations as of 31 December 2019.

Contract costs

No additional costs are incurred in fulfilling the contracts that would need to be recognised as an asset.

3.2 OWN WORK CAPITALISED

This item reports internally generated software that is recognised as an asset for continuing operations. Of the total amount of EUR 13,975 thousand (previous year (adjusted)[84]: EUR 11,209 thousand), an amount of EUR 9,788 thousand (previous year (adjusted): EUR 8,947 thousand) is attributable to the ImmobilienScout24 segment and EUR 4,187 thousand (previous year (adjusted): EUR 2,262 thousand) to the continuing operations of the Scout24 Consumer Services segment. The total amount of research and development costs expensed for continuing operations in the financial year stands at EUR 7,206 thousand (previous year (adjusted): EUR 9,737 thousand).

[82] See note 2.2 Assets held for sale in the 2018 financial year.
[83] See note 2.2 Assets held for sale in the 2018 financial year.
[84] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.

3.3 OTHER OPERATING INCOME

Other operating income comprises the following:

(EUR '000)	2019	2018[85] (adjusted)
Income from the disposal of intangible assets and property, plant and equipment	3	1,653
Income from the reversal of loss allowances	90	112
Income from derecognised receivables	99	47
Other	2,884	2,902
Total	**3,076**	**4,715**

Income from the disposal of intangible assets and property, plant and equipment in the 2018 financial year mainly stems from the sale of the JobScout24 trademark.

The position "Other" mainly relates to service relationships between continuing and discontinued operations that continue to exist between the business activities even after the sale; for details, please refer to Note 2.1 Discontinued operations and assets held for sale 2019.

3.4 PERSONNEL EXPENSES AND NUMBER OF EMPLOYEES

Personnel expenses of continuing operations break down as follows:

(EUR '000)	2019	2018[86] (adjusted)
Wages and salaries	**–68,459**	–62,245
Social security costs	**–9,479**	–8,685
Pension costs and other post-employment benefits	**–624**	–646
Share-based payments	**–29,036**	–12,857
Total	**–107,598**	**–84,433**

The average number of employees in continuing and discontinued operations breaks down as follows:

Number of employees	2019	2018
Senior Executives	**1**	4
Other employees	**1,680**	1,548
Total	**1,681**	**1,552**

[85] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.
[86] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.

3.5 ADVERTISING EXPENSES

Advertising expenses of continuing operations comprise the following:

(EUR '000)	2019	2018[87] (adjusted)
Advertising costs – online	–25,595	–20,087
Advertising costs – offline	–4,968	–4,677
Total	**–30,563**	**–24,764**

3.6 IT EXPENSES

IT expenses of continuing operations comprise the following:

(EUR '000)	2019	2018[88]
IT licences	–7,411	–5,685
IT services	–5,758	–4,875
Other IT costs	–1,013	–1,249
Total	**–14,182**	**–11,809**

3.7 OTHER OPERATING EXPENSES

Other operating expenses of continuing operations comprise the following:

(EUR '000)	2019	2018[89] (adjusted)
Third-party services	–14,102	–13,250
Legal and consulting costs	–10,096	–10,508
Purchased services	–9,791	–6,205
Other staff-related expenses	–3,309	–3,182
Other rent incidentals	–1,898	–2,910
Travel expenses	–1,816	–2,260
Bad debt allowance	–1,594	–2,331
Communication	–1,492	–1,455
Motor vehicle costs	–569	–511
Other	–6,118	–6,363
Total	**–50,785**	**–48,975**

[87] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.
[88] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.
[89] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.

3.8 PROFIT/LOSS FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The table below shows a breakdown of the profit/loss from investments accounted for using the equity method with respect to continuing operations. For further details about investments accounted for using the equity method also see note 4.8. For SUMAUTO MOTOR S.L. (formerly: Alpinia Investments 2018, S.L.U.), also see note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.

(EUR '000)	2019	2018[90] (adjusted)
Energieausweis48 GmbH, Cologne	150	156
eleven55 GmbH, Berlin	–882	–103
Total	**–733**	**53**

3.9 FINANCE INCOME

Finance income of continuing operations comprises the following:

(EUR '000)	2019	2018[91] (adjusted)
Gains on the disposal of subsidiaries	504	1,578
Price gains from financing	38	85
Interest income from third parties	1	6,208
Income from derivative financial instruments	–	1,402
Total	**542**	**9,274**

Gains on the disposal of subsidiaries are attributable to the sale of classmarkets GmbH in the 2018 financial year. Deconsolidation of the entity resulted in a gain of EUR 1,578 thousand. The gain of EUR 504 thousand in the 2019 financial year results from a purchase price adjustment for this transaction. The associated receivable from the sale of entities is reported under current financial assets as of the reporting date.

Interest income from third parties in the 2018 financial year mainly resulted from the refinancing arrangements under the term loan and RFA. For details see note 4.10 Financial liabilities.

[90] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.
[91] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.

3.10 FINANCE EXPENSES

Finance expenses of continuing operations comprise the following:

(EUR '000)	2019	2018[92] (adjusted)
Interest expenses to third parties	–13,592	–14,259
Expenses from derivative financial instruments	–741	–375
Interest expense from leases	–672	–667
Price losses from financing	–44	–78
Total	**–15,049**	**–15,379**

The interest expenses to third parties relate to the facility agreement (FA), the promissory note loan and the term loan and RFA. In addition, the item includes amortisation through profit or loss of the incidental costs of obtaining the credit lines under the FA, the promissory note loan and the RFA using the effective interest method. For details see note 4.10 Financial liabilities.

Expenses from derivative financial instruments relate to the measurement of the interest floor in connection with the term loan under the FA. For more information see note 4.10 Financial liabilities.

3.11 INCOME TAXES

Since the 2014 assessment period, Scout24 AG is the parent company in a consolidated tax group for income tax purposes with Immobilien Scout GmbH, FlowFact GmbH and AutoScout24 GmbH, and as of the 2019 assessment period also Consumer First Services GmbH, as the subsidiaries. As a result of the chain merger of Scout24 Services GmbH into Scout24 Holding GmbH, which was merged into Scout24 AG for tax purposes as of 31 December 2017, these entities are no longer part of the consolidated tax group for income tax purposes as of the 2018 assessment period.

As the parent, Scout24 AG is liable for the income taxes of the whole consolidated tax group. Tax allocations were not made to the subsidiaries in the consolidated tax group.

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

[92] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.

(EUR '000)	2019	2018[93] (adjusted)
Current tax charge on profits for the period	–45,726	–44,490
Current tax income from previous years	87	64
Total current tax expense	**–45,639**	**–44,426**
Deferred tax income from tax rate changes	354	3,414
Deferred tax income from timing differences	14,592	11,772
Total deferred tax income	**14,946**	**15,186**
Total income taxes from continuing operations	**–30,693**	**–29,240**
Current tax expense from discontinued operations	–32,961	–25,954
Deferred tax income from discontinued operations	598	1,267
Total income taxes from discontinued operations	**–32,363**	**–24,687**
Total income taxes	**–63,056**	**–53,927**

Income taxes comprise trade tax, corporate income tax and the solidarity surcharge as well as correspondding foreign taxes on income. As in the previous year, the corporate income tax rate in Germany amounted to 15.0 % for the 2019 assessment period, with a solidarity surcharge of 5.5 % thereof. The trade tax rate changed to 15.470 % due to changes to trade tax breakdown amounts (previous year: 15.435 %). This results in a Group tax rate of 31.295 % for 2019 (previous year: 31.260 %).

A loss of EUR 2,318 thousand incurred by a foreign subsidiary was used. It reduced the current income tax expense by EUR 579 thousand.

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

(EUR '000)	2019	2018[94] (adjusted)
Earnings before tax from continuing operations	**94,210**	**105,113**
Expected tax expense 2019: 31.295 % (2018: 31.26 %)	–29,483	–32,858
Tax effects from previous years	–267	3,414
Tax-free income	0	521
Non-deductible expenses	–174	–105
Permanent differences	–739	–282
Tax effects from equity investments	0	17
Tax effects from unused tax losses (current non-recoverable tax losses)	697	557
Tax effects from add-backs and reductions for local taxes	–772	–530
Adjustments of the tax amount to differing national tax rates	52	26
Other	–7	0
	–30,693	–29,240
Effective tax rate of continuing operations	**32.6 %**	**27.8 %**

[93] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.
[94] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.

The tax effects from previous years arise mainly from changes of EUR 354 thousand in the average Group tax rate compared with the previous period as well as true-up effects based on the tax returns filed for previous years of EUR 87 thousand for current taxes.

The non-deductible expenses consist primarily of the non-deductible Supervisory Board compensation of EUR 347 thousand and consulting costs of EUR 236 thousand.

The permanent differences essentially arose from the change in an investment's tax base.

The effects relating to local taxes are predominantly due to the trade tax add-back of fees for liabilities of Scout24 AG.

The tax assets and tax liabilities as of the reporting date are as follows:

(EUR '000)	31 Dec. 2019	31 Dec. 2018 (adjusted)[95]
Income tax assets	32	721
Income tax assets attributable to assets held for sale	690	0
Income tax liabilities	17,124	28,513
Income tax liabilities attributable to liabilities associated with assets held for sale	1,190	0

A current tax asset of EUR 29 thousand was recognised directly in equity in connection with the transaction costs for the purchase of treasury shares.

Deferred tax assets developed as follows:

(EUR '000)	31 Dec. 2019	31 Dec. 2018
Adjusted balance at 1 Jan. 2019	**1,206**	**2,312**
Changes in the consolidation scope	-	319
Classification as assets held for sale	–949	0
Recognised through profit or loss	20	–1,425
Recognised in other comprehensive income	0	0
Closing balance for the period	**277**	**1,206**

Deferred tax liabilities developed as follows:

(EUR '000)	31 Dec. 2019	31 Dec. 2018[96] (adjusted)
Adjusted balance at 1 Jan. 2019	**357,121**	**372,663**
Changes in the consolidation scope	0	2,336
Classification as liabilities associated with assets held for sale	–46,135	0
Recognised through profit or loss	–14,926	–17,878
Recognised in other comprehensive income	0	0
Closing balance for the period	**296,060**	**357,121**

[95] See note 2.2 Assets held for sale in the 2018 financial year.
[96] See note 2.2 Assets held for sale in the 2018 financial year.

The deferred tax liabilities arise mainly from the purchase price allocations. Taking depreciation and amortisation into account, deferred tax liabilities of EUR 293,369 thousand (previous year: EUR 335,333 thousand) were recognised as of 31 December 2019 in this context, of which EUR 288,841 thousand (previous year: EUR 298,212 thousand) was attributable to Immobilien Scout GmbH including its equity investments, and EUR 0 (previous year: EUR 37,378 thousand) was attributable to AutoScout24 GmbH including its equity investments.

Deferred tax assets and liabilities on timing differences and unused tax losses can be allocated to the following items (please refer to note 2.1 for information on deferred taxes relating to discontinued operations):

(EUR '000)		31 Dec. 2019		31 Dec. 2018 (adjusted)[97]
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Trademarks	257	293,369	108	310,215
Other intangible assets including right-of-use assets from leases	0	14,396	667	63,313
Property, plant and equipment	13	0	23	12
Financial assets	0	1,279	0	0
Other assets	17	517	145	778
Non-current assets	**287**	**309,561**	**943**	**374,318**
Other provisions	0	0	0	0
Other liabilities including lease liabilities	851	64	833	19
Current liabilities	**851**	**64**	**833**	**19**
Pensions and similar obligations	0	0	75	0
Other provisions	8,514	0	2,917	46
Other liabilities including lease liabilities	4,170	0	5,911	0
Non-current liabilities	**12,684**	**0**	**8,903**	**46**
Unused tax losses/interest carried forward	**20**	**0**	**7,789**	**0**
Total	**13,842**	**309,625**	**18,468**	**374,383**
Offsetting	–13,565	–13,565	–17,262	–17,262
Recognised in the statement of financial position	**277**	**296,060**	**1,206**	**357,121**

Of the total change in deferred taxes of EUR 60,132 thousand (previous year: EUR 14,436 thousand), income of EUR 15,544 thousand (previous year: EUR 16,453 thousand) was recognised in the income statement for continuing and discontinued operations and EUR 0 thousand (previous year: EUR 75 thousand) in other comprehensive income. With regard to the disclosure of deferred taxes of EUR 45,186 thousand (previous year: EUR 0 thousand) in connection with assets held for sale, please refer to Note 2.1 (previous year: 2.2) Discontinued operations and assets held for sale.

The deferred tax assets on unused tax losses outlined below have not been recognised or reduced after recognition to the extent that the respective tax benefits are not, or no longer, expected to be recovered in the medium term.

[97] See note 2.2 Assets held for sale in the 2018 financial year.

Of the unused tax losses for corporate income tax purposes in Germany of EUR 46,990 thousand in the previous year, an amount of EUR 23,028 thousand was not included in the recognition of deferred taxes in the previous year.
Of the unused tax losses for trade tax purposes in Germany of EUR 46,967 thousand in the previous year, an amount of EUR 22,736 thousand was not included in the recognition of deferred taxes in the previous year.

Of the unused tax losses in other countries – which according to the Group's present knowledge do not expire – of EUR 955 thousand (previous period: EUR 14,507 thousand), an amount of EUR 935 thousand (previous period: EUR 14,309 thousand) was not included in the recognition of deferred taxes.

Deferred tax liabilities of EUR 1,278 thousand were recognised on temporary differences in connection with investments in subsidiaries amounting to EUR 4,086 thousand (previous year: EUR 5,673 thousand), as these temporary differences are likely to reverse in the foreseeable future when the respective entities are sold. There are further temporary differences of EUR 1,026 thousand in connection with investments in subsidiaries for which no deferred tax liabilities were recognised, 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 if a dividend were paid or the investment were to be sold.

3.12 EARNINGS PER SHARE

The table below shows the calculation of basic and diluted earnings per share attributable to the shareholders of the parent company:

		2019	2018[98] (adjusted)
Earnings attributable to shareholders of the parent company	**(EUR '000)**	**80,019**	**164,167**
of which from continuing operations		63,517	75,872
of which from discontinued operations		16,502	88,295
Weighted average number of shares for earnings per share			
Basic	Number	107,092,213	107,600,000
Diluted	Number	107,236,711	107,722,363
Earnings per share			
Basic	EUR	0.75	1.53
of which from continuing operations		0.59	0.71
of which from discontinued operations		0.15	0.82
Diluted	EUR	0.75	1.52
of which from continuing operations		0.59	0.70
of which from discontinued operations		0.15	0.82

The average number of shares was determined taking into account the treasury shares acquired in the 2019 financial year (see note 4.15 Equity).

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

[98] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.

4 Notes to the consolidated statement of financial position

4.1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include bank balances and cash on hand of EUR 65,574 thousand (previous year (adjusted):[99] EUR 59,202 thousand). Cash and cash equivalents classified as held for sale as of 31 December 2019 are presented in note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.

4.2 TRADE RECEIVABLES

Trade receivables consist of the items presented below. Trade receivables classified as held for sale are not included in the table below as of 31 December 2019.[100]

(EUR '000)	31 Dec. 2019	31 Dec. 2018[101] (adjusted)
Receivables from third parties	31,239	59,372
Receivables from associates and joint ventures	2	6
Total	**31,241**	**59,378**

The table below presents information on the estimated credit risk and the ECLs for trade receivables from third parties. Trade receivables classified as held for sale and the related ECLs are not included in the table below as of 31 December 2019.[102]

For the calculation of the credit loss rates also see note 1.6 Accounting policies. As of 2019, additional attributes of the customer base are considered when determining the estimated default risk and ECLs for trade receivables in accordance with IFRS 9. This change in accounting estimates led to other operating expenses of EUR 175 thousand.

As of 31 December 2019 (EUR '000)	Gross carrying amount	Loss allowance	Credit-impaired	Credit loss rate (weighted average)
Not past due	12,261	–55	No	0.46 %
1 to 30 days past due	13,792	–60	No	0.53 %
31 to 90 days past due	3,246	–116	No	4.20 %
More than 90 days past due	2,739	–568	Yes	24.95 %
Total	**32,038**	**–799**	**–**	**–**

[99] See note 2.2 Assets held for sale in the 2018 financial year.
[100] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.
[101] See note 2.2 Assets held for sale in the 2018 financial year.
[102] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.

As of 31 December 2018[103] (adjusted) (EUR '000)	Gross carrying amount	Loss allowance	Credit-impaired	Credit loss rate (weighted average)
Not past due	36,772	–145	No	0.47 %
1 to 30 days past due	13,650	–62	No	0.55 %
31 to 90 days past due	4,884	–150	No	3.67 %
More than 90 days past due	5,742	–1,319	Yes	27.73 %
Total	**61,048**	**–1,676**	**–**	**–**

The credit loss rates are applied to net trade receivables from third parties, i.e. excluding VAT. In addition, the credit loss rates are not applied to receivables from barter transactions of EUR 247 thousand (previous year: EUR 418 thousand) as no default events are expected with reference to the barter transactions.

The previous-year balance of receivables not past due of EUR 36,772 thousand included receivables of EUR 4,976 thousand to which the credit loss rates were not applied. There was no credit risk for these receivables, as they were due from banks with high ratings and low historical default rates. As of 31 December 2019, trade receivables that are due from banks are part of the disposal group and have accordingly been classified as assets held for sale. For details see note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.

The loss allowances on trade receivables developed as follows:

(EUR '000)	
Balance at 1 Jan. 2018	**–1,211**
Additions to the consolidation scope	0
Disposals from the consolidation scope	65
Utilisation	45
Net remeasurement of loss allowances	–574
Classification as assets held for sale	–
Currency translation differences	0
Balance at 31 Dec. 2018 (adjusted)[104]/1 Jan. 2019	**–1,676**
Additions to the consolidation scope	–
Disposals from the consolidation scope	–
Utilisation	377
Net remeasurement of loss allowances	–800
Classification as assets held for sale	1,301
Currency translation differences	0
Balance at 31 Dec. 2019	**–799**

[103] See note 2.2 Assets held for sale in the 2018 financial year.
[104] See note 2.2 Assets held for sale in the 2018 financial year.

Loss allowances for trade receivables are revalued based on the credit loss rates in accordance with the ECL model. Increases and reversals of loss allowances determined in this way are reported under other operating expenses and other operating income. Utilisation covers the derecognition of receivables written down.

