Annual Report and Annual Financial Report 2020

Focus on what matters

Scout24

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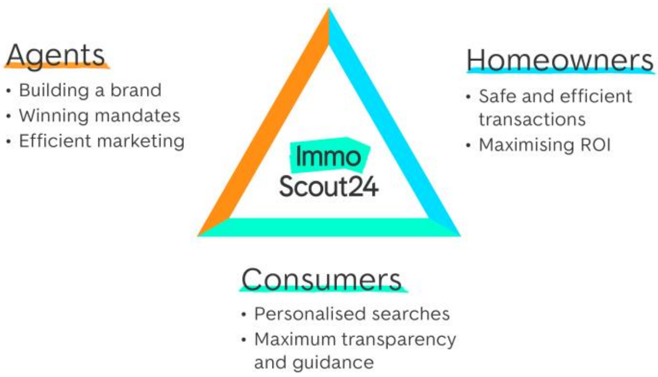
TOBIAS HARTMANN
CEO of Scout24 AG

Dear Shareholders,

Despite unprecedented challenges in the financial year 2020, we focused on our foundations for sustainable growth. We have strengthened our relationships with our customers, increased the vibrancy of our marketplace and enhanced our digital product offering. And although our business has not been immune to the Covid-19 pandemic, we have not lost sight of our key strategic objective.

We want to expand ImmoScout24 into a networked marketplace that efficiently covers all the needs of our main user groups and offers the best possible user experience. Within this network, real estate should not just be listed and searched for. The entire process surrounding the sale and rent of real estate will be further digitised. This approach leads to a more diversified revenue base where revenues from the core real estate listing product will be increasingly complemented by consumer subscription revenues (such as TenantPlus+ for tenants and BuyerPlus+ for buyers) and the sale of mandate acquisition leads. At the same time, our revenue structure is gaining both in quality and continuity with an increasing share of recurring revenues.

We explain this in detail in the **REPORT ON ECONOMIC POSITION / BUSINESS PERFORMANCE OF THE SEGMENTS** section of our management report.



With this strategic focus, we have also further optimised our internal organisation so that we can respond to every customer and user need as well as market change with agility and purpose. I would like to take this opportunity to thank our employees, who have been mainly working from home for almost a year now. As our data and systems have been in the cloud for some time, the technology challenges were minimal. Nevertheless – and I believe I speak for all of us at Scout24 – we are looking forward to a time when we can see each other more often in person again in our new Berlin office. This will give our creativity a further boost, while invigorating exchange and productivity.

Working from home, we also brought the AutoScout24 transaction to a successful close in a very challenging environment. We received the purchase price of EUR 2.8 billion without delay on 1 April 2020, in the midst of the Covid-19 crisis, precisely when liquidity was so often a major concern elsewhere. First, we used some of the proceeds to reduce our debt. In June 2020, we paid a record dividend of around EUR 94 million. And we have formulated a clear plan to return capital to you, our shareholders (for more information, see the FINANCIAL POSITION / CAPITAL STRUCTURE / SHARE BUYBACKS section in the report on economic position).

On 1 July 2020, we made a small acquisition of strategic importance with immoverkauf24. In a real estate market which, despite Covid-19, is characterised by high demand and rising prices, we are now in an even better position to support real estate agents in acquiring new mandates. At the same time, we have expanded our offer for home sellers.

Allow me also to look beyond the financial aspects. We took an important step forward in 2020 in terms of our sustainability ambitions. In this respect, I am very pleased that we have been listed on the recently launched DAX 50 ESG stock market index focused on sustainability. Not only do we want to be sustainable from an economic point of view, but we are also committed to a future that is more environmentally conscious and socially just. You can read about the goals we have set ourselves and the progress we are making in brief in the SUSTAINABILITY section of this Annual Report under Fundamentals of the Group and in more detail in our Sustainability Report for the 2020 financial year.

Both reports – the Annual Report and the Sustainability Report – claim the theme:

Focus on what matters.

Accordingly, we want to sharpen our focus on creating sustainable value both in the sense of growth and responsibility.

Finally, I would like to thank you, our shareholders, for your trust – trust in our strategic decisions and trust in their successful implementation.

Yours sincerely,

Tobias Hartmann
CEO of Scout24 AG

Report of the Supervisory Board

Dear Shareholders,

In the 2020 financial year, the Scout24 Group consistently and successfully maintained its course and focused on the real estate business.

Despite the restrictions caused by the Covid-19 pandemic, which also affected the Scout24 Group, revenue and earnings were maintained close to the previous year's level thanks to decisive and prudent measures taken by the Company, considerable efforts by all employees and a resilient business model. At the same time, the course was set to continue the evolution of the marketplace, diversify revenue streams in the real estate sector and tap new sources of growth. In this context, the Supervisory Board monitored, advised and supported the Management Board on an ongoing basis.

Cooperation between the Supervisory Board and the Management Board

In the 2020 reporting year, the Supervisory Board again performed all its duties and obligations in accordance with the law, the Articles of Association and the rules of procedure. The Supervisory Board accompanied and monitored the Management Board in its management of the business 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.

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 variances between actual figures and previously reported targets – in particular against the backdrop of developments relating to the Covid-19 pandemic – in the manner and 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. Where the approval of the Supervisory Board was required for management decisions or measures by law, the Articles of Association or the rules of procedure, the members of the Supervisory Board granted their approval after intensive examination and deliberation.

Ahead of the meetings, the Supervisory Board members always had sufficient time to extensively review the information and documents presented. In the course of the meetings, the information was discussed and examined in detail with the Management Board – and if appropriate also exclusively within the Supervisory Board without involving the Management Board – and each member of the Supervisory Board was able to contribute, and indeed contributed, their opinions. 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 Chair 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.

In the 2020 financial year, the Supervisory Board held a total of ten meetings: six scheduled ordinary meetings and four extraordinary meetings. No member of the Supervisory Board failed to attend more than half of the meetings of the Supervisory Board of relevance to the member in question. A detailed list of meeting attendance is included as a table below in this report.

The Covid-19 pandemic was a steady presence in the Supervisory Board's work almost throughout the year. On an ongoing basis, the Supervisory Board discussed with the Management Board the repercussions on business in general as well as on individual operating segments and transactions as well as the measures taken by the Company to protect employees, stabilise the business and customers. In addition, it analysed and discussed opportunities and risks inherent in the situation. Given the circumstances, the majority of meetings had to take place remotely in video and telephone conferences.

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, particularly in the March 2020 meetings, attention focused on issues arising from completion of the sale of AutoScout24, FinanceScout24 and FINANZCHECK. In particular, the Supervisory Board discussed very intensively with the Management Board the measures for repaying share capital to the shareholders to satisfy itself of the strategy, the means chosen, the timeline and the scope of the measures. These topics were comprehensively prepared with sufficient advance notice prior to the respective meetings with the Chair of the Supervisory Board and his deputy, the Management Board and the Company's respective advisors, and intensively dealt with and discussed in the respective meetings. In connection with the sale, the Management Board's long-term compensation also had to be adjusted to decouple it from the divested parts of the Company for the period after the transaction was completed. To this end, the Supervisory Board met again with the involvement of its independent advisors and without the participation of the Management Board.

At the meeting on 19 March 2020, the Supervisory Board discussed the separate financial statements of Scout24 AG for 2019 and the consolidated financial statements for 2019, approved them and decided on the appropriation of profits. The repercussions of the Covid-19 pandemic on business were also discussed in the course of this meeting. In addition, the Supervisory Board worked on an initial draft of the agenda and individual proposed resolutions for the 2020 Annual General Meeting. The efficiency review of the Supervisory Board was also discussed. At its extraordinary meeting on 25 March 2020, the Supervisory Board concerned itself again with the measures to pay back share capital to shareholders in connection with the sale of AutoScout24, FinanceScout24 and FINANZCHECK and approved the measures following intensive preparation and discussion. In addition, the deviation from the revenue and earnings forecasts due to the impact of the Covid-19 pandemic was discussed with the Management Board at this meeting, as were the Company's countermeasures in this regard.

At the extraordinary meeting on 23 April 2020, the Supervisory Board dealt with further preparations for the Annual General Meeting as an online event without physical attendance by shareholders on account of the Covid-19 pandemic. In particular – based on the findings of the efficiency review and the preparatory work by the Executive Committee – the proposed candidates for the Supervisory Board election were discussed and resolutions passed. In a further extraordinary meeting on 7 May 2020, attention centred exclusively on details of the adjustment of the long-term compensation of the Management Board from the sale of AutoScout24, FinanceScout24 and FINANZCHECK.

The ordinary meeting on 17 June 2020 dealt with an adjusted budget for the current financial year due to the repercussions of the Covid-19 pandemic, the start of work revising the Supervisory Board's rules of procedure and the adjustment of the proposed dividend due to the Company's ongoing share buyback programme. At the ordinary constituent meeting held on 18 June 2020 following the Annual General Meeting, the chair, deputy chair and committee members were elected.

On 20 and 21 July 2020, the Supervisory Board met to discuss the Company's strategic alignment and dealt intensively with the competitive environment and how it is changing, the continued evolution of the marketplace into a digital ecosystem, including product developments, the M&A alignment as well as the human resources strategy and the development of young talent.

At its ordinary meeting on 17 September 2020, the Supervisory Board adjusted the Management Board's STI targets (short-term incentives) in view of the Covid-19 pandemic. In addition, the Supervisory Board – based on the findings of the efficiency review – passed a resolution to amend the rules of procedure for the Supervisory Board and the committees.

At the last ordinary meeting of the year on 26 November 2020, a preliminary review was conducted on developments in 2020 along with consultations on budget planning for the 2021 financial year. Work on the Management Board's compensation system was outlined and discussed intensively by the full Supervisory Board, following development by and at the suggestion of the Remuneration Committee. In addition, the status of corporate governance was discussed against the background of the declaration of conformity with the German Corporate Governance Code (GCGC).

In an extraordinary meeting on 16 December 2020, the Supervisory Board once again concerned itself with the Management Board's compensation system and changes to it, in particular against the backdrop of the reformed regulations of stock corporation law and the GCGC. In addition, the Management Board's proposal to redeem 1.9 million treasury shares was approved.

Committees

To perform its tasks efficiently, the Supervisory Board has currently formed three committees: an Executive Committee, an Audit Committee and 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 the strategic M&A activities of the Scout24 Group. The Executive Committee is responsible in particular for preparing the decisions of the Supervisory Board with respect to corporate governance and advising the Management Board on strategy and M&A issues. The Executive Committee also performs the tasks of the Nomination Committee and nominates suitable candidates for the Supervisory Board for its proposals to the Annual General Meeting when electing members of the Supervisory Board.

The Executive Committee is chaired by Dr. Hans-Holger Albrecht. Aside from the chair, the other members of the Committee in the 2020 financial year were the members of the Supervisory Board Peter Schwarzenbauer, Frank H. Lutz and André Schwämmlein (until June 2020). In June 2020, following the Company's Annual General Meeting, the Committee was reduced to three Supervisory Board members.

In 2020, the Executive Committee met four times. All committee members required to achieve a quorum were present. The main topics of discussion were the preparation of the meetings, corporate governance including the preparation of the proposed candidates for the Supervisory Board elections and the Company's M&A projects.

AUDIT COMMITTEE

The Audit Committee addresses in particular the monitoring of the financial reporting and the financial reporting process, the effectiveness of the internal control system, 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 Chair, Frank H. Lutz, meets these legal requirements and has additional expertise in the fields of financial planning and controlling. Frank H. Lutz also fulfils the further criteria of Section D.4 of the German Corporate Governance Code, according to which the Audit Committee's chairperson should be independent. In addition to the Chair, the Audit Committee consisted of the other Supervisory Board members Dr. Hans-Holger Albrecht, Christoph Brand (until June 2020) and Andre Schwämmlein (since June 2020).

The Audit Committee held a total of four meetings in 2020. The main topics of discussion in the Audit Committee were the annual financial statements, the proposal for the appropriation of profits, the half-year financial report and 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. In addition, the key results and developments were discussed and analysed in additional conference calls prior to the publication of the respective quarterly and half-year figures.

REMUNERATION COMMITTEE

The Remuneration Committee is chaired by Dr. Elke Frank (since June 2020; previously Ciara Smyth, until June 2020). The other members are Peter Schwarzenbauer, André Schwämmlein (until June 2020) and Christoph Brand (since June 2020). In addition to the preparatory work outside the meetings, the Remuneration Committee held three formal meetings in the 2020 financial year. All committee members were present. Key topics included issues relating to compensation of the Management Board, particularly with regard to amendments to the law or amended legal provisions and recommendations, succession planning, upcoming negotiations with members of the Management Board as well as the impact of the Covid-19 pandemic on the Management Board's compensation and appropriate incentives.

Corporate governance and declaration of compliance

By resolution of February 2021, the Supervisory Board adopted the current declaration of compliance in accordance with Article 161 AktG. The full text is presented below in the CORPORATE GOVERNANCE REPORT and has been published on the corporate website at WWW.SCOUT24.COM/EN/INVESTORS/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 German Corporate Governance Code. 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, it 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 has already been implemented.

On 19 March 2019, the Supervisory Board also set a target of 0% for the share of women on the Management Board of Scout24 AG, which is to be implemented by 1 March 2024. For the first management level below the Management Board, the Management Board of Scout24 AG has set a target for the proportion of women of 30%, with an implementation deadline until June 30, 2025. As of 31 December 2020, the proportion of women at the first management level below the Management Board stood at 30%, thus reaching the target. For the second management 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 until 30 June 2025. As of 31 December 2020, the proportion of women stood at 32%, thus reaching the target.

The Supervisory Board concerned itself with corporate governance within the Scout24 Group most recently on 22 February 2021.

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.

Effective 18 June 2019, Dr. Dirk Schmelzer was appointed to the Management Board.

Upon conclusion of the Annual General Meeting on 18 June 2020, the term of office of all members of the Supervisory Board ended. Ms. Ciara Smyth did not stand for re-election. On 18 June 2020, the Annual General Meeting elected Dr. Hans-Holger Albrecht, Christoph Brand, Frank H. Lutz, Peter Schwarzenbauer and André Schwämmlein for a further term of office.