4.3 FINANCIAL ASSETS

The financial assets break down as follows as of the respective reporting dates. Financial assets classified as held for sale are not included in the table below as of 31 December 2019.[105]

(EUR '000)	31 Dec. 2019	31 Dec. 2018[106] (adjusted)
Current		
Receivables from the sale of entities	504	5,300
Creditors with debit balances	752	2,193
Rent deposits[107]	34	261
Total	**1,290**	**7,754**
Non-current		
Loan transaction costs	1,653	2,367
Rent deposits[108]	867	989
Equity investments	–	180
Interest receivables from third parties	–	28
Other	5	5
Total	**2,525**	**3,569**

The recognised receivables from the sale of entities of EUR 504 thousand (previous year: EUR 5,300 thousand) relate to receivables in connection with the sale of classmarkets GmbH. The receivable of EUR 5,300 thousand was paid in January 2019. The receivable of EUR 504 thousand recognised as of 31 December 2019 results from purchase price adjustments for this transaction.

The loan transaction costs relate to the term loan and RFA concluded in the 2018 financial year. For details see note 4.10 Financial liabilities.

The equity investment of EUR 180 thousand recognised as of 31 December 2018 relates to the non-controlling interest in Salz & Brot Internet GmbH, which was written off in full in the 2019 financial year. The impairment loss was recognised through other comprehensive income.

[105] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.
[106] See note 2.2 Assets held for sale in the 2018 financial year.
[107] To improve transparency, an amount of EUR 261 thousand was reclassified retrospectively from other assets to financial assets as of 31 December 2018.
[108] To improve transparency, an amount of EUR 989 thousand was reclassified retrospectively from other assets to financial assets as of 31 December 2018.

4.4 OTHER ASSETS

Other assets break down as follows as of the respective reporting dates. Other assets classified as held for sale are not included in the table below as of 31 December 2019.[109]

(EUR '000)	31 Dec. 2019	31 Dec. 2018[110] (adjusted)
Current		
Prepaid expenses	6,959	8,109
Advance payments made	68	132
Taxes other than income taxes	5	1,201
Other[111]	419	582
Total	**7,450**	**10,024**
Non-current		
Other[112]	18	–
Prepaid expenses	–	3
Total	**18**	**3**

In the financial year and the previous year, the prepaid expenses reported under current assets relate to advance payments made by Scout24 AG on time-limited licence fees.

In the reporting period and in the previous year, taxes other than income taxes relate to value-added tax refund claims and prepayments.

[110] See note 2.2 Assets held for sale in the 2018 financial year.
[111] To improve transparency, an amount of EUR 261 thousand was reclassified retrospectively from other assets to financial assets as of 31 December 2018.
[112] To improve transparency, an amount of EUR 989 thousand was reclassified retrospectively from other assets to financial assets as of 31 December 2018.

4.5 GOODWILL AND INTANGIBLE ASSETS

(EUR '000)	Goodwill	Trademarks	Internally developed software	Concessions, rights and licences	Customer base*	Intangible assets under development	Subtotal other intangible assets	Total
Cost								
Balance at 1 Jan. 2018	**836,675**	**985,723**	**44,744**	**99,718**	**249,430**	**15,203**	**409,095**	**2,231,493**
Additions to the consolidation scope	238,293	8,574	422	19,691	5,073	0	25,186	272,053
Disposals from the consolidation scope	−3,612	−505	−122	−1,263	−602	−905	−2,892	−7,009
Additions	–	–	1,987	455	–	16,729	19,171	19,171
Disposals	–	−310	−337	–	–	–	−337	−647
Reclassifications	–	–	24,578	28	–	−24,606	–	–
Classification as assets held for sale	–	–	–	–	–	–	–	–
Balance at 31 Dec. 2018[113] (adjusted)/1 Jan. 2019	**1,071,356**	**993,483**	**71,272**	**118,628**	**253,902**	**6,421**	**450,223**	**2,515,061**
Additions to the consolidation scope	–	–	–	–	–	–	–	–
Disposals from the consolidation scope	–	–	–	–	–	–	–	–
Additions	–	–	2,595	1,012	–	18,518	22,125	22,125
Disposals	–	–	−250	−2	–	–	−252	−252
Reclassifications	–	–	10,456	25	–	−10,481	–	–
Classification as assets held for sale	−378,384	−120,229	−43,127	−60,083	−24,521	−4,181	−131,913	−630,526
Balance at 31 Dec. 2019	**692,972**	**873,254**	**40,946**	**59,581**	**229,380**	**10,276**	**340,184**	**1,906,410**
Accumulated amortisation and impairment								
Balance at 1 Jan. 2018	**–**	**−1,114**	**−18,779**	**−90,544**	**−110,898**	**–**	**−220,221**	**−221,335**
Additions to the consolidation scope	–	–	−422	−248	–	–	−670	−670
Disposals from the consolidation scope	–	–	147	804	134	–	1,085	1,085
Additions (amortisation)	–	−617	−14,791	−6,003	−33,324	–	−54,118	−54,735
Additions (impairment)	–	–	−195	–	–	–	−195	−195
Disposals	–	310	337	–	–	–	337	647
Reclassifications	–	–	−482	482	–	–	–	–
Classification as assets held for sale	–	–	–	–	–	–	–	–
Balance at 31 Dec. 2018[114] (adjusted)/1 Jan. 2019	**–**	**−1,422**	**−34,185**	**−95,508**	**−144,088**	**–**	**−273,781**	**−275,202**

[113] See note 2.2 Assets held for sale in the 2018 financial year.
[114] See note 2.2 Assets held for sale in the 2018 financial year.

(EUR '000)	Goodwill	Trademarks	Internally developed software	Concessions, rights and licences	Customer base*	Intangible assets under development	Subtotal other intangible assets	Total
Additions to the consolidation scope	–	–	–	–	–	–	–	–
Disposals from the consolidation scope	–	–	–	–	–	–	–	–
Additions (amortisation)	–	–852	–17,268	–5,334	–33,541	–	–56,143	–56,995
Additions (impairment)	–282	–	–362	–	–	–	–362	–644
Disposals	–	–	–	1	–	–	1	1
Reclassifications	–	–	–	–	–	–	–	-
Classification as assets held for sale	–	1,838	25,301	43,595	12,642	–	81,539	83,377
Balance at 31 Dec. 2019	**–282**	**–435**	**–26,514**	**–57,245**	**–164,987**	**–**	**–248,747**	**–249,465**
Carrying amounts								
Balance at 31 Dec. 2018[115] (adjusted)	**1,071,356**	**992,061**	**37,087**	**23,120**	**109,813**	**6,421**	**176,441**	**2,239,858**
Balance at 31 Dec. 2019	**692,690**	**872,818**	**14,432**	**2,335**	**64,393**	**10,276**	**91,437**	**1,656,945**

* The customer base has a residual useful life of two to ten 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.

In the 2018 financial year, changes in the consolidation scope related to the acquisition of immosuma GmbH (ImmobilienScout24 cash-generating unit (CGU)), FINANZCHECK Group (Scout24 Consumer Services CGU) as well as the sale of classmarkets GmbH (ImmobilienScout24 CGU) and of AutoScout24 España S.A. (AutoScout24 CGU).

One trademark of the ImmobilienScout24 CGU, various trademarks of the AutoScout24 CGU and one trademark of the Scout24 Consumer Services CGU are amortised over their respective specific useful lives, for which positive cash inflows are expected. As of 31 December 2019, the carrying amount of the ImmobilienScout24 CGU's trademark was EUR 0 thousand (previous year: EUR 36 thousand). The trademarks of the AutoScout24 and Scout24 Consumer Services CGUs are reported under assets held for sale as of 31 December 2019; these trademarks have a value of EUR 9,092 thousand as of 31 December 2019 (previous year: EUR 9,907 thousand).

The trademarks ImmobilienScout24, FlowFact and AutoScout24 have indefinite useful lives as they are expected to give rise to positive cash inflows over an indefinite period. The AutoScout24 trademark is reported as an asset held for sale as of 31 December 2019. For details see note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.

[115] See note 2.2 Assets held for sale in the 2018 financial year.

(EUR '000)	Trademarks as of 31 Dec. 2019	Trademarks as of 31 Dec. 2018[116] (adjusted)
ImmobilienScout24 trademark	861,700	861,700
AutoScout24 trademark	–	109,300
FlowFact trademark	11,118	11,118
Total	**872,818**	**982,118**

Impairment testing

Due to the changed allocation at segment level of the business activities relating to advertisements by OEM partner agencies and the corresponding changed allocation of revenue and ordinary operating EBITDA contributions, the associated goodwill of EUR 1,390 thousand was likewise reallocated from the AutoScout24 CGU to the Scout24 Consumer Services CGU as of 1 January 2019.[117] Goodwill was allocated in accordance with IAS 36.87 based on the relative fair values less costs of disposal. The reorganisation constituted an indication of potential impairment, and further impairment testing in addition to the annual impairment test therefore had to be performed before reallocating goodwill and no impairment loss was identified.

(EUR '000)	Goodwill as of 1 Jan. 2019	Goodwill as of 31 Dec. 2018[118] (adjusted)
ImmobilienScout24 cash-generating unit	661,901	661,901
AutoScout24 cash-generating unit	143,827	145,217
Scout24 Consumer Services cash-generating unit	265,628	264,239
Total	**1,071,356**	**1,071,356**

Goodwill is not amortised but is instead tested for impairment at least once annually pursuant to IAS 36 on the basis of the recoverable amount in accordance with the approach described in note 1.6 Accounting policies. Fair value less costs of disposal was calculated as the recoverable amount (level 3). No impairment losses were determined on the basis of this impairment test in accordance with IAS 36 either as of the date of reallocation 1 January 2019 nor as of the reporting date 31 December 2019. There was no indication of impairment as of 31 December 2018 either.

Trademarks with indefinite useful lives are generally tested for impairment in accordance with IAS 36 at least annually on the basis of the respective CGU's fair value less costs of disposal, by analogy to the approach for goodwill described in note 1.6 Accounting policies.

The trademarks ImmobilienScout24 and AutoScout24 do not give rise to any cash inflows that are largely independent of those of other assets. The ImmobilienScout24 and AutoScout24 trademarks are therefore tested for impairment at CGU level. As both trademarks contributed to the cash flows of the Scout24 Consumer Services CGU, they were allocated to the ImmobilienScout24, AutoScout24 and Scout24 Consumer Services CGUs as corporate assets on the basis of planned EBIT for impairment testing as of 31 December 2018.

[116] See note 2.2 Assets held for sale in the 2018 financial year.
[117] For details also see note 5.5 Segment reporting.
[118] See note 2.2 Assets held for sale in the 2018 financial year.

Since the AutoScout24 CGU and the Scout24 Consumer Services CGU's discontinued operations are classified as held for sale (see note 2.1 Discontinued operations and assets held for sale in the 2019 financial year), the amount reported as of 31 December 2019 comprises only the goodwill of the ImmobilienScout24 CGU and of the Scout24 Consumer Services CGU's continuing operations as well as the ImmobilienScout24 trademark, which is allocable both to the ImmobilienScout24 CGU and the Scout24 Consumer Services CGU's continuing operations.

As of 31 December 2019 (EUR '000)	Goodwill	Trademarks with indefinite useful lives
ImmobilienScout24 cash-generating unit	661,621	855,421
AutoScout24 cash-generating unit	–	–
Scout24 Consumer Services cash-generating unit – continuing operations	31,069	17,397
Total	**692,690**	**872,818**

As of 31 December 2018[119] (adjusted) (EUR '000)	Goodwill	Trademarks with indefinite useful lives
ImmobilienScout24 cash-generating unit	661,901	839,352
AutoScout24 cash-generating unit	145,217	107,453
Scout24 Consumer Services cash-generating unit	264,239	35,313
Total	**1,071,356**	**982,118**

Goodwill and trademarks were tested for impairment as of 31 December 2019 using an after-tax capitalisation rate (WACC) of 6.10 % (previous year and 1 January 2019: 7.27 %) for the ImmobilienScout24 CGU and the Scout24 Consumer Services CGU's continuing operations. The capitalisation rate decreased in comparison with the previous year on account of a lower base rate and lower beta factor. The discount rate is based on a base interest rate of 0.35 % (previous year and 1 January 2019: 1.25 %) and a market risk premium of 8.00 % (previous year and 1 January 2019: 6.50 %). A beta factor derived from the peer group, a debt capital spread and a typified capital structure were also taken into consideration.

Furthermore, management expects that revenue will increase and, based on the operating leverage, EBITDA margins will rise slightly. The detailed planning period is three years, and for 2020 is subject to corporate planning approved by management and the Supervisory Board; the detailed planning for 2021 and 2022 is based on the multi-year plans approved by the Management Board and presented to the Supervisory Board.

In the detailed planning period, revenue growth for the ImmobilienScout24 CGU is slightly higher than past growth rates. The growth is expected to be driven primarily by ARPU growth with agent customers in residential real estate as well as business real estate backed by low customer churn coupled with high customer regain and new acquisition rates. For the continuing operations of the Scout24 Consumer Services CGU, revenue growth is characterised primarily by growth in the area of additional services along the value chains. Revenue growth is expected to be driven above all by expanding the brokerage of mortgage financing solutions and premium membership for users.

[119] See note 2.2 Assets held for sale in the 2018 financial year.

The assumptions relating to rising EBITDA margins are based on past experience of profitability of services increasing in line with revenue growth. At the level of the Group as a whole, the underlying assumptions lead to a recoverable amount that is consistent with external market assessments as of the valuation date.

For reconciliation with the terminal cash inflows, the detailed planning period is followed by a two-year transition phase in which declining revenue growth rates and stable EBITDA margins are assumed. For the revenue growth after the transition phase, a long-term growth rate of 0.35 % (previous year: 1.25 %) was used.

During a valuation of a subsidiary in the ImmobilienScout24 CGU in the course of the 2019 financial year, an impairment loss of EUR 282 thousand was identified. This was allocated in full to goodwill of the ImmobilienScout24 CGU and charged to impairment losses. For details also see note 2.2 Assets held for sale in the 2018 financial year.

As of 31 December 2019, no impairment losses were identified for the ImmobilienScout24 CGU or the Scout24 Consumer Services CGU's continuing operations (previous year: EUR 0 thousand). A change in key assumptions regarded as possible does not result in impairment losses for the ImmobilienScout24 CGU or the Scout24 Consumer Services CGU's continuing operations.

The goodwill of the AutoScout24 CGU and a proportionate share of goodwill of the Scout24 Consumer Services CGU are reported under assets held for sale as of 31 December 2019.[120] The goodwill of EUR 378,384 thousand allocated to the disposal group comprises goodwill of EUR 143,827 thousand from the AutoScout24 operating segment and goodwill of EUR 234,557 thousand from the Scout24 Consumer Services operating segment. The goodwill of the Scout24 Consumer Services CGU was allocated in accordance with IAS 36.86 on the basis of the relative values of the operations disposed of and retained.

Before the AutoScout24 operating segment and the operations held for sale of the Scout24 Consumer Services operating segment were classified in accordance with IFRS 5, an impairment test was performed that did not reveal any need to recognise impairment losses.

4.6 RIGHT-OF-USE ASSETS FROM LEASES AND LEASE LIABILITIES

Scout24 adopted the standard IFRS 16 Leases as of 1 January 2018. For the policy choice disclosures also see note 1.6 Accounting policies. As Scout24 is a group of entities with digital marketplaces, physical assets from leases play only a supporting role for business operations. Existing leases mainly relate to office space, IT equipment, other office equipment, furniture and fixtures and vehicles for selected employees. The accounting development of the right-of-use assets by category is presented in the table below for the financial year and the previous year:

[120] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.

(EUR '000)	Right-of-use asset for buildings	Right-of-use asset for vehicles	Right-of-use asset for IT equipment	Right-of-use asset for office equipment	Total
Cost					
Balance at 1 Jan. 2018	**13,333**	**2,286**	**1,231**	**–**	**16,850**
Additions to the consolidation scope	1,897	33	–	–	**1,930**
Disposals from the consolidation scope	–193	–67	–	–	**–260**
Additions	16,774	999	457	58	**18,288**
Disposals	–	–	–	–	**–**
Classification as assets held for sale	–	–	–	–	**–**
Balance at 31 Dec. 2018[121] (adjusted)/1 Jan. 2019	**31,811**	**3,251**	**1,688**	**58**	**36,808**
Additions to the consolidation scope	–	–	–	–	**–**
Disposals from the consolidation scope	–	–	–	–	**–**
Additions	1,655	1,403	126	84	**3,268**
Disposals	–644	–1,315	–717	–	**–2,676**
Reclassifications	–	–	40	–40	**–**
Classification as assets held for sale	–3,903	–1,684	–411	–	**–5,998**
Balance at 31 Dec. 2019	**28,919**	**1,655**	**727**	**101**	**31,403**
Accumulated depreciation and impairment					
Balance at 1 Jan. 2018	**–**	**–**	**–**	**–**	**–**
Additions to the consolidation scope	–579	–12	–	–	**–591**
Disposals from the consolidation scope	90	65	–	–	**155**
Additions (depreciation)	–4,443	–1,546	–665	–9	**–6,662**
Additions (impairment)	–	–	–	–	**–**
Disposals	–	–	–	–	**–**
Classification as assets held for sale	–	–	–	–	**–**
Balance at 31 Dec. 2018[122] (adjusted)/1 Jan. 2019	**–4,932**	**–1,493**	**–665**	**–9**	**–7,098**
Additions to the consolidation scope	–	–	–	–	**–**
Disposals from the consolidation scope	–	–	–	–	**–**
Additions (depreciation)	–5,537	–1,437	–722	–29	**–7,724**
Additions (impairment)	–	–	–	–	**–**
Disposals	435	1,314	717	–	**2,467**
Classification as assets held for sale	2,088	685	231	–	**3,005**
Balance at 31 Dec. 2019	**–7,945**	**–930**	**–439**	**–38**	**–9,351**
Carrying amounts					
Balance at 31 Dec. 2018[123] (adjusted)	**26,880**	**1,758**	**1,023**	**49**	**29,710**
Balance at 31 Dec. 2019	**20,975**	**725**	**288**	**64**	**22,051**

The Scout24 Group has leases where group entities act as a lessor, but these are considered not material from the perspective of the Scout24 Group.

[121] See note 2.2 Assets held for sale in the 2018 financial year.
[122] See note 2.2 Assets held for sale in the 2018 financial year.
[123] See note 2.2 Assets held for sale in the 2018 financial year.

The amounts relating to continuing operations in the consolidated statement of profit or loss that are attributable to leases are presented in the table below:

(EUR '000)	2019	2018[124] (adjusted)
Amortisation, depreciation and impairment losses	–5,708	–5,356
Interest expense from leases	–672	–667
Expense relating to short-term leases	–201	–456
Expense relating to leases of low-value assets	–47	–31

The amounts relating to continuing operations in the consolidated statement of cash flows that are attributable to leases are presented in the table below:

(EUR '000)	2019	2018[125] (adjusted)
Payments for short-term leases and for leases of low-value assets	–248	–487
Interest paid from leases	–672	–667
Repayment of lease liabilities	–5,499	–4,078
Total	**–6,419**	**–5,232**

In accordance with IFRS 16, lease liabilities were measured at the present value of the future lease payments at the date of first-time application or the commencement date. As of the reporting date, lease liabilities comprise the following items. Lease liabilities classified as held for sale are not included in the tables below as of 31 December 2019.[126]

(EUR '000)	31 Dec. 2019	31 Dec. 2018[127] (adjusted)
Lease liabilities, current	4,834	6,620
Lease liabilities, non-current	18,075	23,799
Total	**22,908**	**30,419**

[124] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.
[125] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.
[126] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.
[127] See note 2.2 Assets held for sale in the 2018 financial year.

Lease liabilities break down as follows:

(EUR '000)	31 Dec. 2019	31 Dec. 2018[128] (adjusted)
Gross lease liabilities – minimum lease payments		
Up to 1 year	5,398	7,317
1–3 years	6,935	10,239
3–5 years	5,311	5,785
More than 5 years	7,568	10,085
Gross lease liabilities	25,213	33,426
Present value of the lease	**22,908**	**30,419**

The present values of the lease liabilities break down as follows:

(EUR '000)	31 Dec. 2019	31 Dec. 2018[129] (adjusted)
Up to 1 year	4,834	6,620
1–3 years	6,082	9,194
3–5 years	4,742	5,078
More than 5 years	7,251	9,527
Total	**22,908**	**30,419**

Options to extend the lease are taken into consideration in measuring the lease liabilities if it is reasonably certain that the option will be exercised. To provide for flexibility, there are options to extend the lease under office rental agreements. As it is not reasonably certain that the respective options will be exercised, these were not taken into account in measuring the lease liability. The following future lease-related payments due to the not reasonably certain options to extend the lease were not included in the measurement of lease liabilities:

As of 31 Dec. 2019 (EUR '000)	Future payments from not reasonably certain options to extend the lease	As of 31 Dec. 2018 (EUR '000)	Future payments from not reasonably certain options to extend the lease
Up to 1 year	–	Up to 1 year	–
1–3 years	2,607	1–3 years	713
3–5 years	3,912	3–5 years	3,718
More than 5 years	31,415	More than 5 years	33,887
Total	**37,934**	**Total**	**38,318**

Leases not yet commenced of EUR 51,618 thousand were entered into in the 2018 financial year. These relate to the conclusion by Scout24 AG of a rental agreement for an office building in Berlin that is expected to be made available in the third quarter of 2020.

In addition, leases not yet commenced of EUR 23,608 thousand were entered into in the 2019 financial year. These relate to the conclusion by FFG FINANZCHECK Finanzportale of a rental agreement for an office building in Hamburg. The move is planned for the second quarter of 2020. Due to the sale of AutoScout24,

[128] See note 2.2 Assets held for sale in the 2018 financial year.
[129] See note 2.2 Assets held for sale in the 2018 financial year.

FinanceScout24 and FINANZCHECK, the agreement is attributable to the assets and liabilities held for sale. For details see note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.

4.7 PROPERTY, PLANT AND EQUIPMENT

(EUR '000)	Leasehold improvements	Other equipment, furniture and fixtures	Total
Cost			
Balance at 1 Jan. 2018	**160**	**26,942**	**27,102**
Additions to the consolidation scope	130	1,718	1,848
Disposals from the consolidation scope	–	–302	–302
Additions	2,658	6,997	9,655
Disposals	–19	–305	–324
Classification as assets held for sale	–	–	–
Balance at 31 Dec. 2018[130] (adjusted)/1 Jan. 2019	**2,929**	**35,050**	**37,980**
Additions to the consolidation scope	–	–	–
Disposals from the consolidation scope	–	–	–
Additions	43	2,312	2,355
Disposals	–	–488	–488
Classification as assets held for sale	–292	–12,381	–12,673
Balance at 31 Dec. 2019	**2,680**	**24,493**	**27,173**
Accumulated depreciation and impairment			
Balance at 1 Jan. 2018	**–158**	**–18,783**	**–18,941**
Additions to the consolidation scope	–64	–844	–908
Disposals from the consolidation scope	–	272	272
Additions (depreciation)	–139	–4,739	–4,877
Additions (impairment)	–	–	–
Disposals	19	136	155
Classification as assets held for sale	–	–	–
Balance at 31 Dec. 2018[131] (adjusted)/1 Jan. 2019	**–342**	**–23,958**	**–24,300**
Additions to the consolidation scope	–	–	–
Disposals from the consolidation scope	–	–	–
Additions (depreciation)	–294	–4,268	–4,562
Additions (impairment)	–	–	–
Disposals	–	382	382
Classification as assets held for sale	253	9,802	10,055
Balance at 31 Dec. 2019	**–384**	**–18,042**	**–18,426**
Carrying amounts			
Balance at 31 Dec. 2018[132] (adjusted)	**2,587**	**11,092**	**13,679**
Balance at 31 Dec. 2019	**2,296**	**6,451**	**8,747**

There are customary retentions of title relating to purchase transactions.

[130] See note 2.2 Assets held for sale in the 2018 financial year.
[131] See note 2.2 Assets held for sale in the 2018 financial year.
[132] See note 2.2 Assets held for sale in the 2018 financial year.

4.8 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The associates and joint ventures included in the consolidated financial statements are accounted for using the equity method at the Group's share in equity.

The table below presents an overview of associates as of 31 December 2019 and 31 December 2018:

Name of entity	Registered office	Interest	Nature of investment	31 Dec. 2019 Measurement method	31 Dec. 2018[133] (adjusted) Measurement method
SUMAUTO MOTOR, S.L. (in 2018: Alpinia Investments 2018, S.L.U.)	Madrid, Spain	49.999 %	Associate	Equity[134]	Equity
Energieausweis48 GmbH	Cologne, Germany	50.00 %	Joint ventures	Equity	Equity
eleven55 GmbH	Berlin, Germany	25.004 %	Associate	Equity	Equity

On 21 December 2018, AutoScout24 GmbH, Munich contributed 100.00 % of the shares in AutoScout24 España S.A., Madrid, Spain, to SUMAUTO MOTOR S.L., Madrid, Spain (formerly: Alpinia Investments 2018, S.L.U., Madrid, Spain), a joint venture with the Vocento group which in its turn contributed Autocasión Hoy, S.A. In return, AutoScout24 GmbH received 49.999 % of the shares in SUMAUTO MOTOR S.L.

SUMAUTO MOTOR S.L. is of strategic importance for AutoScout24. The objective of the joint venture is to gain a leading position on the Spanish online car market. A provisional difference was reported because the identification and measurement of the associate's assets and liabilities acquired had not yet been completed as of 31 December 2018. The purchase price allocation was completed in the 2019 financial year and the disclosures for 2018 have been adjusted accordingly:

[133] See note 2.2 Assets held for sale in the 2018 financial year.
[134] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.

(EUR '000)	2018 (adjusted)
Fair value of the investment acquired in the associate (49.999 %)	37,500
Acquisition-related costs	602
Consideration	**38,102**
Acquisition-date fair value of identified assets and liabilities	
Non-current assets	13,437
Current assets	3,187
Non-current liabilities	–2,295
Current liabilities	–2,168
Net assets (100 %)	**12,161**
Group's share of net assets (49.999 %)	6,079
Goodwill	32,023
Carrying amount of the investment in the associate	**38,102**
Revenue	–
Earnings from discontinued operations (100 %)	–
Share in total comprehensive income (49.999 %)	–

The condensed financial information for the associate SUMAUTO MOTOR S.L. is provided in the table below. The information has been derived from the most recent financial statements available. The entity's reporting date is 31 December. It is not listed on a stock exchange.

(EUR '000)	31 Dec. 2019	31 Dec. 2018
Scout24 Group interest	**49.999 %**	**49.999 %**
Non-current assets	12,732	13,437
Current assets	2,665	3,187
Non-current liabilities	–1,530	–2,295
Current liabilities	–2,666	–2,168
Net assets (100 %)	**11,201**	**12,161**
Group's share of net assets	5,600	6,079
Goodwill	32,023	32,023
Carrying amount of the investment in the associate	**37,623**	**38,102**
Revenue	14,717	–
Profit/loss for the period (100 %)	2,675	–
Group's share of profit/loss	**1,337**	**–**
Dividends received by the Group	**1,250**	**–**

The interest held in SUMAUTO MOTOR S.L. will be transferred in its entirety as part of the sale of the shares in AutoScout24. Accordingly, the associate is reported under assets held for sale and earnings from discontinued operations.[135]

[135] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.

The condensed financial information for the immaterial joint venture, adjusted to the interest held by Scout24, is provided in the tables below:

(EUR '000)	31 Dec. 2019	31 Dec. 2018[136] (adjusted)
Carrying amount of Energieausweis48 GmbH	247	223

(EUR '000)	2019	2018[137] (adjusted)
Earnings from continuing operations	150	156
Earnings from discontinued operations	–	–
Other comprehensive income	–	–
Total comprehensive income	**150**	**156**
Dividends received	**125**	**–**

The cumulative share in profits from the joint venture accounted for using the equity method amounted to EUR 372 thousand (previous year: EUR 223 thousand). Energieausweis48 GmbH can adopt resolutions only by both venturers acting jointly.

The condensed financial information for the immaterial associate, adjusted to the interest held by Scout24, is provided in the tables below:

(EUR '000)	31 Dec. 2019	31 Dec. 2018
Carrying amount of eleven55 GmbH	0	882
(EUR '000)	**2019**	**2018**
Earnings from continuing operations	–882	–103
Earnings from discontinued operations	–	–
Other comprehensive income	–	–
Total comprehensive income	**–882**	**–103**

As of 30 June 2019, there was objective evidence of impairment relating to the associate eleven55 GmbH, Berlin. The impairment loss of EUR 870 thousand on the investment accounted for using the equity method was recognised within profit/loss from investments accounted for using the equity method. The cumulative share in losses from the associate accounted for using the equity method amounted to EUR –1,050 thousand (previous year: EUR –168 thousand).

The investments of continuing operations accounted for using the equity method had a headcount of 8 as of 31 December 2019 (previous year (adjusted):[138] 9). The headcount of the associate that is part of the discontinued operations was 53 as of 31 December 2019 (previous year: 57).

There are no contingent liabilities with respect to the indirect shares held by Scout24 in associates.

[136] See note 2.2 Assets held for sale in the 2018 financial year.
[137] See note 2.2 Assets held for sale in the 2018 financial year.
[138] See note 2.2 Assets held for sale in the 2018 financial year.

4.9 TRADE PAYABLES

The trade payables of EUR 17,905 thousand (previous year (adjusted):[139] EUR 38,103 thousand) include trade payables to third parties of EUR 17,903 thousand (previous year (adjusted): EUR 38,052 thousand) and trade payables due to associates of EUR 3 thousand (previous year: EUR 51 thousand). Trade payables classified as held for sale as of 31 December 2019 are presented in note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.

4.10 FINANCIAL LIABILITIES

As of the reporting date, financial liabilities comprise the following items. Financial liabilities classified as held for sale are not included in the table below as of 31 December 2019.[140]

(EUR '000)	31 Dec. 2019	31 Dec. 2018[141] (adjusted)
Current		
Liabilities from loans	22,634	21,767
Other liabilities to banks	2,327	–
Debtors with credit balances[142]	1,705	1,644
Liabilities to associates	–	1,077
Liabilities from business combinations	–	560
Total	**26,666**	**25,048**
Non-current		
Liabilities from loans	606,518	540,378
Promissory note loan	196,587	214,289
Derivative financial instruments	2,094	1,353
Total	**805,199**	**756,020**

On 19 December 2016, Scout24 AG signed a lending agreement with a syndicate of eleven European banks (term and revolving facilities agreement, "FA") with a term until December 2021. The FA comprised a term loan of EUR 600,000 thousand and a revolving credit line of EUR 200,000 thousand.

The interest rate for the facilities drawn was based on the EURIBOR plus an interest margin tied to the ratio of ordinary operating EBITDA to net debt. A floor of 0.0 % was set for the EURIBOR in the FA.

A total amount of EUR 680,000 thousand was disbursed on 29 December 2016, with an amount of EUR 80,000 thousand drawn from the revolving credit facility.

[139] See note 2.2 Assets held for sale in the 2018 financial year.
[140] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.
[141] See note 2.2 Assets held for sale in the 2018 financial year.
[142] To improve transparency, an amount of EUR 1,644 thousand was reclassified retrospectively from other liabilities to financial liabilities as of 31 December 2018.

Incidental costs of obtaining the FA were deducted from the original fair value of the loans and amortised through profit or loss over the term of the loans 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 amortised through profit or loss over the term of the loan.

No collateral was provided for the FA.

In the 2017 financial year, EUR 30,000 thousand was repaid on the term loan and EUR 30,000 thousand on the revolving credit line.

On 16 March 2018, Scout24 AG issued a promissory note loan of EUR 215,000 thousand. The loan comprises seven tranches (coupons) with terms ranging between three and six years.

Depending on the tranche, fixed or floating rates of interest were agreed. The fixed interest rate is based on the midswap rate (ICAP). The floating rate of interest is based on the EURIBOR. An interest margin is added to both interest rates. The floating rate includes a floor of 0.0 % for the EURIBOR. The interest margin for the fixed rate ranges between 0.75 % and 1.05 %. The range for the floating rate is between 0.75 % and 0.95 %. If the ratio of ordinary operating EBITDA to net debt were to exceed 3.25, the interest margins of the promissory note tranches would increase by 0.50 % in each case.

The promissory note loan was paid out in full on 28 March 2018. On 29 March 2018, an early repayment of EUR 250,000 thousand was made on the term loan under the FA concluded in the 2016 financial year, partly using the promissory note loan and partly from cash reserves.

On the basis of the agreed-upon interest rates and taking into account the incidental costs of obtaining the promissory note loan, an effective interest rate was determined for each tranche that is used to amortise the transaction costs attributable to the tranches over the term to maturity.

No collateral was provided for the promissory note loan.

An early repayment of fixed-interest promissory notes totalling EUR 18,000 thousand was made on 25 April 2019.

As of 31 December 2019, the promissory note loan amounted to a nominal EUR 197,000 thousand (previous year: EUR 215,000 thousand).

On 16 July 2018, Scout24 signed the EUR 1,000,000,000 term loan and RFA. The RFA comprises a term loan facility (facility A) of EUR 300,000 thousand, revolving credit facility I (revolving facility I) of EUR 200,000 thousand and revolving credit facility II (revolving facility II) of EUR 500,000 thousand. The term to maturity of facility A and of revolving facility I is five years. Revolving facility II has a term of three years, including two prolongation options of one year each. No collateral was provided for under the EUR 1,000,000,000 term and revolving facilities agreement.

The interest rate for the facilities drawn is based on the EURIBOR plus an interest margin tied to the ratio of ordinary operating EBITDA to net debt. A floor of 0.0 % was set for the EURIBOR in the RFA. The interest margin for facility A was 1.15 % as of 31 December 2019 (previous year: 1.35 %). The interest margins for revolving facility I and revolving facility II are 0.85 % and 0.80 % respectively (previous year: 1.05 % and 1.00 % respectively).

Facility A was paid out on 19 July 2018. For accounting purposes, this constitutes a non-substantial modification as defined by IFRS 9 of the existing term loan under the FA. The incidental costs deducted from the original loans at the date of the non-substantial modification were reduced in proportion to the nominal value. In addition, these costs were increased by the anticipated positive interest effect arising from the modification as a result of the improved interest conditions. The incidental costs of obtaining the promissory note loan and facility A are amortised using the effective interest method. The incidental costs of obtaining revolving facility I and revolving facility II are expensed on a straight-line basis in line with utilisation.

With respect to the embedded interest floor in connection with the term loan under the FA, the non-substantial modification did not result in any significant changes. The embedded interest-rate floor in connection with revolving facility A was deducted from facility A and is amortised through profit or loss over the term of the loan. This is reported under non-current derivative financial instruments.

An amount of EUR 250,000 thousand was drawn under revolving facility II on 28 August 2018. The loan was used to acquire the FINANZCHECK group. An early repayment of EUR 50,000 thousand was made on revolving facility I on 29 December 2018.

An early repayment of EUR 35,000 thousand was made on revolving facility II on 24 May 2019.

On 19 July 2019, Scout24 AG announced the implementation of a share buyback programme of up to EUR 300,000 thousand. The share buyback programme was launched on 2 September 2019. For this purpose, an amount of EUR 100,000 thousand was drawn under revolving facility II on 4 September 2019.

As of 31 December 2019, the RFA loan amounted to a nominal EUR 635,000 thousand (previous year: EUR 570,000 thousand).

In addition, Scout24 AG has a guarantee facility of up to EUR 1,917 thousand. As of 31 December 2019, the guarantee facility amounted to EUR 724 thousand (previous year: EUR 1,094 thousand).

Other liabilities to banks of EUR 2,327 thousand are attributable to the purchase of treasury shares. For more information on the share buyback programme, see note 4.15 Equity.