To replace the member who stepped down from the Supervisory Board, the Annual General Meeting of Scout24 AG elected Dr. Elke Frank as a new member of the Supervisory Board on 18 June 2020. In the course of her inauguration, Dr. Elke Frank was familiarised with the Company's affairs by the members of the Management Board and the relevant specialist departments as well as with a comprehensive set of documents on corporate governance, business development, strategy and key projects and measures of the Company.

MEMBERS OF THE SUPERVISORY BOARD IN THE 2020 FINANCIAL YEAR

Name **Function**	**Profession exercised**	**Member since**	**Appointed until**	**Other board positions in 2020 (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, last elected on: 18 June 2020	AGM 2024	• ICE GROUP ASA, Oslo, Norway (Chair of the Board of Directors) • VEON Ltd., Hamilton, Bermuda (Non-Executive Member of the Board of Directors)
Frank H. Lutz	CEO of CRX Markets AG, Munich, Germany	30 August 2019, last elected on: 18 June 2020	AGM 2024	• Bilfinger SE, Mannheim, Germany (member of the Supervisory Board)
Christoph Brand	CEO of Axpo Holding AG, Baden, Switzerland	30 August 2019, last elected on: 18 June 2020	AGM 2024	• Centralschweizerische Kraftwerke AG, Lucerne, Switzerland (member of the Board of Directors) • GfM Schweizerische Gesellschaft für Marketing, Zurich, Switzerland (member of the Management Board)
André Schwämmlein	CEO of FlixMobility GmbH, Munich, Germany	30 August 2019, last elected on: 18 June 2020	AGM 2024	
Peter Schwarzenbauer	Former member of the Board of Management of BMW AG, Munich, Germany	8 June 2017, last elected on: 18 June 2020	AGM 2024	• UnternehmerTUM GmbH, Munich, Germany (member of the Supervisory Board) • Lunewave, Inc., Tucson (AZ), United States (member of the Advisory Board) • Mobility Impact Partners LLC, New York, United States (member of the Advisory Board)
Dr. Elke Frank	Member of the Management Board of Software AG, Darmstadt, Germany	18 June 2020	AGM 2024	• Fraunhofer-Institut für Arbeitswirtschaft und Organisation IAO, Stuttgart, Deutschland, eine Einrichtung der Fraunhofer-Gesellschaft zur Förderung der angewandten Forschung e. V., Munich, Germany (member of the Board of Trustees)
Ciara Smyth	Strategy consultant, Dublin, Ireland	21 June 2018	Stepped down as of 18 June 2020	

Supervisory Board Committees in the 2020 financial year and meeting attendance

COMPLETE SUPERVISORY BOARD

Name	Meeting attendance
Dr. Hans-Holger Albrecht	10/10
Christoph Brand	9/10
Dr. Elke Frank (since June 2020)	5/5
Frank H. Lutz	10/10
Peter Schwarzenbauer	9/10
André Schwämmlein	10/10
Ciara Smyth (until June 2020)	4/5

EXECUTIVE COMMITTEE

Name	Position	Meeting attendance
Dr. Hans-Holger Albrecht	Chair	4/4
Peter Schwarzenbauer	Member	4/4
Frank H. Lutz	Member	4/4
André Schwämmlein (until June 2020)	Member	3/3

AUDIT COMMITTEE

Name	Position	Meeting attendance
Frank H. Lutz	Chair	4/4
Dr. Hans-Holger Albrecht	Member	4/4
André Schwämmlein (since June 2020)	Member	2/2
Christoph Brand (until June 2020)	Member	2/2

REMUNERATION COMMITTEE

Name	Position	Meeting attendance
Dr. Elke Frank (since June 2020)	Chair	2/2
Christoph Brand (since June 2020)	Member	2/2
Peter Schwarzenbauer	Member	3/3
Ciara Smyth (until 18 June 2020)	Chair	1/1
André Schwämmlein (until June 2020)	Member	1/1

Audit of the separate and consolidated financial statements

Pursuant to the resolution of the Annual General Meeting on 18 June 2020, 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 2020. The key auditor responsible for the audit is Haiko Schmidt (since 2016). Auditor Ulrike Ehlert is also responsible for the audit (since 2020).

KPMG audited the separate financial statements for the financial year from 1 January 2020 to 31 December 2020 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 2020 to 31 December 2020 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 (IFRSs) 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 separate consolidated non-financial report in accordance with Article 111 (2) Sentence 4 of the German Stock Corporation Act (AktG, "Aktiengesetz").

Before the Supervisory Board proposed KPMG to the Annual General Meeting as auditors, KPMG had confirmed to the Chair 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 with the German Corporate Governance Code 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 audit reports, 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 on 19 March 2021 and the Supervisory Board on 22 March 2021. The auditors reported on the key findings of their 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 and the combined management report 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 22 March 2021, the Supervisory Board thus approved the separate and consolidated financial statements of Scout24 AG for the 2020 financial year. The separate financial statements of Scout24 AG are ratified as a consequence. It additionally reviewed 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 statements 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 2020 financial year, which proved a tough, yet successful, year for the Scout24 Group and its employees alike.

Munich, March 2021

Scout24 AG
The Supervisory Board

Dr. Hans-Holger Albrecht
Chair of the Supervisory Board

Corporate governance

Corporate governance declaration

The actions taken by Scout24 AG's management and supervisory bodies are determined by the principles of responsible and good corporate governance. The corporate governance declaration comprises the declaration of compliance 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 COMPLIANCE OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF SCOUT24 AG REGARDING THE GERMAN CORPORATE GOVERNANCE CODE

The following declaration of compliance was issued in February 2021:

Pursuant to section 161 para. 1 sent. 1 German stock corporation act (AktG), the Management Board and the Supervisory Board of Scout24 AG have to issue annually a declaration that Scout24 AG has been, and is, in compliance with the recommendations of the "Government Commission on the German Corporate Governance Code" (hereinafter "GCGC") as published by the Federal Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger), or to advise of any recommendations that have not been, or are not being, applied and the reasons for this.

The annual declaration was last issued in February 2020.

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

1. Since issuing of the last declaration of compliance in February 2020 until the declaration of compliance in February 2021, Scout24 AG has complied with all recommendations of the GCGC in the version as of 7 February 2017 (hereinafter "GCGC 2017") except for sec. 4.2.3 paragraph 2 sentence 8 of the GCGC 2017 as declared and explained in the last Updated Declaration of Conformity of February 2020 in September 2020.

   Section 4.2.3 paragraph 2 sentence 8 of the GCGC 2017, states that the performance targets or comparison parameters for variable compensation should not be subsequently amended. A corresponding recommendation is also contained in Section G.8 of the GCGC in the version of the recommendations of the "Government Commission on the German Corporate Governance Code" published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette in the version dated December 16, 2019 ("GCGC 2019"). The Supervisory Board of the Company had – against the backdrop of the COVID-19 pandemic – decided to partially adjust the targets for the short-term variable compensation of the members of the Executive Board for fiscal year 2020.

2. Scout24 AG will comply with all recommendations of the GCGC 2019 in the future. The previously declared matters of non-compliance will be complied with in future.

Munich, February 2021

Scout24 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 German Corporate Governance Code 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/EN/INVESTORS/CORPORATE-GOVERNANCE/CODE-OF-CONDUCT.

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 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 German Stock Corporation Act (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 accompanies 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

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

Ralf Weitz, Chief Commercial Officer (CCO)
- Business strategy
- Sales incl. planning, go-to-market, customer support, training and enablement
- Scout24 segments

The Management Board has rules of procedure. These rules of procedure 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 and 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. The Supervisory Board has made provisions for the committees' rules of procedure in accordance with Article 10 of the new rules of procedure for the Supervisory Board adopted by resolution of the Supervisory Board in September 2020. The Audit Committee also has its own rules of procedure set out by the Supervisory Board. The rules of procedure of the Supervisory Board are publicly available on the Company's website under WWW.SCOUT24.COM/EN/INVESTORS/CORPORATE-GOVERNANCE. The Executive Committee also performs the tasks of a Nomination Committee and, in this capacity, nominates suitable candidates for the Supervisory Board for its proposals to the Annual General Meeting when electing members of the Supervisory Board. In doing so, it must consider statutory requirements, the Articles of Association, the German Corporate Governance Code, the competence profile of the Supervisory Board and said rules of procedure.

The Supervisory Board convened for ten meetings in the 2020 financial year and passed further written resolutions by circularisation. The Executive Committee met four times in the 2020 financial year. The Audit Committee held four meetings. The Remuneration Committee met three times in 2020. It is planned that the Supervisory Board hold two ordinary meetings in each half of a calendar year. The rules of procedure for the Audit Committee, which came into force in September 2020, provide for the Audit Committee to regularly hold one meeting each quarter of a calendar 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 cast 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 have attended 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 and the way they were dealt with. No such conflicts of interest arose in the reporting period.

The Supervisory Board (and its committees) regularly review how effectively the Supervisory Board as a whole and its committees perform their duties. This review is conducted internally and also, in individual cases, with the involvement of external advisors. In the 2020 financial year, the Supervisory Board carried out an internal efficiency review, the findings of which the Supervisory Board addressed in particular at its meetings on 19 March 2020 and 23 April 2020. The findings of the review confirm that cooperation within the Supervisory Board and with the Management Board is professional, constructive and trust-based, and that meetings are efficiently organised and conducted based on an appropriate level of information. No fundamental need for change was identified. Individual suggestions will be taken up and implemented during the year.

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 2020 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 Recommendation C.6 Subsection 1.1 Half-sentence 1 of the German Corporate Governance Code, 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 German Corporate Governance Code.

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 chair and three further members. The Executive Committee prepares the meetings of the Supervisory Board and handles current matters arising between the meetings. In particular, it has the task of preparing the decisions of the Supervisory Board related to corporate governance.

Audit Committee
The Audit Committee comprises one chair and two further members. The Audit Committee addresses in particular the monitoring of the financial reporting, the financial reporting process, the effectiveness of the internal control system, 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), 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 Chair, Frank H. Lutz, meets these legal requirements and has additional expertise in the fields of financial planning and controlling within the meaning of Recommendation D.4 Sentence 1 of the German Corporate Governance Code. Furthermore, Frank H. Lutz satisfies the further criteria of Recommendation C.11 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 the chair 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 ARTICLE 76 (4), ARTICLE 111 (5) AKTG; DIVERSITY CONCEPT AND SUCCESSION PLANNING

In compliance with the age limit set by the Supervisory Board in its rules of procedure, only persons who are not older than 65 years of age should as a rule be proposed for election as members of the Supervisory Board.

Diversity concept of the Supervisory Board (Article 289 et seq. HGB)
Sufficient diversity is to be ensured in the Supervisory Board's composition. The diversity concept is implemented in the election of members of the Supervisory Board and in the reappointment of candidates to the Supervisory Board.

In addition to an appropriate consideration of women, the concept also entails diversity with regard to cultural backgrounds as well as differences in educational and professional backgrounds, experience and ways of thinking. Furthermore, the composition of the Supervisory Board takes into account the particular international experience of members. When considering potential candidates for re-election or for a new appointment to Supervisory Board positions that become vacant, the aspect of diversity should be given appropriate consideration at an early stage in the selection process.

The Supervisory Board has set itself the target of including an appropriate number of women among its members. On 19 March 2019, it 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 has already been implemented. On 19 March 2019, the Supervisory Board also set a target of 0% for the share of women on the Management Board of Scout24 AG, which is to be implemented by 1 March 2024.

Diversity concept for the Management Board (Recommendation B.1 GCGC) and long-term succession planning

When selecting members of the Management Board, the Supervisory Board considers their personal suitability, integrity, persuasive leadership qualities, international experience, professional qualifications for the position, track record, knowledge of the Company and ability to adapt to changing processes. Diversity is an important selection criterion when filling Management Board positions, also with regard to aspects such as age, gender as well as education and professional background. Diversity criteria are weighted depending on the Management Board position in question as well as the corresponding tasks.

In the composition of the Management Board, attention should be paid to internationality in the sense of international experience (e.g. prolonged professional experience abroad of relevance for Scout24 or supervision of business activities abroad).

The Management Board as a whole should have experience in the business areas of relevance for Scout24 AG.

The diversity concept for the Management Board is implemented in connection with the procedure for appointing members to the Management Board and is also reflected in succession planning.

The members of the Management Board encompass a broad spectrum of knowledge and experience as well as education and professional backgrounds and have international experience. As a whole, the Management Board possesses all the knowledge and experience deemed material in view of the Company's activities.

For the first management level below the Management Board, the Management Board of Scout24 AG has set a target for the proportion of women of 30%, with an implementation deadline until 30 June 2025. As of 31 December 2020, the proportion of women at the first management level below the Management Board stood at 30%, thus reaching the target. For the second management 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 until 30 June 2025. As of 31 December 2020, the proportion of women stood at 32%, thus reaching the target.

When filling management positions in the Company, the Management Board pays attention to diversity and strives in particular for an appropriate consideration of women and internationality. To this end, the Management Board is supported by the People, Organisation & Culture department and Principal Diversity & Inclusion Management, a position introduced in February 2020. Measures are being taken to promote women more systematically. Managers bear a special responsibility for the topic of diversity and inclusion in the Company. The aim was to train managers so that they can contribute to this goal. Good progress was made in this regard in the past financial year.

Long-term succession planning for the Management Board

Together with the Management Board, the Supervisory Board is responsible for long-term succession planning for the Management Board. Long-term succession planning takes into account the requirements of the German Stock Corporation Act, the GCGC, the competence required for the board remit in question as well as diversity criteria.

Age limit for members of the Management Board

In general, the standard age limit for members of the Management Board is 67 years.