4.11 OTHER PROVISIONS

(EUR '000)	Provisions for litigation risks	Personnel-related provisions	Reorganisation provisions	Provisions for share-based payments	Other provisions	Total
Balance at 31 Dec. 2018[143] (adjusted)/ 1 Jan. 2019	**175**	**37**	**2,285**	**18,163**	**1,528**	**22,187**
of which current	*77*	*–*	*2,285*	*6,609*	*2*	*8,973*
Changes in the consolidation scope	–	–	–	–	–	–
Increase	60	–	4,482	35,463	36,776	76,782
Utilisation	–3	–33	–547	–4,528	–42	–5,153
Reclassifications	–	–	–	–	–	–
Classification as held for sale	–94	–	–377	–	–85	–557
Reversal	–54	–4	–181	–	–	–238
Interest effect	–	–	–	–	–	–
Balance at 31 Dec. 2019	**84**	**–**	**5,662**	**49,098**	**38,177**	**93,021**
of which current	*84*	*–*	*5,662*	*5,665*	*36,627*	*48,038*

Provisions for litigation risks relate mainly to disputes with employees. The various uncertainties in relation to the level of this provision were measured sufficiently.

The increase in other provisions mainly relates to the sale of AutoScout24, FinanceScout24 and FINANZCHECK (see note 2.1 Discontinued operations and assets held for sale in the 2019 financial year). In addition, the increase in other provisions relates to personnel expenses associated with the settlement of a share-based payment programme due to the sale of AutoScout24 and FINANZCHECK (see note 5.3 Share-based payments).

The reorganisation provisions in the reporting period and the previous year relate to reorganisation measures. The respective employees received offers to terminate their employment contracts, most of which will come to bear in the subsequent year.

The increase in the provisions for share-based payments is attributable above all to the long-term incentive programme (LTIP 2018). For details see note 5.3 Share-based payments.

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

The outflow of resources is mainly expected within the next financial year – at the amount shown as current above. For the amount shown as non-current, an outflow of resources of EUR 44,319 thousand (previous year (adjusted):[144] EUR 12,555 thousand) is expected within the next two to five years and EUR 664 thousand (previous year: EUR 672 thousand) for the period of more than five years.

[143] See note 2.2 Assets held for sale in the 2018 financial year.
[144] See note 2.2 Assets held for sale in the 2018 financial year.

4.12 CONTRACT LIABILITIES

Contract liabilities of EUR 8,339 thousand (previous year: EUR 9,873 thousand) reflect the Group's obligation to transfer services to its customers for which it has received consideration. For further details see note 3.1 Revenue.

4.13 OTHER LIABILITIES

Other liabilities comprised the following as of the respective reporting dates. Other liabilities classified as held for sale are not included in the table below as of 31 December 2019.[145]

(EUR '000)	31 Dec. 2019	31 Dec. 2018[146] (adjusted)
Current		
Liabilities to employees	10,545	13,350
Taxes other than income taxes	5,005	7,011
Other deferred income	419	411
Other[147]	223	553
Total	**16,192**	**21,324**
Non-current		
Other deferred income	1,647	2,077
Liabilities to employees	464	560
Other	36	9
Total	**2,148**	**2,646**

The liabilities to employees essentially comprise liabilities arising from bonus agreements.

4.14 PENSIONS AND SIMILAR OBLIGATIONS

The Group has post-employment benefit obligations 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 to be paid for the statutory pension insurance system in Germany are deemed defined contribution plans. The Group's payments to defined contribution pension plans are primarily contributions for the statutory pension insurance systems in Germany. In the reporting period, expenses relating to defined contribution pension plans of continuing operations amounted to EUR 5,227 thousand (previous year (adjusted):[148] EUR 5,138 thousand).

[145] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.
[146] See note 2.2 Assets held for sale in the 2018 financial year.
[147] To improve transparency, an amount of EUR 1,644 thousand was reclassified retrospectively from other liabilities to financial liabilities as of 31 December 2018.
[148] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.

The defined benefit obligations remaining as of 31 December 2019 relate exclusively to the entity AutoScout24 Italia S.R.L., i.e. discontinued operations. The defined benefit obligations 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 (Article 2120 Codice Civile). The benefit obligation is accrued annually in the amount of the respective pensionable salary and discounted in accordance with the development of inflation. This plan has no plan assets. As of 31 December 2019, the benefit obligations from defined benefit pension plans amount to EUR 695 thousand (previous year: EUR 546 thousand).

The defined benefit obligation developed as follows:

(EUR '000)	**DBO**
Balance at 1 Jan. 2019	546
Service cost	98
Net interest cost	8
Gains/losses on remeasurement	85
of which:	
Actuarial gains/losses from experience adjustments	27
Actuarial gains/losses from changes in financial assumptions	54
Actuarial gains/losses from changes in demographic assumptions	4
Benefits paid	–42
Balance	695
Classified as liabilities associated with assets held for sale	–695
Balance at 31 Dec. 2019	**0**

The following actuarial assumptions were applied for Italy in determining pension provisions as of 31 December 2019: interest rate of 0.50 % (previous year: 1.45 %), salary increase of 3.50 % (previous year: 3.50 %) and inflation of 1.70 % (previous year: 1.70 %).

The pension obligations in Italy have a term of 8.8 years (previous year: 8.6 years).

In the 2020 financial year, benefits of EUR 57 thousand are expected to be paid to plan participants by the entity. In the previous year, the entity paid benefits of EUR 51 thousand to plan participants.

4.15 EQUITY

Subscribed share capital

The subscribed share capital amounts to EUR 107,600 thousand as of 31 December 2019 (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. The subscribed share capital is not available for distribution.

A total of 105,162,959 shares are outstanding as of the reporting date (previous year: 107,600,000).

Shares outstanding	Number
Balance at 1 Jan. 2018	**107,600,000**
Purchase of treasury shares	–
Issue of treasury shares	–
Balance at 31 Dec. 2018	**107,600,000**
Balance at 1 Jan. 2019	**107,600,000**
Purchase of treasury shares	−2,437,041
Issue of treasury shares	–
Balance at 31 Dec. 2019	**105,162,959**

Authorised capital

Pursuant to the Company's Articles of Association, the Management Board of Scout24 AG, Munich, is authorised to increase the Company's share capital, with the Supervisory Board's approval, in one or several tranches up until (and including) 3 September 2020, by issuing new registered no-par-value shares in return for contributions in cash and/or in kind, by an amount of up to EUR 50,000 thousand in total (authorised capital 2015). The shareholders must generally be granted subscription rights in this context. However, the Management Board is authorised, with the approval of the Supervisory Board, to exclude such subscription rights in certain cases.

Conditional capital

The Company's share capital was increased conditionally by resolution of the Annual General Meeting on 21 June 2018. The conditional capital amounts to EUR 10,760 thousand and is divided into 10,760,000 no-par-value shares (conditional capital 2018).

The conditional capital increase is intended to grant shares to holders or creditors of the bonds with warrants, convertible bonds, profit participation rights and/or participating bonds (or any combination of such instruments) issued on the basis of the authorisation by the Annual General Meeting of 21 June 2018 when they exercise the warrants or conversion rights or fulfil their warrants or conversion duties.

The conditional capital increase will only be carried out to the extent that

(a) holders or creditors of bonds with warrants, convertible bonds, profit participation rights, and/or participating bonds (or any combination of such instruments) with warrants or conversion rights issued or guaranteed by Scout24 AG or its direct or indirect majority shareholdings until 20 June 2023 on the basis of the authorisation of the Annual General Meeting of 21 June 2018 make use of their warrants or conversion rights, or

(b) the parties liable to fulfil the obligations from bonds with warrants, convertible bonds, profit participation rights and/or participating bonds (or any combination of such instruments) with warrants or conversion rights issued or guaranteed by Scout24 AG or its direct or indirect majority shareholdings until 20 June 2023 on the basis of the authorisation of the Annual General Meeting of 21 June 2018 fulfil their warrants or conversion obligation (also in the event of Scout24 AG exercising its repayment option upon maturity to grant shares instead of cash payment for all or some of the amount due) and no other forms of settlement are used.

The new shares are fully entitled to participate in the profit from the beginning of the financial year in which the warrant or conversion duty arises.

The Supervisory Board is authorised to amend the related wording in the Articles of Association with reference to the respective utilisation of conditional capital and upon expiry of all warrant and conversion periods.

Treasury shares

The Company's Management Board was authorised by Scout24 AG's Annual General Meeting of 8 June 2017 to purchase treasury shares pursuant to Article 71 (1) No. 8 of the German Stock Corporation Act (AktG); the Management Board is thus authorised to purchase treasury shares for any permissible purpose within the context of statutory restrictions and under certain terms.

Exercising this authorisation, Scout24 AG's Management Board announced on 19 July 2019 its intention to implement a share buyback programme of up to EUR 300 million. Based on the share price at the time, that corresponded to approximately 6 % of the share capital. The shares will be repurchased in several tranches over a period of no more than twelve months from 2 September 2019 to 1 September 2020 at the latest. The first tranche with a volume of EUR 150 million commenced on 2 September 2019 and ended on 31 January 2020.

The Supervisory Board approved the share buyback programme. The treasury shares are repurchased for legally permitted purposes.

In the period from 2 September 2019 to 31 December 2019, the Company repurchased a total of 2,437,041 treasury shares in the buyback of the first tranche. The transaction costs incurred amounted to EUR 94 thousand and were deduction from equity, taking into account the attributable tax effect (EUR 30 thousand).

Treasury shares developed as follows:

Treasury shares (EUR '000)	Number	Tranche	Transaction costs*	Total
Balance at 1 Jan. 2019	**0**	**–**	**–**	**–**
Purchase of treasury shares	2,437,041	129,507	64	129,571
Issue of treasury shares	0	–	–	–
Balance at 31 Dec. 2019	**2,437,041**	**129,507**	**64**	**129,571**

* Taking into account the tax effect.

By the end of the period for the first tranche on 31 January 2020, the number of purchased treasury shares had increased to 2,793,873 in total.

Capital reserve

As of 31 December 2019, the capital reserve amounted to EUR 171,133 thousand (previous year: EUR 423,689 thousand) and stems primarily from capital increases in the 2014 financial year and the IPO on 1 October 2015. As a result of the IPO, proceeds of EUR 228,000 thousand accrued to the Company, of which EUR 220,400 thousand was 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).

In the course of a capital increase from the Company's own funds in the 2015 financial year, an amount of EUR 98,000 thousand of the capital reserve was converted to subscribed share capital.

In the separate financial statements of Scout24 AG as of 31 December 2018 prepared in accordance with German commercial law, an amount of EUR 252,632 thousand was withdrawn from the capital reserve and transferred to retained earnings (see the consolidated financial statements as of 31 December 2018, note 5.8. Events after the reporting period) The same reclassification was made in the IFRS consolidated financial statements in the first half of 2019.

In addition, an amount of EUR 77 thousand (previous year: EUR 387 thousand) was allocated to the capital reserve in connection with share-based payments and their settlement in treasury shares; also see note 5.3 Share-based payments.

Of the capital reserve, an amount of EUR 170,324 thousand (as of 31 December 2018: EUR 170,324 thousand) is frozen for any distribution.

Retained earnings

The retained earnings as of the reporting date contains undistributed profits from previous financial years as well as the profit or loss for the reporting period (31 December 2019: EUR 904,083 thousand; previous year: EUR 640,296 thousand).

In addition, in the first six months of 2019, an amount of EUR 252,632 thousand was withdrawn from the capital reserve and transferred to retained earnings.

Measurement of pension obligations and measurement of pension obligations associated with assets held for sale

Equity is reduced by EUR 206 thousand (previous year: EUR 121 thousand) for actuarial losses from defined benefit obligations. This item relates exclusively to the entity AutoScout24 Italia S.R.L. and therefore to discontinued operations and assets held for sale.

Other reserves

Other reserves primarily include currency translation differences. In addition, other reserves were reduced by EUR 180 thousand as of 31 December 2019 as a result of the full write-down due to impairment of a financial asset measured at fair value through other comprehensive income (Salz & Brot Internet GmbH, also see note 4.3 Financial assets).

Dividends

Based on a corresponding resolution of the Annual General Meeting, in the 2019 financial year the Company paid a dividend of EUR 68,864 thousand (previous year: EUR 60,256 thousand) to its dividend-entitled shareholders, equivalent to EUR 0.64 (previous year: EUR 0.56) per dividend-entitled share.

5 Other notes

5.1 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

The statement of cash flows 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 and cash equivalents presented in the statement of cash flows comprise all cash reported in the statement of financial position.

The indirect method is used for cash flow from operating activities and the direct method is used for cash flow from financing and investing activities. Effects from currency translation and changes in the consolidation scope were eliminated in the calculation.

Total liabilities from financing activities changed as follows in the past financial year:

(EUR '000)	31 Dec. 2018[149] (adjusted)	Cash	Non-cash			31 Dec. 2019
			Fair value changes	Other changes	Classification as held for sale	
Liabilities from loans	776,434	36,414	–	12,890	–	825,739
Other liabilities to banks	–	–	–	2,327	–	2,327
Derivative financial instruments	1,353	–	741	–	–	2,094
Liabilities to associates	1,077	–1,077	–	–	–	–
Lease liabilities	30,419	–8,391	–	3,783	–2,903	22,908
Other	560	–560	–	-	–	-
Total	**809,843**	**26,386**	**741**	**19,001**	**–2,903**	**853,068**

[149] See note 2.2 Assets held for sale in the 2018 financial year.

(EUR '000)	31 Dec. 2017	IFRS 16 transitional effect	1 Jan. 2018	Cash	Non-cash				31 Dec. 2018[150] (adjusted)
					Acquisition/sale of subsidiaries	Exchange rate changes	Fair value changes	Other changes	
Liabilities to banks	613,510	–	613,510	155,548	–	–	–	7,376	776,434
Liabilities to third parties	879	–	879	–879	–	–	–	–	–
Derivative financial instruments	2,380	–	2,380	–	–	–	–1,027	–	1,353
Liabilities to associates	700	–	700	–	727	–	–	–350	1,077
Lease liabilities	86	16,850	16,936	–6,079	1,345	–	–	18,217	30,419
Interest payable to banks	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	560	–	–	-	560
Total	**617,555**	**16,850**	**634,405**	**148,590**	**2,632**	**–**	**–1,027**	**25,243**	**809,843**

5.2 DISCLOSURES ON FINANCIAL INSTRUMENTS

Carrying amounts and fair values

The following table presents the reconciliation of the statement of financial position items and the categories pursuant to IFRS 9, analysed by category and with respect to fair value by class. Financial assets and financial liabilities classified as held for sale are not included in the table below (see note 2.1 Discontinued operations and assets held for sale in the 2019 financial year). Their carrying amount is an appropriate approximation of their fair value.

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: Inputs are unadjusted quoted prices in an active market for identical assets or liabilities that the Company can access at the measurement date
- Level 2: Significant inputs other than those included in Level 1 that are observable, either directly or indirectly
- Level 3: Inputs including at least one unobservable significant input.

[150] See note 2.2 Assets held for sale in the 2018 financial year.

For reclassification between the individual levels of the fair value hierarchy it is assumed that they are performed at the end of the period. In both reporting periods, there were no reclassifications between levels 1 and 2.

AMOUNT RECOGNISED IN ACCORDANCE WITH IFRS 9

(EUR '000)	Measurement category under IFRS 9	Carrying amount as of 31 Dec. 2019	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Fair value as of 31 Dec. 2019	Level of the fair value hierarchy
Assets							
Cash and cash equivalents	FAAC	65,574	65,574	–	–	n/a	
Trade receivables	FAAC	31,241	31,241	–	–	n/a	
Current financial assets	FAAC	1,290	1,290	–	–	n/a	
Non-current financial assets	FAAC	2,525	2,525	–	–	2,515	2
Equity and liabilities							
Trade payables	FLAC	17,905	17905	–	–	n/a	
Current financial liabilities		31,500					
Lease liabilities	n/a	4,834	4,834	–	–	n/a	
Liabilities from share buyback programme	FLAC	2,327	2,327	-	-	2,327	2
Other current financial liabilities	FLAC	24,339	24,339	–	–	n/a	
Non-current financial liabilities		823,275					
Derivative financial instruments	FLFVTPL	2,094	–	–	2,094	2,094	2
Lease liabilities	n/a	18,075	18,075	–	–	n/a	
Other non-current financial liabilities	FLAC	803,106	803,106	–	–	807,128	2
Of which aggregated by IFRS 9 category							
Financial assets measured at amortised cost	FAAC	100,630					

(EUR '000)	Measurement category under IFRS 9	Carrying amount as of 31 Dec. 2019	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Fair value as of 31 Dec. 2019	Level of the fair value hierarchy
Financial assets measured at amortised cost	FAAC	100,630					
Financial liabilities measured at amortised cost	FLAC	847,677					
Financial liabilities measured at fair value through profit or loss	FLFVTPL	2,094					

Cash, trade receivables as well as other current financial assets and liabilities essentially have a short residual term. Therefore, their carrying amounts as of the end of the reporting period approximate their fair value. The carrying amount of current financial liabilities approximates their fair value as of the reporting date.

Current financial assets mainly include creditors with debit balances. Due to the short-term maturity of these items, the carrying amount represents an appropriate approximation of their fair value. The receivables of EUR 5,300 thousand recognised as of 31 December 2018 from the sale of classmarkets GmbH were settled in the 2019 financial year. In addition, financial assets as of 31 December 2019 and 31 December 2018 include short-term rent deposits. Due to the short-term maturity of these items, the carrying amount represents an appropriate approximation of their fair value.

Non-current financial assets comprise deferred transaction costs attributable to the revolving credit line. In the previous year, non-current financial assets comprised investments in other entities' equity instruments that were recognised at fair value through other comprehensive income (FAFVOCI). This investment of EUR 180 thousand in Salz & Brot Internet GmbH reported as of 31 December 2018 was written off in full in the 2019 financial year. The impairment loss was recognised through other comprehensive income. Sundry financial assets include long-term rent deposits of EUR 867 thousand, whose fair values are calculated using a discounted cash flow model based on risk-free market interest rates in the form of German government bonds, and a credit risk premium derived from corporate bonds with a corresponding rating. As all inputs are directly or indirectly observable, the instruments are assigned to level 2.

Current financial liabilities mainly comprise the revolving credit facility of EUR 20,000 thousand. The last instalment of the purchase price for the acquisition of eleven55 GmbH, which had been reported as a liability of EUR 350 thousand as of 31 December 2018, was paid in the 2019 financial year. The liability for contingent consideration reported as of 31 December 2018 in connection with the acquisition of immosuma GmbH was also settled in the 2019 financial year. Current financial liabilities additionally include an obligation from Scout24 AG's share buyback programme amounting to EUR 2,327 thousand. The share buyback programme permits Scout24 AG to repurchase shares in a volume of up to EUR 300,000 thousand. In the first tranche, shares worth EUR 129,507 thousand were repurchased by the reporting date.