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 German Corporate Governance Code. The Management Board and Supervisory Board as well as the other management levels and employees have an obligation 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) as well as the risk management system (RMS), 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. The 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 an unbiased 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 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, also accessible to third parties, which offers the possibility of providing anonymous tip-offs concerning potential compliance-related infringements. With regard to employees using the compliance hotline, the Company has adopted a clear non-retaliation policy for whistle-blowers. This means that employees who have reported information need not fear any negative consequences, even in cases where no sufficient evidence can be found to support the concerns voiced. This applies to 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 with the German Corporate Governance Code pursuant to Article 161 AktG was issued by the Management Board and the Supervisory Board in February 2021.

OBJECTIVES FOR THE SUPERVISORY BOARD'S COMPOSITION

The Supervisory Board of Scout24 AG 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 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 within the meaning of Recommendation C.6 Subsection 1 Half-sentence 1 of the German Corporate Governance Code, an upper age limit to be set for members of the Supervisory Board, and diversity. An age limit for members of the Supervisory Board is specified in Article 2 of the rules of procedure for the Supervisory Board. As a general rule, only persons who have not yet reached the age of 65 at the time of their appointment may become members of the Supervisory Board.

Furthermore, Article 2 of the rules of procedure stipulates that a member shall, as a general rule, not be a member of the Supervisory Board of Scout24 AG for longer than 12 years in total. 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 decided that the board as a whole should have the following competences:

- Expertise in the digital economy, digitisation and technology
- Expertise in the field of real estate and the 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 focused 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.

Monetary compensation comprises fixed and variable components. The variable compensation resulting from the achievement of long-term targets should exceed the share from short-term targets (pursuant to Section 4.2.3. of the GCGC in the version dated 7 February 2017 and recommendation in Section G.6 of the GCGC in the version dated 16 December 2019). 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. of the GCGC in the version dated 7 February 2017

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 outlays 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 (directors and officers liability insurance) with an appropriate deductible pursuant to Article 93 (2) Sentence 3 AktG (Management Board). 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 in 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 cast 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 18 June 2020. Pursuant to Article 1 (1), (2) of the Act on Measures in the Law on Companies, Cooperatives, Associations, Foundations and Condominiums to Combat the Repercussions of the COVID-19 Pandemic (GesRuaCOVBekG or COVID-19 Act), the Management Board, with the approval of the Supervisory Board, decided that the Annual General Meeting would be held as a virtual Annual General Meeting without the physical presence of the shareholders or their proxies (with the exception of the Company's proxy) and that the shareholders would cast their votes at the Annual General Meeting, also by means of electronic communication in particular. The Annual General

Meeting was live-streamed on the Internet with audio and video for all duly registered shareholders and their proxies. Shareholders exercise their voting rights exclusively by postal vote or by granting power of attorney to the proxy appointed by the Company. The invitation was published in the Bundesanzeiger (German Federal Gazette) 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 Annual General Meeting, Scout24 AG also published the voting results on its website.

Shareholders representing more than 78.43% 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 20,000 in a calendar year. Among other media locations, we have published corresponding transactions on the Internet at WWW.SCOUT24.COM/EN/INVESTORS/FINANCIAL-NEWS/DIRECTORS-DEALINGS.

For the 2020 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 six 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 2020 and the consolidated financial statements as of 31 December 2020 as well as the two quarterly statements as of 31 March 2020 and 30 September 2020 were prepared in accordance with International Financial Reporting Standards (IFRSs). The separate financial statements of Scout24 AG for the 2020 financial year were prepared in accordance with the requirements of the German Commercial Code (HGB, "Handelsgesetzbuch") and the German Stock Corporation Act (AktG, "Aktiengesetz").

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

Investor relations

Scout24 AG maintains a constant, open and transparent dialogue with the capital market. Due to the Covid-19 pandemic and the associated social distancing rules, most of this dialogue took place in virtual formats in 2020. Investor relations activities were swiftly adapted to the changed conditions. Thanks to the efficient organisation of virtual meetings, it was possible to seamlessly continue and further improve communication with the capital market. Moreover, the Company was also able to significantly reduce travel times and travel costs. In light of the positive experience and high efficiency, we plan to make increased use of virtual investor relations activities in the future.

Communication with investors

In addition to quarterly financial reporting, a redesigned investor relations website and press and IR releases, we also sought direct contact with investors at numerous events.

In this context, we have also implemented new formats such as topic calls and moderated group calls, with and without a video link. Brokerage firms and banks have likewise adapted quickly, organising virtual investor roadshows and conferences starting from the second quarter of 2020. These activities, most of which involved the Management Board, can be summarised as follows:

- 12 broker-moderated group calls and special topic calls
- 5 (virtual) roadshows (in Germany and international) over a total of 8 days
- 1 Corporate Governance Roadshow in Germany and the UK over 3 days
- 11 (virtual) investor conferences over a total of 13 days

In addition, the IR department maintained regular dialogue with Scout24's investors in various one-on-one meetings outside of roadshows and conferences.

In total, 273 meetings were held with close to 500 investors from more than 300 institutions.

Communication with analysts

In addition to the Company's IR activities, investors can access estimates and recommendations by various independent analysts. As of 31 December 2020, Scout24 AG was included in the coverage of 15 analysts or brokerage firms. Throughout the 2020 financial year, we also maintained an intensive exchange in one-on-one discussions with this target group, which serves as a multiplier for us.

In connection with the publication of our financial results, we also held one analyst conference call for each quarter in which the Chief Executive Officer and Chief Financial Officer reported on the past quarter and were available to answer questions. In December, we also held a virtual Analyst Day, where the Management Board informed analysts about the strategy, business development, product initiatives and Scout24's financials.

ANALYST EVENTS

26 March 2020	Analyst conference call on the publication of the full-year financial results
14 May 2020	Analyst conference call on the publication of the Q1 2020 financial results
13 August 2020	Analyst conference call on the publication of the H1/Q2 2020 financial results
11 November 2020	Analyst conference call on the publication of the Q3 2020 financial results
3 December 2020	Virtual (sell-side) Analyst Day

Events in the stock market year

The 2020 stock market year was again very eventful for the Scout24 Group. In addition to implementation of the communicated corporate strategy, attention centred on overcoming the Covid-19 pandemic, the completion of the AutoScout24 transaction and the resulting handling of the capital structure. The following events therefore required special explanation in the context of our investor relations work.

IMMEDIATE-ACTION PROGRAMME TO RELIEVE CUSTOMERS DURING THE PANDEMIC

On 20 March 2020, we launched an immediate-action programme to relieve our customers during the Covid-19 pandemic. The aim was to soften the blow of the crisis for customers and strengthen their liquidity in the short term based on three elements: Liquidity plus ("Liquidität plus") – nine-month deferral of payment for all professional customers – Listing plus – free private real estate listings – and Leads plus – free provision of leads to help existing partner agents acquire mandates to sell real estate. In April 2020, we added a fourth element to the programme: Service plus ("Leistung plus") which offered our partner agents the option of upgrading to professional products at a discount. The aim of all measures was to strengthen business relationships in order to further develop the real estate industry as an important growth factor for Germany in the long term and to drive forward the digitisation of real estate transactions.

PLANNED CAPITAL DISTRIBUTION TO SHAREHOLDERS

In anticipation of a high cash inflow from the sale of AutoScout24, the Management Board of Scout24 AG published on 25 March 2020 its plans to return capital to shareholders. Building on the share buyback carried out by the end of January 2020, further shares with a total purchase price volume of up to approximately EUR 690 million were to be repurchased on the stock exchange in 2020 and 2021. In addition, the Management Board and the Supervisory Board proposed to the Annual General Meeting that a resolution be passed to reduce the Company's capital by way of a buyback and redemption of treasury shares. A corresponding purchase price volume of up to approximately EUR 1,000 million is expected, and the share buyback is to take place in 2021.

COMPLETION OF THE AUTOSCOUT24 TRANSACTION

On 1 April 2020, we announced the final completion of the sale of all of our shares in AutoScout24, FinanceScout24 and Finanzcheck (collectively "AutoScout24") to subsidiaries of Hellman & Friedman. As of this date, control of AutoScout24 as an independent entity was fully transferred to the buyer. The final purchase price was EUR 2.83 billion. Since then, our strategic focus has been on the ImmoScout24 marketplace and its evolution into a comprehensive ecosystem for renting and buying residential and commercial real estate in Germany and Austria.

ACQUISITION OF IMMOVERKAUF24

On 1 July 2020, Scout24 AG acquired 100% of the shares in the entity immoverkauf24 GmbH with registered office in Hamburg for a total purchase price of EUR 27.3 million. This entity operates the real estate portal "immoverkauf24", which advises and supports home sellers in Germany, Austria and Switzerland in the sale of real estate. The business activities of immoverkauf24 have meanwhile been integrated into Scout24's Residential Real Estate segment and developed further alongside the business providing leads for home seller mandates (Realtor Lead Engine).

ANNUAL GENERAL MEETING

As a result of the Covid-19 pandemic, the Annual General Meeting of Scout24 AG on 18 June 2020 was held as a purely virtual event without the physical presence of shareholders or their proxies. Represented at the meeting was over 78% of Scout24 AG's share capital, which is divided into 107,600,000 shares. All proposed resolutions were approved by large majority. These included in particular the dividend of EUR 0.91 per share, the regular elections to the Supervisory Board and basic resolutions concerning the return of capital to shareholders following the successfully completed sale of AutoScout24. In addition, the Annual General Meeting exonerated the Management Board and Supervisory Board of Scout24 AG for the 2019 financial year by clear majority.

The agenda for the Annual General Meeting, the presentation of the Management Board, the detailed voting results as well as the CVs of the newly elected Supervisory Board members are available on Scout24 AG's website at WWW.SCOUT24.COM/EN/INVESTORS/ANNUAL-GENERAL-MEETING.

SHARE BUYBACKS

On 19 July 2019, Scout24 AG announced its intention to implement a share buyback programme. A bank was commissioned to buy back the shares and decided on the timing of the repurchase independently of, and uninfluenced by, the Company. The programme started on 2 September 2019 and was completed on 31 January 2020 with a volume of EUR 150.0 million and 2.8 million shares bought back.

On 25 March 2020, we announced the continuation of our share buyback programme. In a second tranche, a further 7.0 million shares worth EUR 490 million were bought back between 6 April 2020 and 19 November 2020. In the process, the proportion of treasury shares increased to 9.1% of share capital.

REPURCHASED SHARES

Period	Aggregated volume (number of shares)	Total volume (EUR)
02/09/2019–31/01/2020	2,793,873	149,999,973
06/04/2020–19/11/2020	6,969,836	489,999,944
Total	**9,763,709**	**639,999,917**

Further information is available at WWW.SCOUT24.COM/EN/INVESTORS/SHARE/SHARE-BUYBACKS.

REDEMPTION OF SHARES

In accordance with the more detailed provisions of the resolution proposed by the Management Board and Supervisory Board published in the Federal Gazette on 27 April 2017, the Annual General Meeting on 8 June 2017 had authorised the Management Board to buy back treasury shares of Scout24 AG and to redeem the shares purchased in this way without further resolution by the Annual General Meeting.

Accordingly, the Management Board of Scout24 AG passed a resolution on 14 December 2020 to redeem 1.9 million treasury shares while reducing the share capital. As a result of the redemption of shares, the registered share capital of Scout24 AG decreased to EUR 105.7 million, divided into 105.7 million no-par value shares with a proportional share in capital of EUR 1.00 per share. The proportion of treasury shares thus decreased to 7.4% of share capital.

Accordingly, the shareholder structure of Scout24 AG as of 31 December 2020 is as follows:

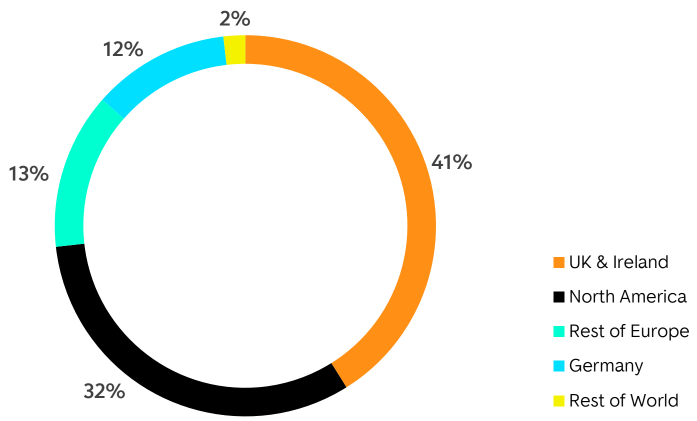
SHAREHOLDER STRUCTURE

Shareholder	Number of shares	%
Treasury shares	7,863,709	7.44
Free float	97,836,291	92.56
Total	**105,700,000**	**100.00**

The free float of 92.56% is mainly held by institutional shareholders. The publicly available information covers about 90% of the free float. At 41%, institutional shareholders from the United Kingdom and Ireland account for the largest share, followed by institutional shareholders from North America (32%), Continental Europe (13%) and Germany (12%).

Private investors account for 0.44% of the free float.

SHARES BY REGION



Source: Shareholder identification IHS Markit as of 31 December 2020; corresponds to c. 90% of total shares excluding treasury shares

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 been a constituent of Germany's MDAX equity selection index since 18 June 2018. In addition, Scout24 is a founding member of the DAX 50 ESG, which was launched on 4 March 2020, and was included in the highly regarded MSCI Germany Index on 29 May 2020.