Non-current financial liabilities at amortised cost (FLAC) are measured using the effective interest method. There were no changes in valuation techniques in the reporting period.

Non-current financial liabilities mostly consist of the liabilities relating to the loan concluded in December 2016 (term and revolving facilities agreement, hereinafter "FA") and the liabilities for the promissory note loan issued in March 2018. The liabilities' fair value is calculated using a discounted cash flow model based on a discount rate derived from the risk-free market rate adjusted to reflect an appropriate credit risk premium. Premiums on corporate bonds with the same rating as Scout24 were utilised for the credit risk premium. In addition, in the 2019 financial year a repayment of EUR 35,000 thousand was made on the revolving facility II that was drawn in August 2018 and is reported under other non-current liabilities, and the facility was subsequently increased by EUR 100,000 thousand to EUR 315,000 thousand. Furthermore, an early repayment of fixed-interest promissory notes totalling EUR 18,000 thousand was made in the 2019 financial year.

The fair value of the interest-rate floor was determined using observable market data as of 31 December 2019 and is allocated to level 2 accordingly.

The table below presents the reconciliation as of 31 December 2018 of the statement of financial position items and the categories pursuant to IFRS 9, analysed by category and with respect to fair value by class:

AMOUNT RECOGNISED IN ACCORDANCE WITH IFRS 9

(EUR '000)	Measurement category under IFRS 9	Carrying amount as of 31 Dec. 2018[151] (adjusted)	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Fair value as of 31 Dec. 2018[152] (adjusted)	Level of the fair value hierarchy
Assets							
Cash and cash equivalents	FAAC	59,202	59,202	–	–	n/a	
Trade receivables	FAAC	59,378	59,378	–	–	n/a	
Current financial assets	FAAC	8,139	8,139	–	–	n/a	
Non-current financial assets		3,569					
Financial assets (investments)	FAFVOCI	180	–	180	–	n/a	
Other non-current financial assets	FAAC	3,389	3,389	-	-	3,328	2
Equity and liabilities							
Trade payables	FLAC	38,103	38,103	-	-	n/a	
Current financial liabilities		31,668					
Lease liabilities	n/a	6,620	6,620	–	–	n/a	
Liability for contingent considera-tion	FLFVTPL	560	–	–	560	560	3
Other current financial liabilities[153]	FLAC	24,488	24,488	-	-	n/a	

[151] See note 2.2 Assets held for sale in the 2018 financial year.
[152] See note 2.2 Assets held for sale in the 2018 financial year.
[153] To improve transparency, an amount of EUR 1,644 thousand was reclassified retrospectively from other liabilities to financial liabilities as of 31 December 2018. For details see note 4.10 Financial liabilities.

(EUR '000)	Measurement category under IFRS 9	Carrying amount as of 31 Dec. 2018[151] (adjusted)	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Fair value as of 31 Dec. 2018[152] (adjusted)	Level of the fair value hierarchy
Non-current financial liabilities		779,819					
Derivative financial instruments	FLFVTPL	1,353	–	–	1,353	1,353	2
Lease liabilities	n/a	23,799	23,799		–	n/a	
Other non-current financial liabilities	FLAC	754,668	754,668	–	–	719,766	2
Of which aggregated by IFRS 9 category							
Financial assets measured at amortised cost	FAAC	130,108					
Financial liabilities measured at amortised cost	FLAC	817,258					
Financial liabilities measured at fair value through profit or loss	FLFVTPL	1,913					
Financial assets measured at fair value through other comprehensive income	FAFVOCI	180					

The liability for contingent consideration, which is assigned to level 3 of the fair value hierarchy, was settled in August 2019. The table below shows an overview of changes in level 3 instruments (liability for contingent consideration) for the reporting period from 1 January 2019 to 31 December 2019 and the previous year:

(EUR '000)	2019	2018
Balance at 1 January	**560**	**–**
New liabilities for contingent consideration	–	560
Settled liabilities for contingent consideration	–560	–
Total for the period reported under other operating expenses/income	–	–
Balance at 31 December	**–**	**560**
Changes in unrealised losses for the period included in gains/losses from liabilities held at the end of the period	–	–

Net gains/losses

Net gains and losses were allocated as follows to the IFRS 9 categories in the financial year with respect to continuing operations:

(EUR '000)	Measurement category under IFRS 9	2019	2018
Financial assets measured at amortised cost	FAAC	–900	7,945
Financial liabilities measured at amortised cost	FLAC	–13,598	–16,672
Financial assets and liabilities measured at fair value through profit or loss	FAFVTPL/FLFVTPL	–741	1,027
Recognised in profit or loss with respect to continuing operations	**Total**	**–15,239**	**–7,699**
Financial assets measured at fair value through other comprehensive income	FAFVOCI	–180	–
Recognised in other comprehensive income		**–180**	**–**

Net gains and losses were allocated as follows to the IFRS 9 categories in the financial year with respect to the operations classified as discontinued operations in accordance with IFRS 5 (see note 2.1 Discontinued operations and assets held for sale in the 2019 financial year):

(EUR '000)	Measurement category under IFRS 9	2019	2018
Financial assets measured at amortised cost	FAAC	–2,096	33,602
Financial liabilities measured at amortised cost	FLAC	–20	–1,969
Financial assets and liabilities measured at fair value through profit or loss	FAFVTPL/FLFVTPL	–	–
Recognised in earnings from discontinued operations	**Total**	**–2,117**	**31,633**
Financial assets measured at fair value through other comprehensive income	FAFVOCI	–	–
Recognised in other comprehensive income		**–**	**–**

The net gains and losses in the FAAC measurement category include primarily interest income and gains/-losses on loss allowances for receivables. The net gains and losses in the FLAC category comprise price losses on financing arrangements and current interest expenses from applying the effective interest method to loan liabilities. Expenses and income from financial derivatives are included in the net gains and losses of the FAFVTPL/FLFVTPL category.

The interest expenses from applying the effective interest method amounted to EUR 13,592 thousand (previous year: EUR 14,259 thousand) for financial liabilities measured at amortised cost.

Offsetting

Financial assets and liabilities are netted only if an enforceable right to offset exists, and settlement on a net basis is intended as of the reporting date. If, however, no right to offset exists, the financial assets and liabilities are recognised at their respective gross amounts as of the reporting date. Discounts were also taken into consideration.

a) Financial assets

The following financial assets were netted in the statement of financial position. Financial assets classified as held for sale are not included in the table below as of 31 December 2019.[154]

(EUR '000)	31 Dec. 2019	31 Dec. 2018[155] (adjusted)
	Trade receivables	Trade receivables
Gross amount of financial assets	37,638	66,480
Gross amount of financial liabilities netted in the statement of financial position	–6,397	–7,101
Net amount of financial assets recognised in the statement of financial position	31,241	59,378
Amounts not presented on a net basis in the statement of financial position		
Financial instruments	–	–
Collateral received	–	–
Net amount	31,241	59,378

b) Financial liabilities

The following financial liabilities were netted in the statement of financial position. Financial liabilities classified as held for sale are not included in the table below as of 31 December 2019.[156]

[154] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.
[155] See note 2.2 Assets held for sale in the 2018 financial year.
[156] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.

(EUR '000)	31 Dec. 2019	31 Dec. 2018[157] (adjusted)
	Trade payables	Trade payables
Gross amount of financial liabilities	24,303	45,204
Gross amount of financial assets netted in the statement of financial position	–6,397	–7,101
Net amount of financial liabilities recognised in the statement of financial position	17,905	38,103
Amounts not presented on a net basis in the statement of financial position		
Financial instruments	–	–
Collateral received	–	–
Net amount	17,905	38,103

Financial risk management and capital management

The Scout24 Group is exposed to various financial risks, which are explained below as credit risk, liquidity risk, foreign currency risk and interest rate risk. Risk management is performed by Group treasury. Group treasury identifies, assesses 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 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 used. The maximum credit risk was reflected by the carrying amounts of the financial assets recognised in the statement of financial position. No collateral or other credit enhancements existed that would reduce the credit risk from financial assets.

The Group considers a financial asset to be credit-impaired when the probability is remote that the debtor will be able to pay all its credit obligations due to the Group without the Group having to revert to measures such as selling collateral (if provided).

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 significant bad debts is deemed to be relatively low. To the extent that credit risks are identifiable, these are countered with active receivables management as well as credit ratings of customers.

At each reporting date, Scout24 assesses whether any financial assets measured at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred:

[157] See note 2.2 Assets held for sale in the 2018 financial year.

Indicators that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the customer;
- a breach of contract, such as a default or past due event by more than 90 days;
- restructuring of a loan or credit facility by the Group that it would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

A financial asset's gross carrying amount is reduced when the Group has no reasonable expectation of recovering the financial asset in its entirety or a portion thereof.

In accordance with IFRS 9, Scout24 applies the simplified ECL approach for trade receivables based on lifetime expected losses. The expected losses are calculated on the basis of customers' historical payment patterns. At each reporting date, the expected loss over the remaining term is calculated as a percentage in relation to the number of days past due. The estimated ECLs per maturity band were calculated using historical credit loss experience over the past three years. Scout24 calculated the ECLs with respect to the number of days past due.

The risk of impairment increases significantly for outstanding trade receivables that are more than 90 days past due. Unless the outstanding balance is immaterial, item-by-item measurement is performed to estimate ECLs.

For all items other than trade receivables, impairment losses are immaterial to the Group.

Liquidity risk

Liquidity risk describes the risk that Scout24 cannot meet its financial obligations, or can only meet them to a limited extent. Cash requirements are covered by the cash flow from operating activities and external financing under the term and revolving facilities agreement and the promissory note loan. Liquidity risks are monitored and managed centrally for the entire Group by the operating cash management of Scout24. The risk of a potential liquidity shortage is monitored by means of periodic liquidity planning and monthly cash flow analyses. The due dates of financial liabilities are continually monitored and managed.

(EUR '000) As of 31 December 2019	Up to 1 year	1–3 years	3–5 years	More than 5 years	Total
Non-derivative financial instruments	**47,141**	**404,166**	**414,118**	**2,000**	**867,425**
Trade payables	17,905	–	–	–	17,905
Financial liabilities	29,236	404,166	414,118	2,000	849,519
Lease liabilities	**5,398**	**6,935**	**5,311**	**7,568**	**25,213**
Derivative financial instruments	**1,149**	**1,007**	**–**	**–**	**2,156**
Derivative financial instruments	1,149	1,007	–	–	2,156

(EUR '000) As of 31 December 2018[158] (adjusted)	Up to 1 year	1–3 years	3–5 years	More than 5 years	Total
Non-derivative financial instruments	**65,159**	**339,616**	**428,967**	**5,500**	**839,242**
Trade payables	38,103	–	–	–	38,103
Financial liabilities	27,056	339,616	428,967	5,500	801,139
Lease liabilities	**7,317**	**10,239**	**5,785**	**10,085**	**33,426**
Derivative financial instruments	**872**	**592**	**–**	**–**	**1,464**
Derivative financial instruments	872	592	–	–	1,464

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 statement of financial position; 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 2019.

In order to avoid short-term liquidity risks within the Group, a Group-wide cash pool is in place between Scout24 AG and most of its subsidiaries. Short-term fund transfers within the Group lead to lower financing costs at the subsidiaries.

Currency and interest rate risk

The Group is currently exposed to currency risks that are not material. Revenue is 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 intragroup receivables and liabilities are denominated in euro. As a result, for those subsidiaries of Scout24 AG whose functional currency is not the euro, effects may arise in the statement of profit or loss from exchange rate fluctuations. In addition, the Group entities' cash and cash equivalents may include foreign currencies.

Scout24 AG held Swiss francs in the 2019 financial year. A sensitivity analysis was performed on the Swiss franc. An increase and decrease in the respective currency by +10 % and –10 % respectively were simulated in order to analyse possible effects on profit or loss in the event of an appreciation or devaluation of the respective currency. The outcome of these simulations is presented below:

(EUR '000)	31 Dec. 2019 Exchange rate change		31 Dec. 2018 Exchange rate change	
Effect on earnings before tax	–10 %	10 %	–10 %	10 %
CHF	–102	124	–3	4

There are no effects on the other comprehensive income.

[158] See note 2.2 Assets held for sale in the 2018 financial year.

The Scout24 Group is subject to interest rate risks due to its long-term external financing arrangements. The loans taken out in euro with variable interest rates (3-month EURIBOR) expose the Group to a cash flow interest-rate risk. As of 31 December 2019, the risk comprises EUR 680,000 thousand (previous year: EUR 615,000 thousand).

Based on the simulations carried out, the Group determined the effects on profit or loss of defined interest rate changes. The scenarios are analysed only for those liabilities which represent the significant portion of liabilities subject to interest. Given an assumed change in the market interest rate as of the respective reporting date of +100 or –30 base points, the following effects would arise on earnings before tax:

(EUR '000)	31 Dec. 2019 Change in market interest rate Base points		31 Dec. 2018 Change in market interest rate Base points	
Effect on earnings before tax	**–30**	**+100**	**–30**	**+100**
Non-derivative financial instruments	1,768	–6,215	1,570	–5,489
Derivative financial instruments	–1,802	2,094	–2,370	1,353

Liquidity management 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 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 Scout24 Group's ability to continue as a going concern and finance its long-term growth. The Scout24 Group's capital structure is optimised continuously and adapted to the respective general economic conditions.

The capital structure is monitored by the CFO based on weekly reporting on net debt. Where required, financing measures are carried out by Scout24 AG in the international financial markets.

Net debt comprised the following as of the reporting date. Cash, cash equivalents, financial liabilities and lease liabilities classified as held for sale are not included in the table below as of 31 December 2019.[159]

(EUR '000)	31 Dec. 2019	31 Dec. 2018[160] (adjusted)
Financial liabilities[161] incl. lease liabilities	–854,774	–811,487
Cash and cash equivalents	65,574	59,202
Net financial liabilities	**–789,200**	**–752,285**

[159] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.
[160] See note 2.2 Assets held for sale in the 2018 financial year.
[161] To improve transparency, other liabilities were reclassified to financial liabilities as of 31 December 2019. To ensure comparability with the previous year, the corresponding figures were restated retrospectively. For details see note 4.10 Financial liabilities.

The ratio of net debt in relation to ordinary operating EBITDA (from continuing and discontinued operations) for the last twelve months is 2.45 : 1. As set forth in the loan agreements, the summarised leverage disclosure relates to continuing operations and not discontinued operations. With respect to continuing operations, the sale of AutoScout24, FinanceScout24 and FINANZCHECK is expected to result in the addition of material cash reserves. The leverage ratio is therefore only of minor importance for continuing operations.

The Company complied with the external minimum capital requirements of a leverage ratio of 3.50 : 1 pursuant to the term and revolving facilities agreement (here: covenant) in the financial year. EBITDA headroom was 30.1 % as of 31 December 2019.

5.3 SHARE-BASED PAYMENTS

Programme 2014

In connection with the takeover of shares in the Scout24 Group by Hellman & Friedman LLC (H&F), a management equity programme (MEP) was established in the 2014 financial year. Members of the Management Board, other executives 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 MEP companies was determined taking into consideration the purchase price of the Scout24 Group as of 12 February 2014 and represented the extrapolated value at the acquisition date.

- In the event of the sale of shares in Scout24 AG or in the event of their leaving the Company, the participants received payments at market value to the extent that they accrued vested equity.

The ordinary shares acquired by the participants were vested on a staggered basis and any proceeds generated from the sale of ordinary shares were paid out over an extended period. One year after the acquisition of the shares, the pay-out amounted to 20 %, with this amount increasing by 5 % each further quarter.

In addition, the MEP companies' articles of association set out rules according to which, in the event of a participant leaving the Company, the participant received for the non-vested portion either the purchase price or market value, whichever was lower.

Specifically, the following rules were relevant:

- Participants leaving as "preferred leavers" (withdrawal due to death, or classification by the Company's Supervisory Board as "preferred leaver") received the market value for restitution of their shares.
- Participants leaving as "good leavers" (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) received an amount composed of market value and purchase price for the restitution of their shares in the first five years since inception of shareholder status. For the portion that was vested, participants received the market value; for the portion that was not vested, they received either the purchase price or market value, whichever was lower.

- Participants leaving as “bad leavers” (termination by the participant, or termination of the employment by the Company for good cause, or due to private insolvency of the participant) received as payment for the restitution of their shares either the purchase price or market value, whichever was lower.

The participants and MEP companies were subject to various disposal restrictions:

- The participants were generally 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 event of a 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 were entitled to sell the shares vested until that date pro rata in the scope at which Willis Lux Holdings 2 S.à r.l. (in liquidation) sold shares. It was possible to use the block trade, accelerated bookbuilding and other appropriate procedures in this context.
- In the case of a share disposal initiated by a manager holding an interest of more than 10 % in MEP Ord GmbH & Co. KG (“Manager Initiated Disposal”), managers deciding in favour of a share disposal were obligated to sell all of their vested shares by way of a block trade. The precondition in this case was that the market value of all of the shares sold exceeded 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 MEP companies were subject to a “drag-along, tag-along” rule. In the event of the share sale, Willis Lux Holdings 2 S.à r.l. (in liquidation) and Deutsche Telekom AG (DTAG) were entitled to request from the MEP companies that they 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 had the right to demand the simultaneous sale of the shares attributable to them, whereby the conditions were not permitted to be less favourable than those for sales by Willis Lux Holdings 2 S.à r.l. (in liquidation) and DTAG.
- The regulations on disposal restrictions would have expired at the latest as of the end of 31 December 2030. The disposal restrictions could have expired before this date if the interest held by Willis Lux Holdings 2 S.à r.l. (in liquidation) as lead investor in Scout24 AG had fallen below 5 %. With the sale of their remaining stake in Scout24 AG on 15 February 2018, the vested shares of the participants were no longer subject to any restrictions on disposal.

Before the IPO implemented on 1 October 2015, Asa NewCo GmbH was converted into a public stock corporation (“Aktiengesellschaft”) on 10 September 2015, trading under the name Scout24 AG. Only one class of shares in this public stock corporation now exists. The preferred shares and the participants’ ordinary 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 ordinary shares and preferred shares in accordance with a mechanism determined in the Articles of Association, in order to determine the participants' value in the newly created share class.