SHARE DATA

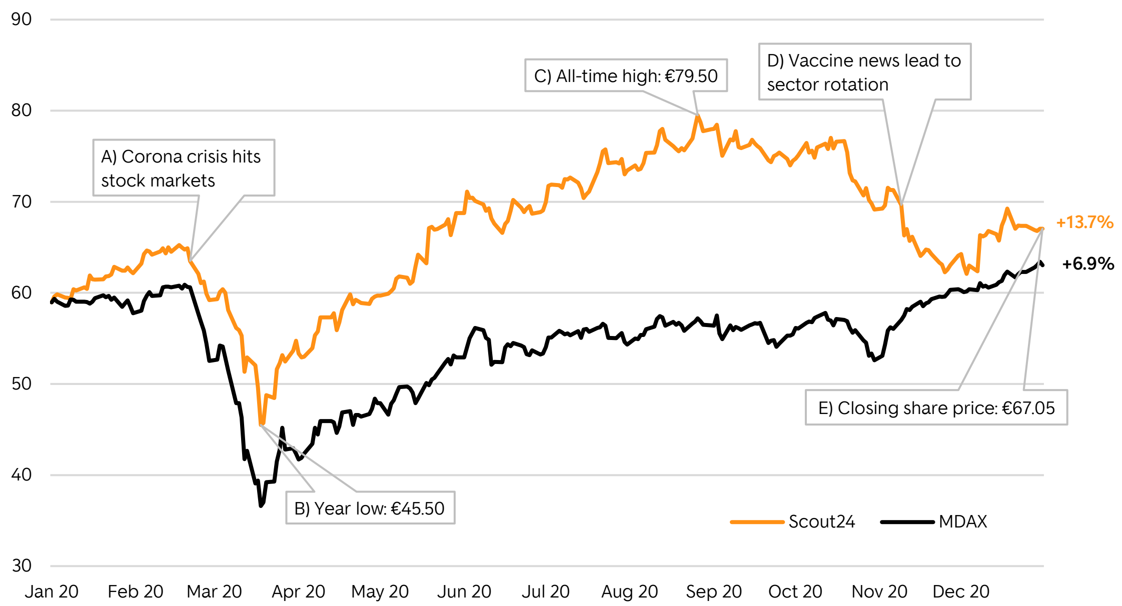
Type of shares	Registered shares (no-par value)
Stock exchanges	Frankfurt Stock Exchange, XETRA, Berlin, Düsseldorf, Hamburg, Hanover, Munich, Stuttgart, Tradegate
Frankfurt Stock Exchange transparency level	Prime Standard
Total number of shares as of 31 December 2020	105,700,000
ISIN/WKN	DE000A12DM80/A12DM8
Ticker symbol	G24
Designated sponsors	Goldman Sachs, ODDO Seydler Bank AG
Paying agent	UniCredit Bank AG
Share price as of 30 December 2020	EUR 67.05
52-week high*	EUR 79.50
52-week low*	EUR 45.50
Market capitalisation as of 30 December 2020	EUR 7,087.19 million
Average daily trading volume (52 weeks prior to 30 December 2020)	363,989 shares/day

* In each case based on the closing price in XETRA trading for the period from 1 January 2020 to 31 December 2020

DEVELOPMENT OF SHARE PRICE

Global stock market activity in 2020 was largely dominated by the Covid-19 pandemic and its impact on the global economy's development. As the virus – initially limited to China – spread to become a global pandemic, investors were dominated by fears of a sharp global recession from mid-February onwards. Within a few weeks, share prices plummeted by 30% or more across the board. Extensive government stimulus packages and economic support measures as well as rapid progress in vaccine development meant that stock markets were able to recover their losses from mid-March to the end of the year. Investors hoped that the expected economic downturn would be followed by an equally fast and strong recovery. Prospects of imminent availability of what appear to be highly effective vaccines against Covid-19 and the start of the first vaccination programmes ultimately led to a small year-end rally for investors.

DEVELOPMENT OF SCOUT24'S SHARE PRICE (INDEXED, EUR)



Source: CapIQ as of 31 December 2020

Initially, the Scout24 share benefitted from the largely positive market assessment of the sale of AutoScout24, the future prospects for ImmoScout24 and the announced distribution of most of the sales proceeds. After an interim high of EUR 65.25 on 17 February, the Covid-19-induced downturn in markets (A) took the share to its low for the year of EUR 45.50 (B) by 18 March. However, it was able to slightly outperform the overall market. It was also ahead of the field in the subsequent market price rally, which drove the share to a new all-time high of EUR 79.50 on 26 August (C). The share price was buoyed by good results for the first quarter and first half of 2020, which provided evidence of the business model's capabilities and resilience, even during a pandemic. The Covid-19 immediate-action programme announced on 20 March and the inclusion in the MSCI Germany Index announced on 12 May were also very positively received by the market. At the end of October, Scout24's share was weighed down by the generally weak market. Positive news with respect to vaccines then caused the sector to pivot to cyclical values (D). In addition, analysts revised their forecasts for the 2021 financial year downward, along with their 12-month price targets, despite good long-term growth prospects. The share closed the year at EUR 67.05 (E) with an overall gain of 13.7%. As a result, it significantly outperformed its relevant benchmark indices, DAX and MDAX, which fell 3.5% and 6.9% respectively in the same period.

Combined management report

of the Scout24 Group and Scout24 AG

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Key financials

FINANCIAL PERFORMANCE INDICATORS

EUR million	FY 2020[1]	FY 2019[1]	Change
Group revenue	353.8	349.7	+1.2%
Ordinary operating EBITDA[2] (including group functions/consolidation/other)	212.3	209.3	+1.4%
Ordinary operating EBITDA margin[3] in %	*60.0%*	*59.9%*	*+0.1pp*
EBITDA	198.3	163.7	+21.1%
Earnings per share (basic, continuing operations)	1.00	0.59	+69.5%
External revenue of ImmoScout24	353.5	349.8	+1.1%
of which Residential Real Estate segment	253.4	244.9	+3.5%
of which with residential real estate partners	176.2	165.6	+6.4%
of which with consumers	77.2	79.3	–2.7%
of which Business Real Estate segment	69.1	69.6	–0.7%
of which Media & Other segment	31.0	35.3	–12.1%
Ordinary operating EBITDA[2] (without group functions/consolidation/other)	221.3	217.6	+1.7%
of which Residential Real Estate segment	160.1	154.8	+3.4%
of which Business Real Estate segment	49.2	48.9	+0.7%
of which Media & Other segment	12.0	13.9	–13.9%
Ordinary operating EBITDA margin[3] in %	*62.6%*	*62.2%*	*+0.4pp*
of which Residential Real Estate segment	*63.2%*	*63.2%*	*+0.0pp*
of which Business Real Estate segment	*71.2%*	*70.2%*	*+1.0pp*
of which Media & Other segment	*38.7%*	*39.5%*	*–0.8pp*
Own work capitalised	21.9	14.0	+57.1%
Own work capitalised as % of revenue	*6.2%*	*4.0%*	*+2.2pp*

1 The figures presented in this table refer only to the continuing operations of the Scout24 Group.
2 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 and other non-operating effects.
3 The ordinary operating EBITDA margin of a segment is defined as ordinary operating EBITDA as a percentage of external segment revenue.

NON-FINANCIAL PERFORMANCE INDICATORS

IS24.de listings[4]	416,973	434,116	-3.9%
IS24.de monthly users (million)[5]	13.8	13.5	+2.1%
IS24.de monthly sessions (million)[6]	101.4	94.4	+7.4%

4 Source: ImmoScout24.de; listings in Germany (average as of the end of the month)
5 Unique monthly visitors to ImmoScout24.de (average of the individual months), irrespective of how often they visit the marketplace during the month and irrespective of how many different platforms (desktop and mobile) they use; source: AGOF e. V.
6 Number of all monthly visits (average of the individual months) in which individual users interact with the website or app via a device; a visit is considered completed if the user is inactive for 30 minutes or more; source: internal measurement using Google Analytics.

Preliminary remarks

On 17 December 2019, Scout24 concluded an agreement for the sale of 100% of the shares in AutoScout24 (AS24), FinanceScout24 and FINANZCHECK. The sale was completed with the transfer of control to the buyer effective 1 April 2020. For the Company, the transaction (hereinafter also referred to as the "AutoScout24 transaction") resulted in a presentation of those operations as discontinued operations within the statement of profit or loss for the 2019 financial year and the first quarter of 2020 in accordance with IFRS 5.

The statements in this management report therefore refer primarily to the continuing operations of the Scout24 Group. Since 1 July 2020, the results also include the activities of immoverkauf24 GmbH.

Fundamentals of the Group

Business model

Scout24 operates the leading digital marketplace ImmoScout24. Large numbers of consumers can find a wide range of digital advertisements or listings here. The more diverse and varied the offering, the more frequent and longer the visits to the digital marketplace (traffic).

The following three main user groups are active in our digital marketplace:

- Real estate agents (including property managers and finance partners)
- Homeowners (including real estate developers and new home builders)
- Consumers (real estate seekers)

Listings, i.e. advertisements for the sale and rental of real estate, are Scout24's core product. They are booked with ImmoScout24 under master agreements (membership programmes) or as individual orders (pay per ad). Supplementary products and services related to the real estate listing, i.e. along purchase/sale transactions (sale journey) or rental transactions (rent journey), provide us with additional potential sources of revenue and earnings.

Examples of such add-on products include:

- Products that can improve the marketing and visibility of the listing (e.g. Image Boost)
- Product solutions that support real estate agents in image cultivation, customer acquisition and customer relationship management
- Realtor Lead Engine: product that provides leads to agents so they can acquire new mandates to sell properties
- Product world of the FLOWFACT agent software
- Home Seller Hub ("Verkäuferwelt"): comprehensive information and specific valuation services for home sellers
- Agent search engine ("Maklersuchmaschine"): supports home sellers in their search for a real estate agent
- Mortgage Lead Engine: provides finance partners with financing leads
- TenantPlus+ ("MieterPlus+") and BuyerPlus+ ("KäuferPlus+"): digital application folder for consumers (seeking to rent or purchase property) including credit rating information
- LandlordPlus+ ("VermieterPlus+"): membership programme that assists private landlords with rental management
- Location analysis for real estate developers: location-specific demand and supply data

Segment structure

The business operations of the Scout24 Group are structured into the following segments. The development of revenue and ordinary operating EBITDA is reported separately for each of these segments. The reported segment revenue is based on the different user groups that purchase different products from us, depending on where they are located in the value chain of a real estate transaction.

SEGMENT OVERVIEW

Segment	User groups	Products	Journeys
Residential Real Estate	• Residential real estate partners: real estate agents specialising in residential properties, property managers, finance partners (e.g. savings banks) • Home sellers (real estate owners): private sellers, landlords • Consumers: private buyers, tenants • Removal companies provided with relocation leads	• Listings: subscriptions / add-on products • Listings: pay-per-ad • Consumer subscriptions: TenantPlus+ / BuyerPlus+ / LandlordPlus+ • Leads: Realtor Lead Engine / mortgage leads / relocation leads	• Sale journey • Rent journey
Business Real Estate	• Business real estate partners: real estate agents specialising in commercial real estate • New home builders and real estate developers that market new construction projects	• Listings: subscriptions / add-on products • Listings: pay-per-ad • Location analysis	• Developer / Commercial journey
Media & Other	• Advertisers (third parties) that place advertisements on ImmoScout24 • Users of ImmoScout24 Austria • Customers that use the FLOWFACT's real estate agent CRM software	• Advertisements • ImmoScout24 Austria products • FLOWFACT product world	

Strategy

Our goal is to offer a comprehensive ecosystem for real estate in Germany and Austria. In the mid to long term, we want to develop ImmoScout24 into a networked marketplace that efficiently covers all the needs of our main user groups and offers the best possible user experience. It should be more than just a place for listing or searching for real estate. The aim is to further digitise the end-to-end process around the sale and rental of real estate. In this way, we are increasing market transparency and obtaining more and more information about the listed properties themselves.

In terms of an addressable market, we are focusing not only on agents' commission pool (approx. EUR 8.5 billion),[1] but also on the German real estate transaction market as a whole (approx. EUR 280 billion in 2020, of which approx. EUR 196 billion is attributable to residential real estate and approx. EUR 59 billion to commercial real estate, excluding development land in each case)[2] and the real estate financing market (approx. EUR 263 billion).[3] We want to tap this market potential both through in-house developments (products and technologies) and through company acquisitions. This approach gives us access to complementary revenue streams along the entire value chain from real estate transactions to financing and lets us continue expanding our technological capabilities.

With this strategic alignment, we want to strengthen our market position and continue our profitable growth. A new element we have adopted is our commitment to integrating sustainability and social responsibility more closely in our daily activities and to increase our company value as a result.

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[1] German Federal Statistical Office (Destatis), press release No. 370, 23 September 2019, figure for 2017.
[2] GEWOS Institut für Stadt-, Regional- und Wohnforschung GmbH – IMA info 2020 | Immobilienmarkt Deutschland 2019; total figure comprises: residential real estate including residential development land, commercial real estate including commercial and industrial land; figure for residential real estate includes: single- and two-family houses, apartment buildings, condominiums.
[3] Deutsche Bundesbank, new business volumes of banks DE / total housing loans to private households, as of 6 January 2021, figure for 2019.

Organisation and corporate structure

MANAGEMENT AND CONTROL

Scout24 AG, with registered office 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, communications, investor relations, human resources and legal services.

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

In the 2020 financial year, it comprised the following:

MANAGEMENT BOARD OF SCOUT24 AG IN THE FINANCIAL YEAR 2020

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 operating procedures, composition and members of the Supervisory Board are explained in the REPORT OF THE SUPERVISORY BOARD in the annual report 2020.

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 German Corporate Governance Code. This is explained in more detail in the corporate governance declaration pursuant to Articles 289f, 315d HGB, which is both included in the annual report and available on our website at WWW.SCOUT24.COM/EN/INVESTORS/CORPORATE-GOVERNANCE.

GROUP STRUCTURE

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

On 1 January 2020, a resolution was passed to dissolve Salz & Brot Internet GmbH. At the same time, the opening balance sheet of Salz & Brot Internet GmbH i. L., which is now in liquidation, was ratified.