As part of the block trades in February 2019, managers participating in the MEP were able to sell their vested shares at a price of EUR 46. For related individualised disclosures of the Management Board, please refer to the compensation report.

The MEP ended in the 2019 financial year. As of 31 December 2019, MEP Ord GmbH & Co. KG no longer had any shares.

The number of shares held in the scope of the programme described above is as follows as of 31 December 2019:

(in '000)	Number
Number of shares[1] on 1 Jan. 2018	**1,234.7**
Exercisable shares[2] on 1 Jan. 2018	**422.3**
Issued	–
Exercised	198.5
Forfeited	51.0
Number of shares[1] on 31 Dec. 2018	**985.2**
Exercisable shares[2] on 31 Dec. 2018	**869.0**
Issued	0.0
Exercised	956.1
Forfeited	29.1
Number of shares on 31 Dec. 2019	**0.0**
Exercisable shares on 31 Dec. 2019	**0.0**

1 One share corresponds to one ordinary share.

2 The exercisable shares are shares already vested over the gradual vesting period. However, it is only possible to dispose of these shares in connection with a block trade.

Programme 2015

A virtual stock option programme for an additional four managers was introduced in the 2015 financial year. Under this programme the managers had the opportunity to earn 258,333 virtual stock options within a period of four years. Over the four-year vesting period, 25 % was vested after one year, with this amount increasing by 6.25 % each further quarter. In accordance with the contractual arrangements, the Company had the option to settle the share-based payment in cash or in shares. In accordance with IFRS 2 the Company originally opted for an equity-settled transaction for this form of payment. The fair value of the stock option was determined applying an option pricing model (binomial model), resulting in values between EUR 26.65 and EUR 28.33. The stock option programme that was started in the 2015 financial year was expanded on 20 June 2017 by a further 50,000 virtual stock options with a strike price of EUR 0. The vesting period started retroactively as of 1 October 2015, however with 8.325 % vesting each quarter. In accordance with the contractual arrangements, the Company had the option to settle the share-based payment in cash or in shares. At the time of granting, in accordance with IFRS 2, the Company opted for an equity-settled transaction for this form of payment. The fair value of the stock option was determined applying an option pricing model (binomial model), resulting in a value of EUR 34.27.

In December 2017, the Company decided to settle its share-based payments in cash in the future and communicated this to the participants. Accordingly, this programme was reclassified as a cash-settled share-based payment. The conversion effect in the 2017 financial year due to the different measurement principles amounted to EUR 235 thousand, whereby the value of the provision exceeded the amount accumulated up to that point in the capital reserve. A total amount of EUR 3,042 thousand was transferred from the capital reserve into a provision.

As cash-settled share-based payments, the stock options were measured at the respective fair value as of the reporting date. The fair value of the stock option was calculated applying a Monte Carlo simulation option pricing model. The risk-free interest rate was –0.61 % in 2019 (31 December 2018: between –0.58 % and –0.46 %). Depending on the remaining term, the volatility rates applied were within a range of between 23 % and 24 % (31 December 2018: 23 % and 24 %) for each year.

The number of shares held in the scope of the programme described above is as follows as of 31 December 2019:

(in '000)	Number	Average strike price (EUR)
Number of shares[1] on 1 Jan. 2018	**162.5**	**1.46**
Exercisable shares on 1 Jan. 2018	**–**	**–**
Issued	–	–
Exercised	57.8	1.38
Forfeited	56.3	–
Number of shares on 31 Dec. 2018	**48.4**	**1.71**
Exercisable shares on 31 Dec. 2018	**4.7**	–
Issued	0	–
Exercised	**48.4**	**1.71**
Forfeited	0	–
Number of shares on 31 Dec. 2019	**0**	**–**
Exercisable shares on 31 Dec. 2019	0	0

[1] One share corresponds to one ordinary share.

The share price on the exercise date amounted to EUR 40.06 in January 2019, EUR 46.04 in April 2019, EUR 52.25 in September 2019, EUR 51.00 in October 2019 and EUR 53.95 in November 2019.

The programme 2015 ended in the 2019 financial year.

Programmes 2016 and 2017

In 2016 and 2017, Scout24 AG launched further virtual stock option programmes for selected employees of the Scout24 Group. As part of these programmes, beneficiaries selected by the Company's Management Board were entitled to 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. At the grant date, the programmes were determined to be share-based transactions with settlement in equity instruments in accordance with the rules of IFRS 2 in the absence of a present obligation to settle in cash. The fair value of the stock options at the grant date was calculated, taking into account any hurdle rates agreed, applying a Monte Carlo simulation option pricing model.

In December 2017, the Company decided to settle its share-based payments within the scope of these programmes in cash in the future and communicated this to the participants. Accordingly, these programmes were reclassified as a cash-settled share-based payment. The conversion effect in the 2017 financial year due to the different measurement principles amounted to EUR 496 thousand, whereby the value of the provision exceeded the amount accumulated up to that point in the capital reserve. A total amount of EUR 2,513 thousand was transferred from the capital reserve into a provision. The related stock options were measured at the respective fair value on the reporting date in this context. The fair value of the stock options was calculated applying a Monte Carlo simulation option pricing model.

The planning data for the individual programmes is presented below:

(in '000)	Programme 2016-1	Programme 2016-2	Programme 2017-1	Programme 2017-2
Number of shares issued (in thousands)	56.0	5.5	119.9	25.0
Granted	July 2016	January 2017	June 2017	July 2017
Vesting period	3 years	3 years	3 years	3 years
Start of vesting period	1 Jan. 2016	1 Jul. 2016	1 Jan. 2017	1 Jan. 2017
Strike price	EUR 0.00	EUR 0.00	EUR 0.00	EUR 0.00
Hurdle rate	EUR 39.00	EUR 44.46	EUR 43.76	None

The following parameters were used in determining the fair values at the reclassification and/or measurement date:

	Programme 2016-1	Programme 2016-2	Programme 2017-1	Programme 2017-2
Measurement as of 31 Dec. 2017				
Fair value	EUR 22.98	EUR 18.75	EUR 20.13	EUR 34.07
Risk-free interest rate, ranging between	0 % and −0.47 %	−0.15 % and −0.31 %	−0.15 % and −0.31 %	−0.15 % and −0.31 %
Volatility	25.5 %	25.8 %	27.3 %	27.3 %
Measurement as of 31 Dec. 2018				
Fair value	EUR 37.68	EUR 28.25	EUR 28.85	EUR 40.15
Risk-free interest rate	−0.62 %	−0.58 %	−0.58 %	−0.58 %
Volatility	22.4 %	22.9 %	24.1 %	24.1 %
Measurement as of 31 Dec. 2019				
Fair value	55.74	55.74	55.98	59.00
Risk-free interest rate	−0.66 %	−0.61 %	−0.61 %	−0.61 %
Volatility	19.34 %	22.27 %	22.98 %	22.98[SL1] %

The number of shares held in the scope of the programmes described above breaks down as follows as of 31 December 2019:

(in '000)	Programme 2016-1	Programme 2016-2	Programme 2017-1	Programme 2017-2
Number of shares[1] on 31 Dec. 2016/1 Jan. 2017	56.0	–	–	–
Exercisable shares on 31 Dec. 2016	–	–	–	–
Issued	–	5.5	119.9	25.0
Exercised	–	–	–	–
Forfeited	4.2	0.4	6.2	–
Number of shares on 31 Dec. 2017/1 Jan. 2018	51.8	5.1	113.7	25.0
Exercisable shares on 31 Dec. 2017	–	–	–	–
Issued	–	–	–	–
Exercised	1.2[2]	–	1.9[2]	–
Forfeited	21.5	0.8	11.9	–
Number of shares on 31 Dec. 2018/1 Jan. 2019	29.1	4.3	99.9	25.0
Exercisable shares on 31 Dec. 2018	–	–	–	–
Issued	–	–	–	–
Exercised	27.6	3.8	16.1[2]	–
Forfeited	1.1	0.2	9.6	–
Number of shares on 31 Dec. 2019/1 Jan. 2020	0.4	0.3	74.2	25.0
Exercisable shares on 31 Dec. 2019	0.4	0.3	–	–
Weighted average residual vesting period (years)				
31 Dec. 2017	1.0	1.5	2.0	2.0
31 Dec. 2018	0.0	0.5	1.0	1.0
31 Dec. 2019	0.0	0.0	0.0	0.0

[1] One share corresponds to one ordinary share.

[2] Shares settled in the course of reorganisation measures.

Programme 2016-1

The average share price on the exercise date amounted to EUR 39.52 in January, EUR 41.42 in February, EUR 46.93 in March, EUR 46.93 in April and EUR 46.59 in May.

Programme 2016-2

The average share price on the exercise date amounted to EUR 46.97 in July, EUR 51.89 in August, EUR 53.30 in September, EUR 54.88 in November and EUR 55.04 in December.

Programme 2017-1

The average share price on the settlement date amounted to EUR 46.39 in March, EUR 46.92 in April, EUR 46.09 in May, EUR 46.19 in June, EUR 48.52 in July, EUR 52.19 in August, EUR 53.05 in September and EUR 56.99 in December.

Long-term incentive programme 2018

In July 2018, Scout24 AG introduced the long-term incentive programme (LTIP) 2018 for members of the Management Board and selected employees of the Scout24 Group.

The LTIP furthers employee retention with respect to members of the Management Board and executives of the Scout24 Group; it is aimed at aligning the structure of compensation towards sustainable development of the Company and rewards enhanced profitability and revenue growth as well as the development of the Scout24 share compared with a group of selected peer companies. The selected beneficiaries receive virtual Scout24 share units. These are serviced in accordance with the rules of IFRS 2 as a cash-settled share-based transaction.

A proportion of 50 % of the share units granted is subject to a three-year vesting period and the other 50 % to a vesting period of four years. They were allocated for the first time as of 1 July 2018 and, accordingly, the vesting periods started on 1 July 2018.

In addition, 35 % of the number of share units granted are retention share units (RSUs) subject to the condition of employment.

A proportion of 65 % of the number of share units granted are performance share units (PSUs) subject both to the condition of employment and to performance conditions. A third of the performance conditions in each case relate to revenue growth targets, growth targets relating to ordinary operating EBITDA, and one target relating to a relative capital market condition. To calculate the amount of the cash settlement, the number of performance share units is multiplied by the performance factor, which is determined by the degree of achievement of the three performance conditions described; the performance factor is capped at 200 %.

The revenue growth condition relates to the annualised growth rate of Scout24’s reported revenue between the grant date and the end of the respective vesting period, calculated as compound annual growth rate (CAGR).

The growth targets relating to ordinary operating EBITDA likewise refer to the annualised growth rate of Scout24’s last twelve months ordinary operating EBITDA (LTM ooEBITDA) reported in the respective interim financial statements for the first half of the year between the grant date and the end of the respective vesting period, calculated as CAGR.

The share price target as “relative capital market condition” refers to the relative performance of the Scout24 share’s total shareholder return (TSR) compared with the TSR performance of a peer group of competitors within the respective vesting period.

The amount paid out per share unit is capped at three and a half times the share unit price on the grant date.

The fair value of the instruments granted was calculated applying a Monte Carlo simulation option pricing model. Depending on the term to maturity, a risk-free interest rate is assumed between –0.64 % and –0.57 %. For the historical volatility, reference was made to the share price of Scout24 AG; depending on the shares’ term to maturity as of the reporting date, applicable volatility rates of 23.98 % and 26.69 % respectively were calculated. Additional parameters and expected dividends were not included in the fair value measurement. With respect to the revenue growth targets, target achievement of 95 % to 110 % was assumed depending on the term to maturity for measurement purposes. With respect to the ordinary operating EBITDA growth targets, target achievement of 150 % to 155 % was assumed depending on the term to maturity for measurement purposes. When determining the personnel expenses to be recognised in the financial year, an appropriate staff turnover discount was applied.

The number of shares held in the scope of the long-term incentive programme is as follows as of 31 December 2019:

(in '000)	LTIP
Number of shares on 31 Dec. 2017	**–**
Issued	1,393.7
Exercised	–
Forfeited	–
Number of shares on 31 Dec. 2018	**1,393.7**
Issued	289.9
Exercised[1]	31.2
Forfeited	320.2
Number of shares on 31 Dec. 2019	**1,332.2**

[1] Shares settled in the course of reorganisation measures.

Total personnel expenses of EUR 35,540 thousand (previous year: EUR 15,316 thousand) were recognised for all share-based payment programmes described above. An amount of EUR 77 thousand thereof (previous year: EUR 387 thousand) is attributable to equity-settled programmes.

The total carrying amount of liabilities arising from share-based payments is EUR 49,098 thousand (previous year: EUR 18,163 thousand). This includes liabilities of EUR 39 thousand (previous year: EUR 2,640 thousand) for which the counterparty's right to cash or other assets had vested by the end of the reporting period.

For any dilutive effects arising from the virtual stock option programmes see note 3.12 Earnings per share.

Share-based payment arrangements relating to acquisitions

The acquisition of FFG FINANZCHECK Finanzportale GmbH by Consumer First Services GmbH, a wholly owned subsidiary of Scout24 AG, involved plans in the 2018 financial year to enable the former managing directors of FFG FINANZCHECK Finanzportale GmbH to participate in the future development of FFG FINANZCHECK Finanzportale GmbH's company value via a management participation programme (MPP). On account of the sale of AutoScout24 and FINANZCHECK (see note 2.1), an agreement was signed on the settlement of the MPP. Personnel expenses of EUR 14,626 thousand were recognised in December 2019 in relation to this agreement.

5.4 RELATED PARTY DISCLOSURES

Related parties in the meaning of IAS 24 are deemed to be individuals or entities which Scout24 AG can influence, which can influence Scout24 AG, or which are influenced by any other related party of Scout24 AG.

Related parties (entities)
As of the reporting date and throughout the past financial year, no party was able to exert control or significant influence over Scout24 AG.

In the course of its ordinary business activities, the Scout24 Group has relationships with some of its associates and joint ventures. The transactions of continuing operations with associates and joint ventures are disclosed below.

As a result of the discontinuation of the AutoScout24 operating segment, the associate SUMAUTO MOTOR S.L. is included in discontinued operations, and transactions with continuing operations and discontinued operations have been adjusted accordingly.[162] The transactions between continuing operations and SUMAUTO MOTOR S.L. are immaterial. The table below does not include transactions between the operating segments included in discontinued operations and SUMAUTO MOTOR S.L.

(EUR '000)	Total for continuing operations	Associate	Joint ventures	Total for discontinued operations	SUMAUTO MOTOR S.L. (associate)
	2019			2019	
Services rendered and other income	17	–	17	–	–
Services received and other expenses	–186	–	–186	–63	–63
Dividends received	125	–	125	–	–
	31 Dec. 2019			31 Dec. 2019	
Receivables	2	–	2	–	–
Liabilities	–	–	–	3	3

[162] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.

The extent of business relationships with related party entities in the 2018 financial year is presented in the table below:

(EUR '000)	Total	SUMAUTO MOTOR, S.L. (associate)	Other associates	Joint ventures
	2018			
Services rendered and other income	–	–	–	–
Services received and other expenses	–	–	–	–
	31 Dec. 2018			
Receivables	6	6	–	–
Liabilities	1,128	756	350	22

Transactions with related parties were conducted at arm's length, i.e. 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 by offsetting receivables and liabilities. No guarantees exist for receivables due from, and liabilities due to, related parties. No loss allowances were recognised on receivables due from related party entities.

Related parties (individuals)

Individuals who exercise significant influence on the financial and operating policies of Scout24 (key management personnel), including their close family members, are considered to be related parties. These include members of the Management Board and the Supervisory Board of Scout24 AG.

Management Board

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

- Tobias Hartmann
  Chief Executive Officer (Chairman of the Management Board), Munich.
- Dr Dirk Schmelzer
  Chief Financial Officer, Munich; since 18 June 2019.
- Ralf Weitz
  Chief Commercial Officer, Berlin.
- Dr Thomas Schroeter
  Chief Product Officer, Berlin.
- Christian Gisy
  Chief Financial Officer, Düsseldorf; until 17 June 2019.
  Member of the Management Board, Düsseldorf, from 18 June to 30 June 2019.

The members of the Management Board held the following offices within the Group:

Tobias Hartmann:

Entity	Mandate	Office
Immobilien Scout GmbH	Member of the Supervisory Board	since November 2018
AutoScout24 GmbH	Managing Director	since November 2018
AutoScout24 AS GmbH	Managing Director	since July 2019
AutoScout24 Nederland B.V.	Member of the Supervisory Board	since October 2019
AutoScout24 Italia S.R.L.	Member of the Supervisory Board	since July 2019
Scout24 HCH Beteiligungs AG	Chairman of the Supervisory Board	March 2019 – December 2019
Scout24 Beteiligungs SE	Member of the Management Board	since December 2019

Dr Dirk Schmelzer:

Entity	Mandate	Office
AutoScout24 GmbH	Managing Director	since July 2019
Immobilien Scout GmbH	Member of the Supervisory Board	since July 2019
Consumer First Services GmbH	Managing Director	since July 2019
Scout24 HCH Alpen AG	President of the Board of Directors	July 2019 – December 2019
Scout24 Beteiligungs SE	Member of the Management Board	since December 2019

Ralf Weitz:

Entity	Mandate	Office
Immobilien Scout GmbH	Managing Director	since April 2018
Consumer First Services GmbH	Managing Director	since July 2018
AutoScout24 Nederland B.V.	Member of the Supervisory Board	since December 2018
Immobilien Scout Österreich GmbH	Managing Director	since July 2019
Scout24 HCH Beteiligungs AG	Member of the Supervisory Board	March 2019 – December 2019

Dr Thomas Schroeter:

Entity	Mandate	Office
Immobilien Scout GmbH	Managing Director	since May 2017
Consumer First Services GmbH	Managing Director	since July 2018
AutoScout24 Italia S.R.L.	Board member (Consigliere)	since February 2019
Scout24 HCH Beteiligungs AG	Member of the Supervisory Board	March 2019 – December 2019

Christian Gisy:

Entity	Mandate	Office
Immobilien Scout GmbH	Member of the Supervisory Board	until June 2019
AutoScout24 Italia S.R.L.	Member of the Supervisory Board	until June 2019
AutoScout24 Nederland B.V.	Commissaris	until June 2019
Consumer First Services GmbH	Managing Director	until June 2019
SUMAUTO MOTOR S.L.	Member of the Board of Directors	until June 2019
Immobilien Scout Österreich GmbH	Managing Director	until June 2019
AutoScout24 GmbH	Managing Director	until June 2019
AutoScout24 AS GmbH	Managing Director	until June 2019
Scout24 HCH Alpen AG	President of the Board of Directors	until June 2019

The following members of the Management Board held further comparable external offices:

Tobias Hartmann: Zur Rose Group AG, Frauenfeld, Switzerland
Dr Thomas Schroeter: Andreas und Thomas Schroeter Beteiligungsgesellschaft mbH, Hamburg.