Effective 1 April 2020, all shares in AutoScout24 GmbH, Munich, in which Scout24 Beteiligungs SE, Bonn, held a 100% interest, were sold. AutoScout24 GmbH, Munich, held shares in the following companies at the time of the sale:

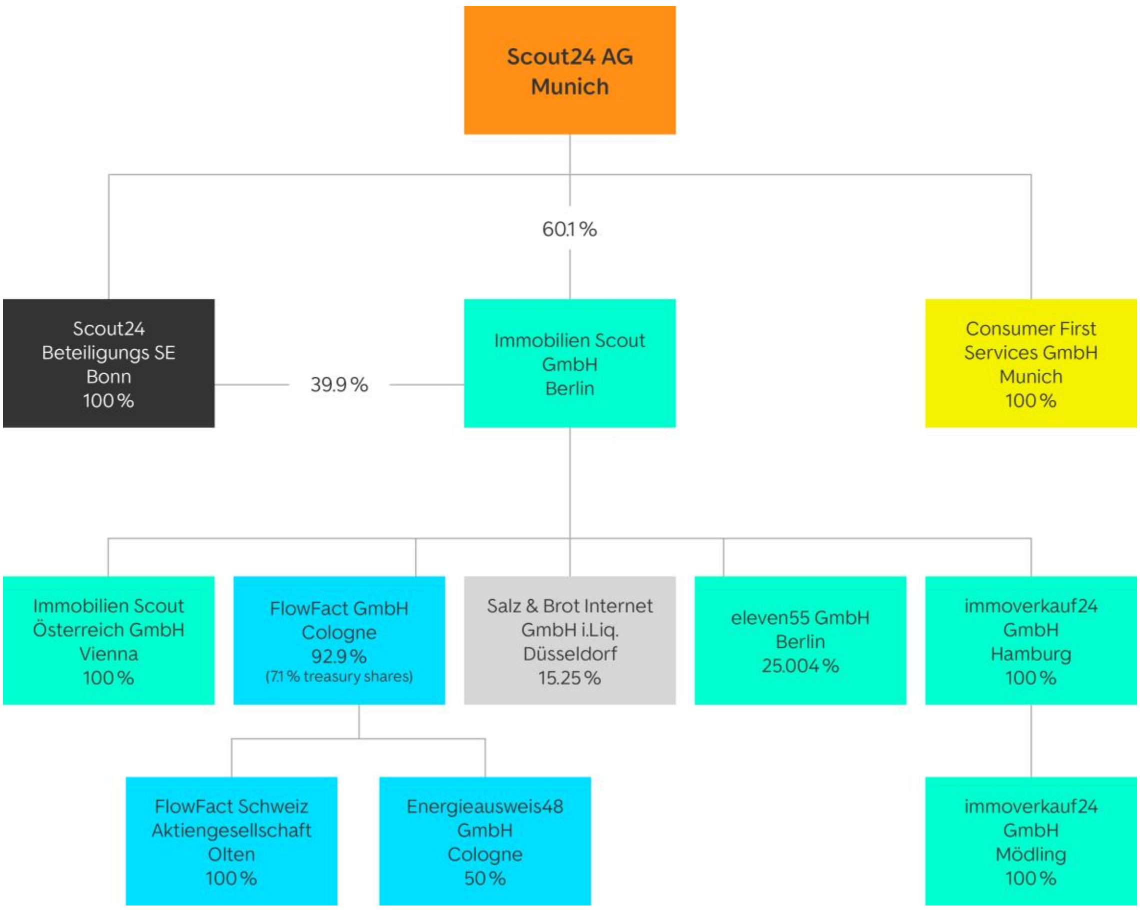
- AutoScout24 Belgium S.A., Brussels (100%)
- AutoScout24 France SAS, Boulogne Billancourt (100%)
- AutoScout24 Italia S.R.L., Padua (100%)
- AutoScout24 AS GmbH, Vienna (100%)
- AutoScout24 Nederland B.V., Amsterdam (100%)
- SUMAUTO MOTOR, S.L., Madrid (49.999996%)

In addition, all shares in FFG FINANZCHECK Finanzportale GmbH, Hamburg, in which Consumer First Services GmbH, Munich, held a 100% interest, were sold. FFG FINANZCHECK Finanzportale GmbH, Hamburg, in turn held 100% of the shares in FVG FINANZCHECK Versicherungsvergleiche GmbH, Hamburg, and finanzcheckPRO GmbH, Hamburg.

Effective 1 July 2020, Immobilien Scout GmbH, Berlin, acquired 100% of the shares in equity of immoverkauf24 GmbH, Hamburg. immoverkauf24 GmbH, Hamburg, holds 100% of the shares in immoverkauf24 GmbH, Mödling, Austria.

The following chart provides a (simplified) overview of the direct and indirect shareholdings of Scout24 AG as of 31 December 2020:

ORGANISATION CHART (SIMPLIFIED)



A complete list of shareholdings of Scout24 is provided in the notes to the consolidated financial statements (as part of note 5.10. "LIST OF SHAREHOLDINGS HELD BY SCOUT24 AG PURSUANT TO ARTICLE 313 (2) NOS. 1 TO 4 HGB").

Steering system and performance indicators

Scout24 has defined various financial and non-financial performance indicators for measuring the extent to which the strategy is implemented successfully.

FINANCIAL PERFORMANCE INDICATORS

Given the focus on sustainable and profitable growth as well as on sustainably growing the company value, we consider revenue and ordinary operating EBITDA as the most important financial performance indicators at Group and segment levels. Setting these in relation to each other produces another indicator of profitability: the ordinary operating EBITDA margin.

NON-FINANCIAL PERFORMANCE INDICATORS

As a further performance indicator, we regularly analyse average revenue per user (ARPU) for residential real estate partners and business real estate partners. ARPU is calculated as the sum of contract revenue for the reporting period divided by the average number of partners and further divided by the number of months in the period.

We determine ARPU by reference to the non-financial performance indicators:

- number of residential real estate partners and
- number of business real estate partners

with which a valid master agreement exists at the end of the reporting period in question.

In addition, we analyse certain activities on our ImmoScout24 marketplace as key non-financial performance indicators at Group level.

- The number of listings refers to the total number of all (private and professional) real estate listings and advertisements on the ImmoScout24 website as of a specific cut-off date (as a general rule, the end of the month).
- Monthly users refers to the unique monthly visitors to ImmoScout24.de via desktop PC, mobile devices or apps, irrespective of how often they visit the portal during the month in question and irrespective of how many platforms they use.
- Sessions refers to the average monthly number of visits to the ImmoScout24 platforms via desktop PC, mobile devices and apps.

STEERING SYSTEM

The Group is steered based on an annual budget process, a system-controlled target achievement process (objectives and key results (OKR) process) and regular strategy meetings at Management Board level. Accordingly, the implementation of the Group's strategy is assessed by reference to individual targets, and financial and non-financial performance indicators are planned and monitored.

BUDGETING PROCESS

The budget for the following year is planned in the autumn of each year, agreed upon by the Management Board in various planning rounds and formally approved by the Supervisory Board at the end of the year. In spring, the annual plan is adjusted to the extent necessary and appropriate based on the actual figures for the first quarter. In the budgeting process, we place a special focus on the above-mentioned performance indicators. Costs are budgeted at cost centre level. From this we derive the corresponding margin indicators.

OKRs are set for one year at a time at Group level. Within the organisation, we work in four-month cycles. The OKR process defines strategic priorities (specific objectives) and monitors their execution. It ensures that central group functions and teams have a shared strategic direction.

In monthly business updates with the Management Board, the individual performance indicators are presented and the current development of business is explained (e.g. by segment, customer, journey or product owners). Based on these business updates, budgeted figures are compared against actual figures and, in the event of divergences, further analyses are conducted or appropriate corrective measures taken. If appropriate, individual goals and related initiatives from the OKR process are discussed.

Both the current results of operations and the budget planning are submitted to the Supervisory Board at quarterly meetings for review and monitoring.

Research and development

Innovations and the further development of our products are a fundamental part of our strategy. In this way, we are advancing further digitisation of the end-to-end process around the sale and rental of real estate in Germany and Austria.

We develop products in close consultation with our customers, initially in a test environment. After we have made them available on our digital marketplace, they are continuously enhanced and optimised. This iterative process makes it possible to make the developed products available quickly and yet with low risk.

The contact restrictions associated with the Covid-19 pandemic have triggered some new product initiatives in the 2020 financial year.

- For instance, we have added a digital signature option to our "digital rental contract" product.
- We have introduced the option of marking listings with an "online viewing" notice.
- As part of our Covid-19 immediate-action programme, we introduced a free version (Listing Plus) of our listing product for private customers at the end of March and further optimised the offering throughout 2020. Thereby we have supplemented the free basic offer with some additional paid functions. And we have added the recommendation to hire an agent to the booking process.

We expanded our Plus+ product range for private users as follows:

- In order to increase the average booking duration of the TenantPlus+ product, we have increased the minimum term from one month to two months. At the same time, we have added services that are helpful even after a property has been successfully found, including an ancillary costs check, rent deposit guarantee, tenancy law advice.
- The BuyerPlus+ product, which was launched in the third quarter, helps users who are looking to buy a property accelerate the process while making it more convenient and secure.
- The new product LandlordPlus+, which was launched in the fourth quarter, assists private landlords in finding and managing tenants.

In order to offer home sellers and consumers more price transparency, we have

- completely overhauled the Price Atlas ("Preisatlas"). Based on anonymised data for over 43 million properties, the data tool shows the purchase and rental prices currently offered throughout the German market. Prices are calculated and verified with the help of a machine-learning algorithm in cooperation with a specialised data provider. Statistical price data can be viewed at city, district and address level.

We have also introduced various innovations in our product range for partner agents.

- In connection with the acquisition of immoverkauf24, we have further developed our Realtor Lead Engine product. Our in-house customer support team advises owners who are considering selling and put them in contact with a suitable real estate agent. The high-quality of these mandate leads allows a higher degree of monetisation.
- We have enhanced the membership model for residential real estate partners in the sale journey, which was newly introduced in the 2019 financial year and consists of the three editions: Basic Edition, Image Edition and Acquisition Edition. For example, we have included a new agent search in the memberships.
- In the second half of the year, our subsidiary FLOWFACT introduced a new product world based on a software-as-a-service (SaaS) model. With three different packages (FLOWFACT Essential, FLOWFACT Expert, FLOWFACT Unlimited), it enables partner agents to manage their clients and real estate professionally. We have integrated two free FLOWFACT Essential user rights in each of our membership editions for residential real estate partners.

Total expenditure of the Scout24 Group on product development in the 2020 financial year came to EUR 26.4 million (2019: EUR 21.2 million). In addition to our own personnel expenses, the figure also comprises the cost of external service providers that support the development process. A total of EUR 21.9 million or 83.1% (2019: EUR 14.0 million or 66.0%) of the development costs were recognised as an asset in accordance with IAS 38. Own work capitalised as a percentage of revenue came to 6.2%. With the re-focus on ImmoScout24, development activities in the year under review thus reached the targeted level again (2019: 4.0%).

The amount of research costs at Scout24 is immaterial and is expensed as incurred in the statement of profit or loss.

Sustainability

It is our aim to consider societal and social conditions as well as the environment in all our business operations. In 2020, we developed a sustainability vision that encompasses aspects from the areas of ecology, social affairs and governance and reflects our holistic understanding of sustainability:

- We are making Scout24 a sustainable digital company that has a positive impact on society and the climate.
- We give back to society and the environment what we take. But it is not enough to 'give something back'. We think ahead and address all areas of relevance to Scout24: the environment, team, business, management and society.
- We make sustainability possible.

In addition to the substantive work on sustainability issues, we feel it is important that we regularly report on our progress, measures and goals in this regard. We do this primarily in our sustainability report. There, we report on our current initiatives, key indicators with respect to corporate governance, compliance, product development, diversity, environmental protection and social responsibility, as well as providing an outlook on future measures relating to sustainability.

The sustainability report for the 2020 financial year will be published simultaneously with the annual report on 25 March 2021. It is available on our website at WWW.SCOUT24.COM/EN/SUSTAINABILITY/SUSTAINABILITY-REPORTS.

The separate non-financial declaration of Scout24, as required by law in accordance with Articles 315b and 315c in conjunction with Articles 289c to 289e HGB, is integrated in the sustainability report.

ORGANISATIONAL POSITIONING

Primary responsibility for sustainability lies with the Chief Executive Officer (CEO) of the Scout24 Group. The Corporate Communications & Sustainability department is responsible for all operational and strategic measures and initiatives. Its task is to ingrain the complex topic of sustainability deeper in the organisation. In 2020, our new Sustainability Committee was introduced. It comprises senior representatives from ten business units who pursue the goal of making sustainability an integral part of our daily work.

FIELDS OF ACTION

To drive sustainability forward in the Company, we have identified five fields of action and developed concrete measures for each field. In 2020, our focus was on climate protection and diversity. In addition, we switched our corporate volunteering programme to a digital format as a result of the Covid-19 pandemic.

FIVE FIELDS OF ACTION

Management	Business	Team	Society	Environment
• Ethics and integrity • Good corporate governance • Compliance • Dialogue and transparency	• Product responsibility • Product development • Data protection and security • Responsibility in the supply chain	• Working conditions • Training and education • Diversity and equal opportunities • Occupational health and safety	• Social responsibility • Knowledge transfer	• Emissions • Energy • Waste and recycling • Resource consumption

Climate action

In 2020, we developed a cross-site climate strategy and determined the Scout24 Group's complete carbon footprint for the first time. The strategy applies to ImmoScout24 in Germany, Scout24 AG and FLOWFACT GmbH. As part of the climate strategy, we aim for our business operations to be climate-neutral by 2025. By then, our goal is to reduce our carbon emissions by around 60% compared with the 2018 baseline. Starting in 2025, we will offset unavoidable carbon emissions by supporting climate-action projects.

Compared with 2018, when Scout24 emitted 6,123.3 t CO_2, the emissions level in 2019 was 4,211.6 t CO_2. We thus lowered our carbon emissions by 31.2% in 2019, primarily by lowering energy consumption, switching to electricity from renewable sources and reducing emissions from employee air travel. The emissions level in the 2020 financial year cannot be determined until the corresponding costing is complete.[4]

In order to become climate-neutral, Scout24 has drawn up an action plan based on the principle of "avoid, reduce, offset". Among other things, the Company will adjust its travel policy to avoid business trips by air and hold even more appointments digitally. In addition, Scout24 has set itself the goal of using climate-neutral print products and ensuring that resources are used sparingly in its offices.