Compensation of key management personnel is presented in the table below:

(EUR '000)	2019	2018
Short-term benefits	4,097	2,630
Post-employment benefits	147	91
Other long-term benefits	124	191
Termination benefits	220	1,655
Share-based payments	11,887	805
Total	**16,475**	**5,372**

For individualised disclosures also see the compensation report.

Supervisory Board

As of 31 December 2019, the Supervisory Board comprised the six individuals listed below who held the following further offices.

Name Function	Profession exercised	Member since	Appointed until	Other board positions in 2019 (during term of office)
Dr Hans-Holger Albrecht Chair	CEO and member of the Board of Directors of Deezer S.A., Paris, France and London, UK	21 June 2018	AGM 2020	• ICE GROUP ASA, Oslo, Norway (Chairman of the Board of Directors)
Frank H. Lutz Member of the Supervisory Board	CEO of CRX Markets AG, Munich, Germany	30 August 2019	AGM 2020	• Bilfinger SE, Mannheim, Germany (member of the Supervisory Board)
Ciara Smyth Member of the Supervisory Board	Strategy consultant, Dublin, Ireland	21 June 2018	AGM 2020	
Christoph Brand Member of the Supervisory Board	Deputy CEO, Head of Classifieds and Marketplaces at TX Group AG (renamed on 01.01.2020, before: Tamedia AG), Zurich, Switzerland	30 August 2019	AGM 2020	Various corporate responsibilities for subsidiaries of TX Group AG: • Homegate AG, Zurich, Switzerland (President of the Board of Directors); • JobCloud AG, Zurich, Switzerland (Vice President of the Board of Directors); • Tamedia Espace AG, Berne, Switzerland (member of the Board of Directors); • Ricardo AG, Zug, Switzerland (President of the Board of Directors); • CAR FOR YOU AG, Zurich, Switzerland (President of the Board of Directors); • Trendsales ApS, Copenhagen, Denmark (Chairman of the Supervisory Board); • Gfm Schweizerische Gesellschaft für Marketing, Zurich, Switzerland (member of the Management Board)

Name Function	Profession exercised	Member since	Appointed until	Other board positions in 2019 (during term of office)
André Schwämmlein Member of the Supervisory Board	CEO of FlixMobility GmbH, Munich, Germany	30 August 2019	AGM 2020	
Peter Schwarzenbauer Member of the Supervisory Board	Former 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 until October 2019)
Dr Liliana Solomon Deputy Chairwoman (since 21 June 2018)	Group CFO of Compass IV Ltd, London, UK	4 September 2015	Stepped down as of 30 August 2019	• Metro AG, Düsseldorf, Germany (member of the Supervisory Board)
David Roche Member of the Supervisory Board	CEO of goHenry Limited, Lymington, UK	4 September 2015	Stepped down as of 30 August 2019	• Guestline Ltd., Shrewsbury, UK (member of the Board of Directors)
Michael Zahn Member of the Supervisory Board	CEO of Deutsche Wohnen AG, Berlin, Germany	8 June 2017	Stepped down as of 30 June 2019	• TLG Immobilien AG, Berlin, Germany (Chairman of the Supervisory Board until May 2019); • G+D Gesellschaft für Energiemanagement mbH, Magdeburg, Germany (Chairman of the Advisory Board); • Funk Schadensmanagement GmbH, Berlin, Germany (Chairman of the Advisory Board); • DZ Bank AG, Frankfurt, Germany (member of the Advisory Board); • Füchse Berlin Handball GmbH, Berlin, Germany (member of the Advisory Board); • GETEC Wärme & Effizienz GmbH, Magdeburg, Germany (member of the Real Estate Advisory Board)

As of 31 December 2019, the Supervisory Board of Scout24 AG consisted of six members as in the previous year. At the 21 June 2018 Annual General Meeting of Scout24 AG, a new concept was introduced regulating the level of compensation for work on the Supervisory Board from 1 June 2018 onwards. This takes into consideration in particular the increased responsibility and the considerable effort involved in working on the Supervisory Board and its committees. Each member of the Company's Supervisory Board receives fixed annual compensation of EUR 60 thousand in addition to reimbursement of their expenses. The Chair of the Supervisory Board and his or her deputy receive fixed annual compensation of EUR 140 thousand and EUR 120 thousand respectively. Members of a committee additionally receive fixed annual compensation of EUR 20 thousand and committee chairs EUR 40 thousand respectively.

Compensation of the members of the Supervisory Board totalled EUR 715 thousand in the 2019 financial year (previous year: EUR 538 thousand). For individualised disclosures also see the compensation report.

Directors' dealings

In accordance with Article 19 (1) of the Market Abuse Regulation (Regulation (EU) No. 596/2014), members of the Management Board and the Supervisory Board as well as certain family members of theirs are required to publish immediately any sale or purchase of Scout24 shares and other related rights if they exceed the threshold of EUR 5,000 within a calendar year.

The table below shows a list of the published transactions in the 2019 financial year. Transactions due to the failed takeover bid[163] are not included in the table, but can be found on the Company's website.

Notifying party	Notification dated	Date of transaction	Nature of transaction	Price in EUR (aggregated)	Volume in EUR (aggregated)
Ralf Weitz (Management Board)	11 Sep. 2019	10 Sep. 2019	Sale	49.54	1,037,766.98
Dirk Schmelzer (Management Board)	29 Aug. 2019	28 Aug. 2019	Purchase	52.04	104,085.00
Tobias Hartmann (Management Board)	28 Aug. 2019	28 Aug. 2019	Purchase	52.03	182,121.65
Christian Gisy (Management Board until 30 June 2019)	12 June 2019	11 June 2019	Sale	45.50	113,750.00

The transactions as part of the MEP, which is described in detail in note 5.3 Share-based payments and in the compensation report, are presented below:

Notifying party	Date of transaction	Nature of transaction	Price in EUR (aggregated)	Volume in EUR (aggregated)
Ralf Weitz (Management Board)	August 2019	Transfer to personal account	0.00	0.00
Christian Gisy (Management Board until 30 June 2019)	July 2019	Transfer to personal account	0.00	0.00

5.5 SEGMENT REPORTING

IFRS 8 requires operating segments to be identified on the basis of an entity's internal management and reporting structure. The organisational and reporting structure of the Scout24 Group is based on management by area of business. As the chief operating 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.

In the past financial year and the previous year, the Scout24 Group structured its business operations in three operating segments within the meaning of IFRS 8: "ImmobilienScout24" (IS24), "AutoScout24" (AS24) and "Scout24 Consumer Services" (CS).

IS24 is a digital marketplace offering both real estate professionals and private listers the opportunity to place real estate classifieds in order to reach potential buyers and tenants. Users can search through the classifieds free of charge. Inquiries and searches by users – meaning aspiring buyers or tenants – translate into traffic on our digital marketplaces, which drives lead generation for both professional and private listers. The main products of IS24 are therefore listings for the sale and rental of real estate. For business real estate professionals, IS24 additionally offers services that support customer acquisition and care. Customers who have a listings contract with IS24 can boost their listings' effectiveness with supplementary products that can be booked for a fee individually from a range of product solutions tailored to their needs for branding, image and acquisition purposes ("VIA" products). For example, they can book visibility products to give their listing a more prominent placing in search results and reach a greater audience for their listings.

AS24 is a digital marketplace for automobiles and offers listing platforms for used and new cars, motorcycles and commercial vehicles to dealers and private sellers. AS24 offers professional car dealers and private

[163] See note 1.1 Information about the company.

sellers the opportunity to place listings in order to reach potential buyers. Users can search through the classifieds free of charge. Inquiries and searches by users – meaning aspiring buyers – translate into traffic, which drives lead generation for both professional and private listers. Car dealers have to pay a fee to place a listing. The main AS24 products are therefore classifieds for the sale of new and second-hand cars. In addition, dealers who have a listing contract with AS24 can boost their listings' effectiveness with supplementary products they can book for a fee individually from a range of product solutions tailored to their needs for marketing, image and acquisition purposes ("MIA" products). Private sellers can place listings for free or sell their car to verified dealers through the express sale option.

As the third operating segment, Scout24 Consumer Services (CS) pooled all services along the value chain of the real estate or automobile market as well as advertisements from non-real estate or non-automotive-related third parties on the Scout24 Group's digital marketplaces. CS offered supplementary services – in some cases for a fee – designed to support users from their search to the decision and through to the rental, purchase or sale of real estate or the purchase or sale of a car. CS generated revenue through the sale of leads, the intermediation of services and from the placement of third-party advertising on the Scout24 Group's platforms. In addition, the FINANZCHECK Group with its revenue generated from brokering credit agreements with private customers to banks was allocable to the Scout24 Consumer Services segment.

The accounting principles for segment reporting are generally the same as those used for external financial reporting purposes; for details also see note 1.6 Accounting policies. The most important performance indicator for Scout24 is ordinary operating EBITDA at both Group and segment level; this indicator is supplemented by revenue and the ordinary operating EBITDA margin.

Segment EBITDA is defined as profit (based on total revenue) before the financial result (interest), income taxes, depreciation, amortisation and impairment losses, and the gain or loss on the disposal of subsidiaries. In accordance with the Group's corporate guidelines, ordinary operating EBITDA refers to EBITDA adjusted for non-operating effects, which mainly include effects on profit or loss from share-based payment programmes, costs attributable to M&A transactions (realised and unrealised), reorganisation expenses, costs for strategic projects and other non-operating effects. In the reporting period, non-operating effects within continuing operations amounted to EUR –45,681 thousand (previous year: EUR –24,517 thousand).

The scope of transactions between segments was immaterial.

As the Group's chief operating decision-maker, the Management Board decided in the first quarter of 2019 to make minor adjustments to the Group's internal management system as well as the reporting structure and system for the year 2019. Advertising revenue with OEM partner agencies (2018: EUR 15 million) and the corresponding ordinary operating EBITDA (2018: EUR 9 million) was no longer reported in the AutoScout24 segment in the 2019 financial year but rather in the Scout24 Consumer Services segment due to the close structural relationship with third-party display revenue. Revenue from the project business with OEMs, however, remains in the AutoScout24 segment, but is reported as part of revenue with dealers in Germany and European core countries. The previous-year figures have been restated accordingly.

The key indicators applied by Scout24 to assess the performance of its segments are as follows:

SEGMENT INFORMATION

(EUR '000)		External revenue (2018 adjusted)	Ordinary operating EBITDA (2018 adjusted)
ImmobilienScout24 (continuing operations)	2019	270,221	187,962
	2018	249,960	170,316
AutoScout24 (discontinued operations)	2019	186,867	107,070
	2018	166,326	88,435
Scout24 Consumer Services (including some discontinued operations)	2019	156,505	37,456
	2018	115,315	40,358
Total, reportable segments	**2019**	**613,593**	**332,488**
	2018	**531,601**	**299,110**
Classification as discontinued operations	2019	-263,823	-114,893
	2018	-213,479	-104,254
Central group functions/consolidation/other	2019	–32	–8,254
	2018	126	–6,146
Total, consolidated (continuing operations)	**2019**	**349,737**	**209,340**
	2018	**318,248**	**188,709**
Total, reportable segments (discontinued operations)	2019	263,823	114,893
	2018	213,479	104,254
Central group functions/consolidation/other	2019	12	–2,369
	2018	20	–1,476
Total, consolidated (discontinued operations)	**2019**	**263,835**	**112,525**
	2018	**213,499**	**102,778**

The “central group functions/consolidation/other” item primarily contains costs incurred in connection with central group functions as well as immaterial transactions not allocated to reportable segments.

Ordinary operating EBITDA developed as follows for continuing and discontinued operations:

(EUR '000)	2019	2018[164] (adjusted)
Ordinary operating EBITDA (continuing operations)	**209,340**	**188,709**
Ordinary operating EBITDA (discontinued operations)	112,525	102,778
Ordinary operating EBITDA (continuing and discontinued operations)	321,865	291,487

For continuing operations, the following table shows the reconciliation of the Group's ordinary operating EBITDA and EBITDA to earnings before tax from continuing operations under IFRS:

[164] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.

(EUR '000)	2019	2018[165] (adjusted)
Ordinary operating EBITDA	**209,340**	**188,709**
Non-operating effects	–45,681	–24,517
EBITDA	**163,660**	**164,192**
Depreciation, amortisation and impairment losses	–54,211	–53,027
Profit/loss from investments accounted for using the equity method	–733	53
Other financial result	–14,507	–6,105
Earnings before tax	**94,210**	**105,113**

In November 2018, the Scout24 management committed to a plan to sell the subsidiaries FlowFact GmbH and FlowFact Schweiz AG, which are part of the ImmobilienScout24 segment. In April 2019, management decided to make a change to the original plan of sale. As a result of the change to the plan of sale, the criteria for classification as non-current assets held for sale were no longer all satisfied. The recoverable amount of the FlowFact disposal group was determined in connection with the resulting reclassification. In the process, an impairment loss of EUR 282 thousand was identified. This was allocated in full to goodwill and charged to impairment losses for the 2019 financial year. These impairment losses related to the ImmobilienScout24 segment; for further information also see note 2.2 Assets held for sale in the 2018 financial year.

For the presentation of information by geographic region, revenue and non-current assets are presented in accordance with the respective Scout24 entity's registered office.

(EUR '000)	2019 External revenue	2018 External revenue
Germany (continuing operations)	**340,704**	**310,744**
Germany (discontinued operations)	167,713	123,475
Germany (continuing and discontinued operations)	508,417	434,219
Other countries (continuing operations)	**9,033**	**7,504**
Other countries (discontinued operations)	96,122	90,024
Other countries (continuing and discontinued operations)	105,155	97,528
Total (continuing operations)	**349,737**	**318,248**
Total (discontinued operations)	263,835	213,499
Total (continuing and discontinued operations)	613,572	531,748

(EUR '000)	2019 Non-current assets	2018 Non-current assets[166] (adjusted)
Germany	1,670,984	2,251,713
Other countries	17,024	70,744
Total	**1,688,008**	**2,322,457**

[165] See note 2.1 Discontinued operations and assets held for sale in the 2019 financial year.
[166] See note 2.2 Assets held for sale in the 2018 financial year.

Non-current assets include intangible assets, property, plant and equipment, right-of-use assets from leases, investments accounted for using the equity method, and other non-current assets. The disclosure does not include non-current assets classified as held for sale as of 31 December 2019 (see note 2.1 Discontinued operations and assets held for sale in the 2019 financial year).

Restructuring of segments for the 2020 financial year

On 19 July 2019, Scout24 announced its strategic roadmap for long-term value creation and thus its intention to strengthen the two core operating segments ImmoScout24 and AutoScout24. In this context, the products and solutions of the third operating segment, Scout24 Consumer Services are to be integrated into ImmobilienScout24 and AutoScout24 after the end of the 2019 financial year in order to transition from a three-segment to a two-segment structure.

On 17 December 2019, Scout24 concluded an agreement for the sale of 100 % of the shares in AutoScout24, FinanceScout24 and FINANZCHECK. The transaction comprises the operations from the Scout24 Consumer Services segment that are to be integrated into AutoScout24. The transaction is expected to be completed in the first half of 2020, with Scout24 AG planning to close on 31 March 2020. The Management Board of Scout24 AG is currently developing a new segmentation of business activities for the period following the completion of the sale.

5.6 OTHER FINANCIAL OBLIGATIONS

The table below shows other financial obligations as of the reporting dates:

				31 Dec. 2019				31 Dec. 2018
(EUR '000)	Total	Due within 1 year	Due in 1 to 5 years	Due in more than 5 years	Total	Due within 1 year	Due in 1 to 5 years	Due in more than 5 years
Obligations from maintenance and service agreements	9,961	9,366	538	57	8,768	7,827	884	57
Purchase commitments and similar obligations	–	–	–	–	20	20	–	–
Other financial obligations associated with assets and liabilities held for sale	–	–	–	–	–	–	–	–
Total	**9,961**	**9,366**	**538**	**57**	**8,788**	**7,847**	**884**	**57**

For financial obligations from rental and lease agreements also see note 4.6 Right-of-use assets from leases and lease liabilities.

5.7 AUDITOR'S FEES AND SERVICES

The total fees and services of the auditors of the Group are presented as follows in accordance with Article 315e (1) in conjunction with Article 314 (1) No. 9 of the German Commercial Code (HGB):

(in '000)	2019
Audit services	819
Other assurance services	41
Tax advisory services	–
Other services	–
Total	**860**

The fee for the audit services from KPMG AG related mainly to the audit 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. In addition, the auditors performed reviews of interim financial statements as part of the audit engagements and audited and reviewed consolidated financial information and pro forma financial information in connection with the sale of AutoScout24, FinanceScout24 and FINANZCHECK. Fees of EUR 50 thousand were attributable to the previous year.

Other assurance services comprise the fee for reviewing the non-financial reporting of Scout24 AG.

5.8 EVENTS AFTER THE REPORTING PERIOD

The long-term incentive programme 2018 was adjusted in the first quarter of the 2020 financial year on account of the sale of AutoScout24 and FINANZCHECK, as selected programme participants will be leaving the Scout24 Group when the sale is closed. If the conditions materialise, additional personnel expenses of a mid-single-digit-million-euro figure are expected to be incurred in the 2020 financial year.

A loan repayment of EUR 250,000 thousand following the completion of the sale of AutoScout24, FinanceScout24 and FINANZCHECK has been agreed with the RFA syndicate of banks. The applicable covenants will remain in effect thereafter.

For the 2019 financial year, the Management Board proposes to the Supervisory Board the payment of a dividend of EUR 0.90 per ordinary share. This corresponds to 50 % of the adjusted net income and a total distribution of EUR 94.3 million.

Scout24 does not at this point in time anticipate any significant impact of its business development due to the unclear macroeconomic consequences of the corona virus. Nevertheless, the possibility cannot be ruled out that there will be effects in the further course of the year that could affect the value of assets and business development.