Diversity

Our second priority topic in 2020 was diversity. In this context, our aim is to support and promote our employees as best we can – irrespective of their ethnicity, colour, gender, age, religion, disability, marital status, sexual orientation, nationality or other attributes.

Below are a few points to highlight in relation to diversity in the 2020 reporting year:

- We have closed the gender pay gap in 2020.
- We have increased the proportion of women in management positions to 34%.[5]
- More fathers are opting to take parental leave (47% of employees on parental leave in 2020 were fathers).
- At 25%, our workforce has a consistently high level of internationality.[5]

KEY DIVERSITY INDICATORS

	FY 2020	FY 2019	Change
Adjusted gender pay gap[1] (%)	–	Approx. 2%	–2pp
Women in management positions[2] (% of all management positions; not audited)	34%	30%	+4pp
Fathers on parental leave (% of all employees on parental leave[3])	47%	41%	+6pp
Level of internationality of the workforce[4] (% of all employees; not audited)	25%	25%	–

[1] Relative difference in average compensation between our male and female employees by hierarchical level and function; excluding FLOWFACT, excluding immoverkauf24
[2] All management levels from team leader to vice president; excluding the Management Board, excluding FLOWFACT, excluding immoverkauf24
[3] From 2020 onwards, with FLOWFACT and ImmoScout24 Austria; in 2019, only ImmoScout24 Germany and Scout24 AG
[4] Active employees and employees with dormant contracts including students: ratio of non-German to German nationals.

Seeking to strengthen diversity in our Company, we have advanced the following initiatives:

- We have framed our stance on diversity, tolerance and equal opportunities in our Code of Conduct, which applies throughout the Company. In it, we set out our commitment to a zero-tolerance approach to any kind of discrimination against employees, job applicants and business partners. In the 2020 financial year, we communicated this commitment to our employees, also as part of anti-discrimination training programmes and courses on our Scout24Academy learning platform.

[4] This paragraph is not audited except for emissions level and savings in 2019.
[5] These statements are not audited.

- Moreover, we signed the Diversity Charter in 2020. The Charter's signatories are committed to recognising diversity and creating a work environment that is free from prejudice.
- We have also integrated the topic of diversity and inclusion into many of our internal communication formats, including staff meetings and training courses.
- Last but not least, diversity has also been ingrained in our Core Values since 2020. We want all employees to embrace diversity principles in their everyday work. The Core Values are a central component of their performance assessments.

Social commitment[6]

We want to make an active contribution to society. We see it as part of our corporate social responsibility.

- As part of our Social Summer, a new concept we introduced in 2020, our employees have the opportunity to get involved in relevant projects for three months. Despite the restrictions caused by the Covid-19 pandemic, we remotely supported 24 projects by 22 non-profit organisations.
- Another example of our commitment is the annual Berlin Social Academy (BSA), which Scout24 initiated in 2013 and is currently organised jointly by nine companies. During the Berlin Social Academy 2020, the employees of the participating companies imparted professional know-how to voluntary and full-time employees of non-profit organisations in workshops and seminars – pro bono. In 2020, the BSA was held online for the first time – with a total of 3,134 course registrations from non-profit organisations.
- Unfortunately, our annual activities such as clothing donations and blood donations could not go ahead in 2020 as a result of the Covid-19 pandemic. Nevertheless, there was one initiative we were able to implement in digital form: our Christmas wish tree campaign made 220 wishes come true for children who live in or are cared for by social services institutions in Berlin.
- As in previous years, Scout24 handed over discarded IT equipment at its Berlin and Munich locations to AfB Social for reconditioning. AfB creates jobs for people with disabilities by overhauling and selling used IT and mobile equipment.

[6] This section contains unaudited figures.

Employees[7]

As of 31 December 2020, we had 788 employees (31 December 2019: 861), most of whom (61%) work at ImmoScout24 Germany, while 23% were employed by Scout24 AG. Across the entire workforce, the proportion of women was 39% in both 2020 and the previous year.

KEY EMPLOYEE INDICATORS

	FY 2020	FY 2019[2]	Change
Scout24 Group employees[1]	**788**	**861**	**–73**
of which ImmoScout24	**479**	**474**	**5**
of which women	199	192	7
of which men	280	281	–1
of which full-time	411	405	6
of which part-time	68	69	–1
of which Scout24 AG	**185**	**267**	**–82**
of which women	71	109	–38
of which men	114	158	–44
of which full-time	172	245	–73
of which part-time	13	22	–9
of which other companies[3]	**125**	**120**	**5**
of which women	36	36	0
of which men	88	84	4
of which full-time	109	104	5
of which part-time	16	16	0

[1] In FTE; figures may not add up exactly to the totals indicated due to rounding differences.
[2] In 2019, the Company still includes employees who transferred to AutoScout24 as part of the carve-out.
[3] FLOWFACT and ImmoScout24 Austria; without immoverkauf24.

[7] This section contains unaudited figures.

Report on economic position

Macroeconomic and sector-specific environment

ECONOMIC CONDITIONS

Since the sale of AutoScout24, FinanceScout24 and FINANZCHECK (hereinafter referred to as the "AutoScout24 transaction"), we have focused our business activities on the ImmoScout24 digital marketplace – with the strategic goal of offering a comprehensive ecosystem for real estate in Germany and Austria. In the 2020 financial year, Germany was Scout24's main market, accounting for 97% of revenue from continuing operations.

The Covid-19 pandemic and the corresponding countermeasures significantly altered the macroeconomic environment in Germany, particularly during the first half of 2020. Closed borders, disruptions in international supply chains, social distancing and the closure of all non-essential bricks-and-mortar retail and services left a clear mark on economic development. After ten years of continuous growth, the German economy slipped into a deep recession, as measured by a decline in real gross domestic product (GDP), for the first time since the financial and economic crisis of 2008/2009.[8] Numerous online services, such as streaming services, video conferencing and online retail, developed positively in this scenario.

Today, the Internet is widespread and generally accepted in Germany and the rest of Europe. The Covid-19 pandemic has further boosted Internet use. In the real estate sector, too, online marketing has long since overtaken print advertisements. 360° video clips and online viewings are increasingly being used and allow users to already experience a property on their screens. Real estate sellers also benefit from the fast, central and seamless online processing, for example in the form of digital application folders. These are advantages that a print ad simply cannot offer from a purely technical point of view. Scout24, as a digital company with a leading marketplace for digital real estate listings (ImmoScout24), is benefiting from the positive momentum of these trends, especially since the specific challenges of the Covid-19 pandemic have made the advantages of digitisation in the real estate market even clearer to many market participants.

GERMAN REAL ESTATE MARKET TRENDS

The Covid-19 pandemic is unprecedented and is leaving a clear mark on global economic trends. That said, the German real estate market has so far proven very resilient.

Residential real estate market

The social distancing measures introduced in Germany in mid-March 2020 temporarily dampened the volume of residential real estate transactions, both with respect to sales and rentals. In particular, there were limits to the extent that activities such as viewings or notary appointments could take place. While it was possible for buildings to be completed and new construction activities to continue, such work went ahead at a slower pace due to delays in the delivery of materials and longer official approval processes. These developments also left their mark on ImmoScout24's activities in the short term. After a brief, temporary Covid-19-related slump, demand for and supply of residential real estate resumed relatively quickly, within less than four weeks, pre-crisis levels.

The most recent forecast by the independent consulting and research institute GEWOS dated 21 September 2020 anticipates a 5.2% increase in transaction sales volumes in the residential real estate sector (excluding development land) to EUR 196.5 billion in 2020 (2019: EUR 186.7 billion), with a slight decline in the number of transactions to 626,000 (2019: 629,000). The determining factors for the continued high demand have not changed significantly despite Covid-19. In addition to demographic causes, they also include a shortage of development land and properties as well as the low interest rate level, coupled with a lack of investment alternatives in uncertain times.

8 German Federal Statistical Office, press release, 14 January 2021 – 020/21.

According to ImmoScout24's residential current property index (IMX), both sale and rental prices rose again across all property types in 2020 despite the pandemic. In high-priced metropolitan markets such as Frankfurt am Main, Cologne, Munich and Hamburg, there were some signs of a tendency towards price stagnation and slight price corrections. Demand was particularly strong for condominiums and single-family homes. At the end of the year, the index values in all categories were above the level of December 2019, in some cases significantly.

Commercial real estate market

The commercial real estate market was hit harder by the Covid-19 pandemic. For example, hotels, restaurants and shops had to close on a large scale or were only allowed to stay open subject to stricter safety measures and reduced capacities. Nevertheless, data from ImmoScout24's commercial property index (GIMX) and the German Economic Institute (IW) indicate that quoted rents in Germany's twelve largest office locations rose further by between 3% and 10% in 2020. There is still demand for office space in general, regardless of people working from home, as on-site collaboration often has a positive impact on creativity and productivity. However, offices as a whole need a more flexible design during the pandemic, with more areas for communication and space to accommodate social-distancing rules. In the second half of the year, however, price momentum slowed – eight out of twelve locations showed stagnating rents.

In the retail sector, the mixed development of previous years continued. According to GIMX, the observed change in asking rents ranged from around minus 9.0% to plus 11.5%. A further differentiation of markets continues, irrespective of the Covid-19 pandemic, with pressure mounting further on bricks-and-mortar retail to offer significant added value compared with online shopping.

Measured in terms of transaction volume, GEWOS expects significant declines in 2020, again as a result of Covid-19's repercussions on businesses.[9] According to the report, the commercial real estate market (excluding commercial and industrial land) is expected to decline from around 53,300 transactions in 2019 to around 50,700 transactions in 2020, with sales volumes decreasing from EUR 68.6 billion in 2019 to EUR 59.3 billion.

OTHER REAL ESTATE TOPICS AND REGULATION

People in Germany tend to rent. Among all member states of the Organisation for Economic Co-operation and Development (OECD), Germany ranks second to last in the home ownership rate, at 45%.[10] There are many reasons for this. In addition to the desire for greater flexibility, especially among people without children, and the often low capital resources of most tenant households, Deutsche Bundesbank sees above all the following differences compared with other countries: high real estate transfer taxes, lack of tax deductions for mortgage interest for owner-occupiers and broadly subsidised social housing.[11] Thus, there are comparatively high costs associated with buying property, while at the same time there is a relatively large supply of low-cost social housing available.

The residential rental market is subject to high fluctuation on account of more than 8 million people who move home for private or professional reasons each year.[12] Assuming that moving households comprise 2.5 people, that would equate to roughly 3.2 million rental transactions in Germany per year. This results in a correspondingly large reserve of potential properties on offer, which ImmoScout24 can monetise in a variety of ways. The volume of moves also declined during the Covid-19 pandemic, but this effect is most likely temporary.

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[9] GEWOS Institut für Stadt-, Regional- und Wohnforschung GmbH – IMA info 2020 | Immobilienmarkt Deutschland.
[10] Deutsche Bundesbank, Research Brief, 30th edition, January 2020, "Reasons for the low home ownership rate in Germany".
[11] Deutsche Bundesbank, Research Brief, 30th edition, January 2020, "Reasons for the low home ownership rate in Germany".
[12] Deutsche Post Adress GmbH & Co. KG, "Die Umzugsstudie 2018 – So zieht Deutschland um", page 3.

With the aim to counteract rising property prices and rents, a rental price ceiling 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 passing on the cost of refurbishment work to tenants. In 2020, this stricter regulation continued to apply. The rent brake prescribes that the rent on non-new residential units in rent pressure zones is not permitted to exceed the local comparative rent by more than 10%. To avoid causing any hindrance to investment in residential construction, the rent brake expressly does not apply to new buildings.

Regulation went one step further in Berlin, where the Berlin Senate passed a so-called 'rent cap' on 26 November 2019, which was also adopted by the Berlin House of Representatives on 30 January 2020. In the first stage, existing leases were frozen at the level of 18 June 2019. In addition, rent increases were also prohibited for lease renewals. The second stage has been in force since 23 November 2020. Accordingly, landlords have to reduce rents if they are more than 20% above the caps set by the Senate. Similar to the rent brake, new buildings are expressly exempt from the requirement. The Federal Constitutional Court intends to rule on the legality of the rent cap in the course of 2021.

One topic that has concerned the market since 2018 is the sharing of agent commission in the sale of residential properties (contracting-party-pays principle). Here, uniform legislation applicable nationwide has since been introduced. The law came into force on 23 December 2020. As a result, the party who commissions the agent (typically the seller) is only able to charge at most 50% of the agent commission to the counterparty in future. The counterparty is only obliged to pay after the commissioning party (the contracting party) has furnished proof of payment of its own share of the agent commission. The contracting-party-pays principle has already been in force in the rental of residential property since 2015. Here, commission is paid in full by the person who commissions the agent (typically the landlord). It is no longer permitted to pass on the cost to the tenant.

"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). Nevertheless, real estate agents and persons employed by them are obliged to undergo 20 hours of further training within a period of three calendar years. Agents are not permitted to act without a mandate. They can be commissioned either exclusively or jointly with other agents. 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.[13] According to the German Federal Statistical Office, between 2014 and 2017, the number of people working in the residential real estate agent business increased from about 58,000 to 70,000.[14] Revenue from the brokerage of residential properties also rose during the same period by 26.9%, or an average of 8.3% per year, from EUR 6.7 billion to EUR 8.5 billion.[15]

COMPETITIVE SITUATION

As explained in the BUSINESS MODEL section, we occupy a leading market position in Germany with our digital marketplace ImmoScout24, measured by the number of listings and user engagement. At the same time, we are confronted with various competitors, both in the business with real estate agents as well as with consumers.

- Immowelt Group: 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.

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[13] Listenchampion, "Größte Immobilienmakler Deutschland – Unsere Liste", 6 October 2018.

[14] German Federal Statistical Office, press release no. 370, 23 September 2019, "Good business in the housing market: Real estate activities achieve record turnovers".

[15] German Federal Statistical Office, press release no. 370, 23 September 2019, "Good business in the housing market: Real estate activities achieve record turnovers".

- eBay Kleinanzeigen: Among our competitors in the consumer business is eBay Kleinanzeigen, a horizontally organised marketplace for classifieds, i.e. it digitally markets various other products and services besides real estate. Together with other European and international digital classifieds platforms, eBay Kleinanzeigen was sold to Adevinta ASA, a publicly listed company based in Oslo, Norway. Adevinta operates digital platforms for classifieds, the majority of which are horizontal. The transaction's closing was still pending as of 31 December 2020.
- Hybrid agents: Real estate service providers such as McMakler and Homeday are among our competitors in certain activities (e.g. engaging real estate owners willing to sell). At the same time, they are among our customers when they use ImmoScout24 for marketing. Hybrid agents combine own software solutions with the expertise of traditional agents.
- Social networks: Finally, we also see the activities of social networks such as Facebook as relevant to competition.

The Management Board is confident that ImmoScout24 will be able to maintain its leading competitive position – through further investment in a superior service offering and with the claim to be *the* platform that further advances the digitisation of the real estate ecosystem in Germany and Austria.

Business development in the Group

In addition to implementation of the communicated corporate strategy, the 2020 financial year centred on overcoming the Covid-19 pandemic, the completion of the AutoScout24 transaction and the resulting handling of the capital structure.

The Group's revenue increased by 1.2% year on year to EUR 353.8 million (2019: EUR 349.7 million). immoverkauf24, which has been consolidated since 1 July 2020, contributed EUR 4.6 million to this growth. With this revenue performance, we have fully met the annual guidance, adjusted in August 2020, of Group revenues in-line with the prior-year level. The original 2020 guidance of Group revenue growth between 6.0% and 8.0% had been suspended on 26 March 2020 due to the Covid-19 pandemic. Revenues in the Residential Real Estate segment (including immoverkauf24 revenues) increased by 3.5% to EUR 253.4 million (2019: EUR 244.9 million). The segment thus also met its annual forecast formulated in August 2020 of stable to slightly growing revenues. The Business Real Estate segment recorded a slight decrease in revenue of 0.7% to EUR 69.1 million in 2020 (2019: EUR 69.6 million) and therefore also met its forecast for the year of slightly declining to stable revenue. The Media & Other segment's revenue declined by 12.1% from EUR 35.3 million in the 2019 financial year to EUR 31.0 million in the 2020 financial year. The segment thus also met its annual forecast of a revenue decline in the low double-digit percentage range.

Ordinary operating EBITDA came to EUR 212.3 million, a year-on-year increase of 1.4% (2019: EUR 209.3 million). The ordinary operating EBITDA margin reached 60.0% and thus slightly exceeded the previous year's level (2019: 59.9%). This figure is thus in line with the adjusted annual forecast of a consolidated ordinary operating EBITDA margin around the 60% mark. The original guidance had assumed up to 62.0%. All reporting segments combined achieved an ordinary operating EBITDA margin of 62.6%, which is also in line with the adjusted forecast for the year ("around the 62% mark").

IMPORTANT EVENTS INFLUENCING KEY FINANCIAL FIGURES

The following events had a particular impact on the course of business; the respective influence on the results of operations, net assets or financial position is explained below.

On 20 March 2020, we launched an immediate-action programme to relieve our customers during the Covid-19 pandemic. It comprised three elements: Liquidity plus – deferral of payment for all professional customers –, Listing plus – free private real estate listings – and Leads plus – free provision of leads through the Realtor Lead Engine product. In April 2020, we added a fourth element to the programme: Service Plus, which offered our partner agents the option of upgrading to professional products at a discount.

In anticipation of a high cash inflow from the sale of AutoScout24, we announced on 25 March 2020 our plan to return capital to the shareholders. Accordingly, a total of up to EUR 1.7 billion is to be returned to shareholders through share buybacks. On 18 June 2020, the Annual General Meeting of Scout24 AG approved the most important component of this plan, a capital reduction by way of a buyback and redemption of treasury shares with a value of approximately EUR 1.0 billion.

On 1 April 2020, we announced the final closing of the AutoScout24 transaction. The final purchase price was EUR 2.83 billion. Since then, our strategic focus has been on the ImmoScout24 marketplace.

As of 1 July 2020, we acquired immoverkauf24 GmbH, with registered office in Hamburg, for a total purchase price of EUR 27.3 million. We subsequently integrated the activities of immoverkauf24 into the Residential Real Estate segment and have developed them further alongside the Realtor Lead Engine business whereby we provide mandate acquisition leads to agents.

On 14 September 2020, we launched the largest advertising campaign since Scout24 began operations. We staged our agent customers as key to a successful sale journey, to strengthen our partnership with this customer group. At the same time, we raised awareness for ImmoScout24 as the go-to destination for homesellers, to enhance our Realtor Leads business.

DEVELOPMENT OF LISTINGS AND TRAFFIC

Activity on the ImmoScout24 marketplace was subject to strong fluctuations over the course of the 2020 financial year as a result of various Covid-19 lockdown measures introduced during the two major infection waves in the spring and from October onwards. The sharp drop in traffic in March was cushioned by the rapid implementation of the Covid-19 assistance programme, in particular the free listing offer for consumers. Within less than four weeks, sessions and unique monthly visitors were back above pre-crisis levels.

The number of users increased by 2.1% year on year to 13.8 million unique monthly visitors (average of individual months), while the number of sessions rose by 7.4% to 101.4 million monthly visits. This is a sign that demand for real estate remained intact despite Covid-19.

The number of listings as of the end of the year was down 3.9% compared with the previous year (average for all months of 2020: 416,973; average for all months of 2019: 434,116). Aside from Covid-19, this reflects current market conditions in Germany where too little housing supply meets very high demand. At the same time, numbers of real estate sale transactions declined. While the figures decreased, however, transaction values rose (see the GERMAN REAL ESTATE MARKET TRENDS section), which provides a good basis for our business with professional customers in particular.

NON-FINANCIAL INDICATORS – MARKETPLACE ACTIVITIES

	FY 2020	FY 2019	Change
IS24.de listings[1]	416,973	434,116	–3.9%
IS24.de monthly users (million)[2]	13.8	13.5	+2.1%
IS24.de monthly sessions (million)[3]	101.4	94.4	+7.4%

1 Source: ImmoScout24.de; listings in Germany (average as of the end of the month)
2 Unique monthly visitors to ImmoScout24.de (average of the individual months), irrespective of how often they visit the marketplace during the month and irrespective of how many different platforms (desktop and mobile) they use; source: AGOF e. V.
3 Number of all monthly visits (average of the individual months) in which individual users interact with the website or app via a device; a visit is considered completed if the user is inactive for 30 minutes or more; source: internal measurement using Google Analytics.

Results of operations

REVENUE AND TOTAL OPERATING PERFORMANCE

Despite the Covid-19 pandemic, the Scout24 Group closed the 2020 financial year with revenue from continuing operations up slightly by 1.2%. Accordingly, group revenue rose from EUR 349.7 million in 2019 to EUR 353.8 million in 2020. This figure includes EUR 0.3 million in revenue generated by Scout24 AG as a holding company (2019: EUR 0.0 million). Accordingly, EUR 353.5 million (2019: EUR 349.8 million) is attributable to revenue generated by the reportable segments.

In the 2020 financial year, own work capitalised increased year on year by 57.1% from EUR 14.0 million to EUR 21.9 million. This increase is due to the greater use of in-house and external software developers and product managers who, in addition to other projects, drove forward various product innovations and upgrades in the reporting year (also see the RESEARCH AND DEVELOPMENT section). These encompass activities that support the platform's future growth. Examples include Covid-19 product initiatives, the expansion of our Plus+ product offering, products that make our platform more attractive for owners, an expanded product range for professional customers and data technology projects. In the 2020 financial year, own work capitalised was 6.2% of revenue compared with 4.0% the previous year.

Together with other operating income of EUR 2.2 million (2019: EUR 3.1 million), total operating performance increased by 3.0% from EUR 366.8 million in 2019 to EUR 377.9 million in 2020.

DEVELOPMENT OF COSTS

Operating expenses totalled EUR 179.7 million in the 2020 financial year, which is EUR 23.5 million or 11.6% below the previous year's level of EUR 203.1 million.

The main reason for the decline is the year-on-year reduction in personnel expenses by EUR 27.4 million or 25.5%. Since the third quarter of 2020, this item has also included immoverkauf24's personnel expenses. The decrease from EUR 107.6 million to EUR 80.2 million is primarily due to lower share-based payments in connection with the LTIP (Long-Term Incentive Plan). While the expenses for these amounted to EUR 29.0 million in the 2019 financial year, they were only at EUR 7.0 million in the 2020 financial year. The strong reduction is on the one hand due to the Scout24 share price performance, with a lower 2020 share price increase (+ 13.7%) than in 2019 (+ 46.8%). On the other hand, the number of LTIP shares has decreased in 2020 as a result of the AutoScout24 transaction (see also note 5.3. SHARE-BASED PAYMENTS in the notes to the consolidated financial statements).

Marketing expenses increased by 1.9% to EUR 31.1 million in the 2020 financial year (2019: EUR 30.6 million). On the one hand, this reflects the advertising campaign carried out in the third quarter; on the other hand the performance marketing activities that were stepped up again in the second half of the year, among them for the Realtor Lead Engine product and the Plus+ products. The advertising campaign was a multi-channel campaign addressing the target group of home sellers in order to encourage them to sell their property through a real estate agent. Since the third quarter of 2020, immoverkauf24's online marketing activities have also been included in marketing expenses.

Compared with the previous year, IT expenses increased by a substantial 27.2% in the 2020 financial year, totalling EUR 18.0 million (2019: EUR 14.2 million). The switch to cloud-based platform and software solutions is mainly responsible for the increase, with the migration largely completed in the second half of the year. Nevertheless, the use of cloud solutions suggests that costs will continue to rise in the future as business volumes increase.

Other operating expenses decreased slightly by 0.9% year on year, from EUR 50.8 million in 2019 to EUR 50.3 million in 2020. This is primarily due to lower service and consulting costs (including M&A costs), which more than outweighed the higher expenses resulting from the recognition of general bad debt allowances for possible bad debts in connection with Covid-19.

DEVELOPMENT OF EARNINGS

The Group's (unadjusted) EBITDA increased by 21.1% to EUR 198.3 million (2019: EUR 163.7 million). This was primarily due to significantly lower personnel expenses from share-based payments as well as lower M&A costs.

At EUR 51.5 million, depreciation, amortisation and impairment losses were 5.0% below the previous year's level (2019: EUR 54.2 million). Of this amount, EUR 31.6 million are primarily attributable to intangible assets identified as part of the purchase price allocations and amortised over their useful lives (2019: EUR 32.1 million).

The financial result improved from minus EUR 15.2 million to minus EUR 4.9 million. This is primarily due to income effects in the amount of EUR 18.1 million from the investment of proceeds from the AutoScout24 transaction in a special securities fund, which more than compensated for the financial expenses. Financial expenses were EUR 24.3 million, up 61.5% year on year (2019: EUR 15.0 million), in particular due to the amortisation of transaction costs in connection with the early repayment of debt.

The income tax expense amounted to EUR 39.5 million (2019: EUR 30.7 million), resulting in an effective tax rate of 27.8%. Income tax expenses comprise deferred tax income of EUR 10.4 million, which mainly stems from amortisation of intangible assets recognised in the purchase price allocation.

Earnings after tax from continuing operations improved significantly by 61.3% to EUR 102.4 million in the 2020 financial year (2019: EUR 63.5 million) as a result of the positive development of operating expenses explained above. Based on a volume-weighted average number of shares of 102,144,808, (basic) earnings per share from continuing operations amounted to EUR 1.00 in the 2020 financial year (2019: EUR 0.59; number of shares: 107,092,213).

Earnings after tax from discontinued operations – mainly driven by the gain on disposal from the AutoScout24 transaction – amounted to EUR 2,264.7 million (2019: EUR 16.5 million).

Including earnings after tax from discontinued operations, earnings per share attributable to shareholders of the parent company come to EUR 23.17 for the 2020 financial year (2019: EUR 0.75).

ORDINARY OPERATING EBITDA

As described in the STEERING SYSTEM AND PERFORMANCE INDICATORS section, the profitability indicator "ordinary operating EBITDA of the Group" is one of our most important financial performance indicators. This indicator increased by 1.4% year on year to EUR 212.3 million (2019: EUR 209.3 million).

As shown in the table below, ordinary operating EBITDA is adjusted for non-operating effects. In the 2020 financial year, these non-operating effects amounted to EUR 14.0 million, down significantly by 69.2% year on year (2019: EUR 45.7 million). Non-operating effects include, in particular, non-recurring costs attributable to M&A transactions including post-merger integration as well as personnel expenses from share-based payments and costs in connection with changes in the organisational structure. The development of expenses from share-based payments is explained above. The development of the other non-operating items is shown in the table.

RECONCILIATION OF (UNADJUSTED) EBITDA TO ORDINARY OPERATING EBITDA

EUR million	FY 2020	FY 2019[1]	Change
(Unadjusted) EBITDA	**198.3**	**163.7**	**+21.1%**
Non-operating effects[1]	14.0	45.7	–69.2%
of which share-based payments	7.0	29.0	–76.1%
of which M&A transactions	1.5	7.3	–78.8%
of which reorganisation	4.5	9.3	–51.0%
of which other non-operating effects	1.0	0.1	+812.6%
Ordinary operating EBITDA	**212.3**	**209.3**	**+1.4%**

[1] In the 2019 financial year, 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, the corresponding figures for the 2019 financial year have been restated.