The Group is not aware of any other events or developments after the reporting period that are specific to the Group and which might have led to a significant change in the disclosure or carrying amount of individual assets or liabilities as of 31 December 2019.

5.9 LIST OF SHAREHOLDINGS HELD BY SCOUT24 AG PURSUANT TO ARTICLE 313 (2) NOS. 1 TO 4 OF THE GERMAN COMMERCIAL CODE (HGB)

(EUR ’000)		Currency	%	Full consolidation (F) Equity method (E) 31 Dec. 2019
Scout24 Beteiligungs SE	Bonn (Germany)	EUR	100.00 %	F
Consumer First Services GmbH	Munich (Germany)	EUR	100.00 %	F
FFG FINANZCHECK Finanzportale GmbH [2]	Hamburg (Germany)	EUR	100.00 %	F
finanzcheckPRO GmbH [2]	Hamburg (Germany)	EUR	100.00 %	F
FVG FINANZCHECK Versicherungsvergleiche GmbH [2]	Hamburg (Germany)	EUR	100.00 %	F
AutoScout24 GmbH[1]	Munich (Germany)	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
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; 3]	Cologne (Germany)	EUR	100.00 %	F
Flow Fact Schweiz AG	Olten (Switzerland)	CHF	100.00 %	F
SUMAUTO MOTOR S.L. (formerly: Alpinia Investments 2018 S.L.U.)	Madrid (Spain)	EUR	49.999 %	E
Energieausweis48 GmbH	Cologne (Germany)	EUR	50.00 %	E
eleven55 GmbH	Berlin (Germany)	EUR	25.00 %	E

[1] The entity made use of the exemption pursuant to Article 264 (3) HGB and filed the relevant requisite documents with the Bundesanzeiger (German Federal Gazette) for publication.

[2] For the 2018 financial year, the entity made use of the exemption pursuant to Article 264 (3) HGB and filed the relevant requisite documents with the Bundesanzeiger (German Federal Gazette) for publication.

[3] FlowFact GmbH holds 7.1 % of its share capital as treasury shares.

5.10 GERMAN CORPORATE GOVERNANCE CODE

The Management Board and the Supervisory Board of Scout24 AG have issued a declaration of conformity to the German Corporate Governance Code (Article 161 of the German Stock Corporation Act (AktG)), which was published on the website of Scout24 AG in February 2020.

5.11 DATE OF RELEASE FOR PUBLICATION

The Company's Management Board will release the consolidated financial statements on 17 March 2020 for publication and forwarding to the Supervisory Board. The Supervisory Board will adopt a decision on 19 March 2020 concerning the approval of the consolidated financial statements, which will be published on 26 March 2020.

Munich, 17 March 2020

Scout24 AG

The Management Board

Tobias Hartmann
Dr Dirk Schmelzer

Dr Thomas Schroeter
Ralf Weitz

Other statements

Responsibility statement

To the best of our knowledge, we assure that in accordance with the applicable accounting principles the consolidated financial statements give a true and fair view of the Group's net assets, financial position and results of operations, that the group management report, which has been combined with the management report of the Company, gives a true and fair view of the Group's business development including the business performance and situation and describes the significant opportunities and risks relating to the Group's expected future development.

Munich, 17 March 2020

Scout24 AG

The Management Board

Tobias Hartmann

Dr Dirk Schmelzer

Dr Thomas Schroeter

Ralf Weitz

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 2019, 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 2019 to 31 December 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report (the group management report) for the financial year from 1 January 2019 to 31 December 2019. We have not audited disclosures unrelated to management reports which have been included in the group management report and which have been marked as unaudited. In accordance with German legal requirements, we have not audited the content of the components of the combined management report mentioned in the "Other information" section of our audit report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the 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 2019, and of its financial performance for the financial year from 1 January 2019 to 31 December 2019, 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 content of the components of the group management report mentioned in the "Other information" section.

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) (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 2019 to 31 December 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

RECOVERABILITY OF THE CARRYING AMOUNT OF GOODWILL AND TRADEMARKS WITH INDEFINITE USEFUL LIFE

For further information on the applied accounting principles and policies please refer to section 1.6 of the notes to the consolidated financial statements. Disclosure of the amount of goodwill, on trademarks and the assumptions used for impairment tests is provided in section 4.5 of the notes to the consolidated financial statements.

The financial statement risk
As at 31 December 2019, the consolidated balance sheet of Scout24 AG included goodwill at an amount of EUR 692.7 million and trademarks with indefinite useful life at an amount of EUR 872.8 million, comprising a considerable 64.4 % of the balance sheet total.

Goodwill is tested for impairment annually and when there is an indication for impairment. The basis for identifying any impairment is the recoverable amount, which at Scout24 regularly corresponds to the fair value less costs to sell and is compared with the respective carrying amount of the group of cash-generating units. Fair values are calculated by using the discounted-cash-flow method.

In accordance with IAS 36, goodwill is tested for impairment by allocating it to those groups of cash-generating units that are expected to benefit from the respective combination. As of 31 December 2019, goodwill of EUR 661.6 million was allocated to the business segment ImmobilienScout24 ("IS24") and EUR 31.1 million was allocated to the business segment Consumer Services ("CS").

The determination of fair values is complex and is based on a number of discretionary assumptions. These include the expected sales and earnings development of the business segments for the next three years, the assumed long-term growth rates and the capitalization rate used.

Due to their indefinite useful live, the recoverability of the ImmobilienScout24 trademark must also be tested annually and when there are indications of impairment. As trademarks do not generate cash inflows that are largely independent of those from other assets, Scout24 determines the recoverable amount of the smallest cash-generating unit to which the respective trademark belongs and compares this value with the carrying amount. Since the ImmobilienScout24 trademark contributes to the future cash flows of both the IS24 segment and the CS segment, the trademark was defined as corporate asset in accordance with IAS 36.100 ff. The carrying amount of the trademark was allocated to the cash-generating unit proportionately on the basis of expected development of earnings and, together with goodwill, was tested for impairment at the level of operating segment.

As a result of the impairment tests performed as of 31 December 2019, the group did not identify any impairment of goodwill or trademarks. For the IS24 and the CS segments the group's sensitivity calculations did not indicate any impairment in the event of a possible variation in the key assumptions.

There is the risk for the financial statements that an impairment existing on the balance sheet date will not be recognised. Furthermore, there is a risk that the related disclosures in the corresponding notes 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. We evaluated the expected sales and earnings development in the corporate planning for 2020 prepared by the Management Board and approved by the Supervisory Board. For the years 2021 and 2022, the extrapolation approved by the Management Board was checked for plausibility based on the approved budget. We discussed the assumed long-term growth rates with those responsible for planning. In addition, we compared Scout24's expectations for the group as a whole with the assessments of external analysts. 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 group’s planning accuracy by comparing projections for previous financial years with the actual results realised and analysed deviations. We have compared the assumptions and parameters underlying the capitalisation rate, in particular the risk-free interest rate, the market risk premium and the beta factor, with our own assumptions and publicly available data in order to assess whether Scout24's assumptions lie within acceptable ranges.

We tested the mathematical accuracy of the valuation model using KPMG internal models. In addition, the observance of the equivalence principle during the determination of the book value of the respective business segment was observed. The derivation of the book values from the group's books as of the valuation date was comprehended.

On the basis of the sensitivity analyses carried out by Scout24, we have thus determined the possible extent at which a change in the key assumptions on which the calculation is based on would require an impairment.

Finally, we assessed whether the disclosures in the notes on the recoverability of goodwill and trademarks are appropriate. This also included an assessment of the completeness and appropriateness of the disclosures in the notes in accordance with IAS 36.134(f) on sensitivities in the event of a possible change in material assumptions underlying the measurement.

Our observations
The calculation method used to test goodwill and trademarks for impairment is appropriate and consistent with the applicable valuation principles.

The underlying assumptions and parameters of the group lie within acceptable ranges and are, in total, balanced.

The related disclosures in the notes are appropriate.

CLASSIFICATION OF THE BUSINESS ACTIVITIES OF AUTOSCOUT24, FINANCESCOUT24 AND FINANZCHECK AS DISCONTINUED OPERATIONS IN ACCORDANCE WITH IFRS 5

For details of the accounting and measurement principles applied, please refer to section 1.6 of the notes to the consolidated financial statements. Information on discontinued operations and assets held for sale can be found in section 2.1 of the notes to the consolidated financial statements

The financial statement risk
On 17 December 2019, an agreement was signed for the sale of 100 % of the shares in AutoScout24 GmbH and FFG FINANZCHECK Finanzportale GmbH to a fund advised by Hellman & Friedman LLC. The sale includes all business activities of the AutoScout24 segment including the "FinanceScout24" brand and key activities of the Consumer Services segment operated by FFG FINANZCHECK Finanzportale GmbH and its subsidiaries. The sale is expected to close in the first half of 2020, Scout24 AG expects it for 31 March 2020.

The classification and thus the reporting of these business activities as discontinued operations in accordance with IFRS 5 is complex and involves discretionary judgement. In addition, the explanatory disclosures in the notes to the consolidated financial statements in connection with discontinued operations are complex.

There is a risk for the consolidated financial statements that the discontinued operations and the related assets, liabilities, expenses and income may not be properly identified and therefore the presentation as assets and liabilities held for sale in the consolidated balance sheet and as discontinued operations in the consolidated income statement may be incorrect. In addition, there is a risk that the disclosures on discontinued operations in the notes to the consolidated financial statements are not sufficiently detailed and appropriate.

Our audit approach
We first assessed whether the classification of the AutoScout24 segment including the "FinanceScout24" brand and the activities of the Consumer Services segment operated by FFG FINANZCHECK Finanzportale GmbH and its subsidiaries as discontinued operations in accordance with IFRS 5 was appropriate. We conducted interviews with group accounting and reviewed the minutes of the Supervisory Board's meetings at which resolutions were passed.

We have performed audit procedures to determine whether all assets and liabilities attributable to the disposal group have been determined correctly. This also included assessing the impairment test performed by Scout24 on the assets attributable to the disposal group before reclassification. We also assessed whether the allocation of income and expenses to discontinued operations was correct, taking into account the ongoing business relationships with the continuing operations.

We have also assessed whether the notes to the discontinued operations are sufficiently detailed and appropriate.

Our observations
The classification of the business activities of the AutoScout24 segment including the brand "FinanceScout24" and the activities of the Consumer Services segment, which are operated by FFG Finanzcheck Finanzportale GmbH and its subsidiaries, as discontinued operations is appropriate. The explanations in the notes to the consolidated financial statements on discontinued operations are sufficiently detailed and appropriate.

MEASUREMENT OF THE PROVISION FOR THE LONG-TERM INCENTIVE PROGRAM

For further information on the applied accounting principles and policies please refer section 1.6 of the notes to the consolidated financial statements. Disclosures on the long-term incentive program (hereafter LTIP) are provided in section 5.3 the notes to the consolidated financial statements.

The financial statement risk
As at 31 December 2019, the provision for share-based payments amounting to EUR 49.1 million was recognised in the consolidated financial statements of Scout24. Of this amount, EUR 43.4 million related to the long-term share-based payments for the Management Board and senior executives (LTIP).

For cash-settled share-based payments, the services received and the provision incurred must be recognised in accordance with IFRS 2. The valuation of the LTIP provision is complex and based on discretionary assumptions made by the Management Board. Scout24 relied on an external expert to measure the liability using a Monte Carlo simulation. The key assumptions relate to the volatility of the shares of Scout24 AG and the peer companies, the expected sales and earnings growth and the fluctuation rates of the plan participants.

The risk for the consolidated financial statements lies in the fact that the provision is incorrectly valued. There is also the risk that the information in the notes to the consolidated financial statements is inappropriate.

Our audit approach

With the support of our valuation specialists, we assessed the appropriateness of the key assumptions and the valuation process. We first obtained an understanding of whether there were any changes to the LTIP conditions in 2019 by interviewing employees in the finance department and reviewing the relevant documents. In addition, we compared the assumptions used for sales and earnings growth with the corporate planning prepared by the Management Board and approved or acknowledged by the Supervisory Board. We have compared the fluctuation rates applied with historical data for corresponding plan participants.

We assessed the competence, abilities and objectivity of the independent expert commissioned by Scout24 AG. In order to ensure the arithmetical correctness of the valuation model, we have reconstructed the calculations on the basis of risk-oriented selected elements. We ensured the accuracy of the numbers granted by taking a sample and inspecting supporting documentation.

Furthermore, we have assessed that the agreement on the sale of the shares in AutoScout24 GmbH and FFG Finanzcheck Finanzportale GmbH dated December 17, 2019 does not constitute an event that would lead to a modification of the previously recognised share-based long-term compensation for the executives of the companies affected by the sale, which was granted by Scout24 AG, in fiscal year 2019. We have conducted interviews with management and the Supervisory Board in this regard. In addition, we inspected the relevant documents that were drawn up at the end of February 2020 for the adjustment of the LTIP for these executives and communicated to them.

We have also assured that the relevant information on the LTIP is presented appropriately in the notes to the consolidated financial statements.

Our observations

The valuation model used to measure the provision is appropriate. The underlying assumptions are, in total, balanced and appropriate. The corresponding disclosures in the notes to the consolidated financial statements are appropriate.

Other Information

The management board or the Supervisory Board are responsible for the other information. The other information comprises:

- the separate non-financial group report and the corporate governance statement to which reference is made in the group management report
- the information contained in the group management report unrelated to management reports and is marked as unaudited, and
- the remaining parts of the annual report, with the exception of the audited consolidated financial statements and the audited group management report information and our audit opinion

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 doing so, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the audited group management report information 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 30 August 2019. We were engaged by the supervisory board on 5 December 2019. 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.

Munich, 18 March 2020

KPMG AG
Wirtschaftsprüfungsgesellschaft

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

Glossary

- ARPU: Average revenue per user per month, calculated as the revenue generated from (contractual) residential real estate partners and business real estate partners (IS24) and dealers in Germany and European core countries (AS24) in the respective period divided by the average number of (contractual) real estate partners and dealers respectively (calculated from the number of (contractual) real estate partners and dealers at the beginning and end of the period) and further divided by the number of months in the corresponding period.
- Business real estate partners: Professional real estate agents in Germany active in commercial real estate as well as in building and property development, who have contracted a package or bundle of services from IS24.
- Capital expenditure (adjusted): Defined as capital expenditure adjusted for the effects arising from first-time application of accounting standard IFRS 16 (Leases).
- Cash contribution: Ordinary operating EBITDA less capital expenditure (adjusted).
- Consolidation effect: Accounting process that eliminates all intracompany transactions within a group (expenses/revenue, liabilities and equity) and presents all of the corresponding entities as if they were one single entity.
- EBIT: Earnings before interest and tax.
- EBITDA: Earnings before interest, tax, depreciation and amortisation, i.e. profit before net finance expenses, income taxes, depreciation and amortisation, impairment losses and gains or losses on the sale of subsidiaries.
- EBITDA margin: EBITDA as a percentage of external revenue (for the respective segment).
- External revenue: Revenue that Scout24 entities generate with customers that are not entities of the Scout24 Group.
- Finance partners: Service providers focused on the financial services sector who have either contracted a package or bundle of services from the Scout24 Group.
- Lead: Generating a business contact, i.e. contact data of a qualified prospect who is interested in a certain product and has given his or her consent to his or her data being shared.
- Listings (number of listings): For IS24, refers to the total number of all real estate listings on the website as of a specific cut-off date (as a rule, the end of the month). For AS24, refers to the total number of new and used cars and vans on a specific cut-off date (as a rule, the end of the month) in the respective country on the website in question.
- Net financial debt/net debt: Total current and non-current liabilities less cash.
- OEM: Original equipment manufacturer, automotive manufacturer.
- Ordinary operating EBITDA: refers to EBITDA adjusted for non-operating effects, which mainly include restructuring expenses, expenses in connection with the Company's capital structure and business combinations (realised and unrealised), costs for strategic projects as well as effects on profit or loss from share-based payment programmes.
- Ordinary operating EBITDA margin: Ordinary operating EBITDA as a percentage of external revenue.
- Partner dealers: Commercial car, commercial vehicle or motorcycle dealers who have either contracted a package or bundle of services from AS24.
- Revenue: All cumulative income generated from ordinary operating activities during the corresponding accounting period.
- Revenue adjusted for acquisitions: Group revenue reported excluding entities acquired.

- Sessions: The number of visits within a reporting period in which individual users interact with web or app offerings via a device (desktop PC, mobile devices or apps (multiplatform)). A session ends automatically after 30 minutes (or longer) without user interaction.
- Unique monthly visitors (UMV): Unique monthly visitors to the website via desktop PC, mobile devices or apps (multi-platform), irrespective of how often they visit the portal during the month in question and (for multi-platform metrics) irrespective of how many platforms (desktop PC and mobile) they use (source: ComScore for IS24, AGOF for AS2).
- User engagement: Measures the total number of minutes a unique monthly visitor to the online platform spends on various interactions.
- User reach: The extent to which users are reached measured in terms of unique monthly visitors that we reach with our digital marketplaces within a given time period.

Disclaimer

This report may contain forward-looking statements regarding the business, results of operations, financial position and earnings outlook of the 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. Such forward-looking statements are based on the current assessments, expectations, assumptions and information of Scout24’s Management Board. They are subject to a large number of known and unknown risks and uncertainties and there is no guarantee that the anticipated results and developments will actually materialise. 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, including but not limited to 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 report 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 has not been subject to an audit and thus is 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. Alternative performance measures used by Scout24 are defined in the GLOSSARY section.

The special items used to calculate some alternative performance measures arise from the integration of acquired businesses, reorganisation measures, impairment losses, gains or losses on sale resulting from divestitures and the sale of shareholdings, and other expenses and income that generally do not arise in conjunction with Scout24’s ordinary business activities.

The group management report should be read in conjunction with the consolidated financial statements and the explanatory notes.

This annual report is a non-binding English translation of the original German report. Both reports are available for download on the Company’s website

- under REPORT.SCOUT24.COM
- and under WWW.SCOUT24.COM/EN/INVESTOR-RELATIONS/FINANCIAL-PUBLICATIONS/FINANCIAL-REPORTS/FINANCIAL-REPORTS-44.ASPX.

In case of any divergence between the two reports, the German version shall have precedence over the English translation.

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