The remaining ordinary operating effects (see table below) rose by 5.9% year-on-year from EUR 154.4 million in 2019 to EUR 163.5 million in 2020, outpacing revenue. The main reason for this was the increase of EUR 6.9 million or 18.6% in other operating expenses attributable to ordinary operating effects. This is on the one hand due to the increased usage of external developers within the product development. The offsetting item of these expenses is included in own work capitalised. On the other hand, this stems from higher selling costs in connection with the increased marketing of the consumer products “TenantPlus+” and “BuyerPlus+” as well as of the “Realtor Lead Engine” product. Additionally, the recognition of general bad debt allowances for possible bad debts on account of Covid-19 also contributed to rising other operating expenses. The increase in marketing and IT expenses is explained above. In addition, the operating effects in the 2020 financial year include dis-synergies resulting from the AutoScout24 transaction of roughly EUR 3.4 million in total. While the operating effects have increased overall, we implemented short-term cost reductions where possible due to Covid-19 and additionally leveraged structural cost efficiencies.

Despite rising operating effects from ordinary business activities, ordinary operating EBITDA increased by 1.4%, thus slightly outpacing revenue, due to the investments in growth in the form of higher own work capitalised in 2020.

Accordingly, the ordinary operating EBITDA margin came to 60.0% in the 2020 financial year, up 0.1 percentage points on the previous year’s level (2019: 59.9%).

DEVELOPMENT OF OPERATING COSTS AND THE CORRESPONDING IMPACT ON ORDINARY OPERATING EBITDA

EUR million	FY 2020	FY 2019	Change
Revenue	353.8	349.7	+1.2%
Own work capitalised	21.9	14.0	+57.1%
Ordinary operating effects[1]	**–163.5**	**–154.4**	**+5.9%**
of which personnel expenses	–71.4	–72.8	–1.9%
of which marketing expenses	–31.1	–30.4	+2.2%
of which IT expenses	–17.1	–14.1	+20.9%
of which other operating expenses	–43.9	–37.0	+18.6%
Ordinary operating EBITDA	**212.3**	**209.3**	**+1.4%**

[1] The costs presented are not exclusively expenses, as offsetting against income has taken place to a very limited extent. Therefore, the term "effects" has been used.

Net assets

STATEMENT OF FINANCIAL POSITION – ASSETS (CONDENSED)

EUR million	2020	2019	Change
Current assets	**1,769.4**	**740.4**	**+139.0%**
of which cash and cash equivalents	177.7	65.6	+170.9%
of which trade receivables	20.9	31.2	–33.1%
of which financial assets	1,564.8	1.3	n/a
of which assets held for sale	–	634.8	n/a
Non-current assets	**1,751.0**	**1,690.8**	**+3.6%**
of which goodwill	712.6	692.7	+2.9%
of which trademarks	877.4	872.8	+0.5%
of which other intangible assets	75.2	91.4	–17.8%
of which right-of-use assets from leases	55.6	22.1	+152.1%
of which property, plant and equipment	16.3	8.7	+86.7%
of which financial assets	13.0	2.5	+414.2%
Total equity and liabilities	**3,520.4**	**2,431.2**	**+44.8%**

Our net assets in 2020 financial year were heavily influenced by the AutoScout24 transaction. On 31 March 2020, Scout24 AG received the provisional purchase price of EUR 2,838.7 million as consideration for the sale of AutoScout24, FinanceScout24 and FINANZCHECK, which was completed on 1 April 2020, less an amount of EUR 350.0 million used directly for debt repayments. Control of the entities sold was transferred to the buyer on 1 April 2020. On that date, assets held for sale of EUR 641.8 million (31 December 2019: EUR 634.8 million) reported in accordance with IFRS 5 and related liabilities of EUR 111.0 million (31 December 2019: EUR 71.7 million) were deconsolidated.

Most of the net proceeds from the sale were invested in special money market and securities funds that are reported under cash and cash equivalents and under current financial assets. Combined, these two items in the statement of financial position increased by EUR 1,675.6 million as at the 31 December 2020 reporting date.

As of the 31 December 2020 reporting date, the current assets of the Scout24 Group were thus up significantly on the previous year's value. They amounted to EUR 1,769.4 million (31 December 2019: EUR 105.6 million excluding assets held for sale and EUR 740.4 million including assets held for sale).

Trade receivables declined by EUR 10.3 million or 33.1% to EUR 20.9 million. This is partly due to the higher expense resulting from the recognition of general bad debt allowances for possible bad debts in connection with Covid-19. Another reason for the lower trade receivables is an additional payment run at the end of 2020 for procedural reasons.

Non-current assets increased only slightly by EUR 60.1 million, or 3.6%, to EUR 1,751.0 million as of 31 December 2020.

On the one hand, this is attributable to the acquisition of immoverkauf24 and the resulting additional goodwill of EUR 19.9 million recognised. In addition, the carrying amount of right-of-use assets from leases increased by EUR 33.5 million and of property, plant and equipment by EUR 7.6 million. This is primarily related to the move to the new Berlin office, which took place in November/December 2020. In accordance with IFRS 16, the future lease payments for the ten-year lease were recognised as an asset. Non-current financial assets increased by EUR 10.5 million. This primarily concerns receivables under a sublease agreement with AutoScout24.

Other intangible assets decreased by EUR 16.3 million, mainly due to amortisation in connection with purchase price allocations. This was counterbalanced by recognition of internally generated intangible assets.

The Group's total assets amounted to EUR 3,520.4 million as at 31 December 2020, a year-on-year increase of EUR 1,089.2 million.

Financial position

CAPITAL STRUCTURE

STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES (CONDENSED)

EUR million	2020	2019	Change
Current liabilities	**142.6**	**210.8**	**–32.4%**
of which financial liabilities	69.9	26.7	+162.2%
of which other provisions	23.1	48.0	-51.9%
of which liabilities associated with assets held for sale	–	71.7	n/a
Non-current liabilities	**564.0**	**1,166.5**	**–51.6%**
of which financial liabilities	193.9	805.2	–75.9%
of which lease liabilities	60.2	18.1	+233.0%
of which other provisions	21.1	45.0	–53.0%
of which deferred tax liabilities	287.7	296.1	–2.8%
Equity	**2,813.8**	**1,053.9**	**+167.0%**
of which subscribed share capital	105.7	107.6	–1.8%
of which capital reserve	173.0	171.1	+1.1%
of which retained earnings	3,049.7	904.1	+237.3%
of which treasury shares	-515.5	-129.6	+297.9%
Total equity and liabilities	**3,520.4**	**2,431.2**	**+44.8%**

Current liabilities decreased by EUR 68.2 million to EUR 142.6 million as of 31 December 2020 (31 December 2019: EUR 210.8 million).

The decrease is mainly due to the derecognition of liabilities associated with assets held for sale totalling EUR 71.7 million. In addition, provisions decreased by EUR 24.9 million, primarily as a result of the settlement of disposal costs accrued in 2019 relating to the AutoScout24 transaction. At the same time, financial liabilities increased by EUR 43.3 million due to the reclassification of promissory note loans (Schuldscheindarlehen) out of non-current financial liabilities.

Non-current liabilities decreased by EUR 602.5 million from EUR 1,166.5 million as of 31 December 2019 to EUR 564.0 million as of 31 December 2020.

This is primarily due to the decrease in non-current financial liabilities as a result of the repayment of loans in the amount of EUR 560.0 million and the reclassification of promissory note loans in the amount of EUR 57.5 million to current financial liabilities. Other provisions and deferred tax liabilities likewise decreased, whereas lease liabilities increased in connection with the move to the new Berlin office. In tandem with the right-of-use assets from leases, the future lease payments for the ten-year lease were recognised as a lease liability in accordance with IFRS 16.

Adjusted for the item "cash and cash equivalents", net debt[16] amounted to a low EUR 154.6 million as of 31 December 2020, compared with EUR 789.2 million as of 31 December 2019, due to the repayment of financial liabilities. If investments in money market/special securities funds reported under other financial assets are also taken into account, a net financial asset position[17] results of EUR 1,423.2 million as of

[16] Total current and non-current financial liabilities (including lease liabilities) less cash.
[17] Cash and cash equivalents (including current and non-current financial assets) less total current and non-current financial liabilities (including lease liabilities).

31 December 2020, rather than a net financial debt. The leverage ratio[18] as of 31 December 2020 (31 December 2019: 2.45 : 1) is therefore not a meaningful indicator from either perspective.

The equity amounted to EUR 2,813.8 million as of 31 December 2020 (31 December 2019: EUR 1,053.9 million), which corresponds to an equity ratio of 79.9% (31 December 2019: 43.3%).

The increase is primarily due to additions to retained earnings amounting to EUR 2,145.7 million. The bulk of this amount results from the consolidated net profit in the amount of EUR 2,367.1 million, which also includes the gain on disposal realised in 2020 from the AutoScout24 transaction. The EUR 386.0 million increase in the carrying amount of treasury shares to EUR 515.5 million as of 31 December 2020 (31 December 2019: EUR 129.6 million) due to further share buybacks (also see the INVESTOR RELATIONS / SHARE BUYBACKS section) must be deducted from this figure. The decrease in subscribed share capital (capital reduction) by EUR 1.9 million with a simultaneous increase in the capital reserve reflects the redemption of 1,900,000 shares (also see INVESTOR RELATIONS / REDEMPTION OF SHARES section).

Financial liabilities and credit facilities

As of 31 December 2020, liabilities under the term loan of our syndicated loan agreement (term and revolving facilities agreement – RFA) amounted to EUR 100.0 million (31 December 2019: EUR 300.0 million). The promissory note loan amounted to EUR 152.0 million (31 December 2019: EUR 197.0 million). Other financial liabilities of EUR 11.8 million are mainly attributable to transactions in the special fund that took place shortly before the reporting date (31 December 2019: EUR 0 million).

Under the RFA, we also have available a revolving credit facility of EUR 200.0 million and a revolving credit facility totalling EUR 500.0 million earmarked for acquisition purposes, which were not drawn as of 31 December 2020 (31 December 2019: EUR 335.0 million). We have exercised a one-year extension option on the revolving credit facility earmarked for acquisitions with the RFA's syndicate of banks, which will enter into effect in July 2021. We can also use the revolving credit facility in the amount of EUR 200.0 million in 2021.

The interest rate charged on the facilities drawn under the RFA 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 RFA includes a covenant based on the leverage ratio (see footnote 16) for the last twelve months, which is 3.50 : 1. Compliance with this covenant was a given due to the high cash inflow in the 2020 financial year (net financial asset position; see footnote 14). As of 31 December 2019, the leverage ratio was 2.45 : 1, which equates to headroom in respect of the covenant of 30.1%.

The promissory note (Schuldschein) issued in the 2018 financial year comprises tranches with terms ranging between three and six years and both fixed and variable interest rates; the variable tranches have already been repaid. The promissory note 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.

Unrecognised commitments

As at the reporting date, there were unrecognised commitments totalling EUR 15.0 million (31 December 2019: EUR 10.0 million), mainly attributable to obligations in connections to maintenance and service agreements.

Share buybacks

As stated in the ad hoc announcement of 25 March 2020, up to EUR 1,690 million of the AutoScout24 transaction proceeds are to be returned to the shareholders by way of share buybacks by the 2021 Annual General Meeting. Shares valued at EUR 490 million were bought back under a programme initiated in April 2020 and completed in November. Within the period from 1 February 2021 to 30 June 2021, shares with a value of up to EUR 1,000 million are also to be repurchased by way of a public purchase offer, which will lead to a reduction of the share capital by redemption of the corresponding shares once the transaction is completed.

[18] Ratio of net debt to ordinary operating EBITDA for the last twelve months; as set forth in the loan agreements, the leverage disclosure as of 31 December 2019 relates to continuing and discontinued operations

A further up to EUR 200 million is to be repurchased in 2021 via an additional regular share buyback programme.

FINANCIAL MANAGEMENT

The treasury function plans and manages requirements, provision and investment of cash 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.

As in the previous year, Scout24 had enough cash at its disposal at all times over the course of the 2020 financial year to meet all financial obligations that fell due.

Dividends

Scout24 AG's dividend policy is to distribute between 30% and 50% of the adjusted net profit[19] to its shareholders each year. This policy is intended to allow shareholders to participate appropriately in the success of the Company. In June 2020, Scout24 AG distributed a larger dividend of EUR 0.91 (up 42.2%) per ordinary share to its shareholders for the 2019 financial year compared with the previous year (in 2019 for 2018: EUR 0.64). This corresponded to 49.4% of adjusted net profit and a total dividend payout of EUR 93.7 million. The Management Board proposes to the Supervisory Board to distribute EUR 68.5 million as a dividend for the 2020 financial year, which will be paid out after the 2021 Annual General Meeting. This corresponds to 50.0% of adjusted net profit and amounts to EUR 0.70 per ordinary share (based on 97,836,291 dividend-entitled shares excluding treasury shares as of December 31, 2020). The precise amount of the dividend depends on the planned capital reduction and share buybacks.

CASH FLOWS

EUR million	2020	2019	Change
Cash flow from operating activities of continuing operations	130.9	128.4	+2.6
Cash flow from operating activities of discontinued operations	–47.8	70.1	–117.9
Cash flow from operating activities	**83.1**	**198.5**	**–115.4**
Cash flow from investing activities of continuing operations	–1,592.2	–11.5	–1,580.7
Cash flow from investing activities of discontinued operations	2,827.7	–7.0	+2,834.7
Cash flow from investing activities	**1,235.5**	**–18.5**	**+1,254.0**
Cash flow from financing activities of continuing operations	–1,210.8	–165.9	–1,044.9
Cash flow from financing activities of discontinued operations	–0.5	–2.9	+2.4
Cash flow from financing activities	**–1,211.4**	**–168.8**	**–1,042.6**
Change in cash and cash equivalents	107.3	11.2	+96.1
Cash and cash equivalents at beginning of period	70.4	59.2	+11.2
Cash and cash equivalents at end of period	**177.7**	**70.4**	**+107.3**
Less cash and cash equivalents at end of period held for sale	–	–4.8	+4.8
Cash and cash equivalents at end of period from continuing operations	**177.7**	**65.6**	**+112.1**

Cash flow from operating activities of continuing operations came to EUR 130.9 million in the 2020 financial year, and therefore remained relatively stable in comparison with the previous year (2019: EUR 128.4 million).

Scout24 generated negative cash flow from operating activities of discontinued operations of EUR -47.8 million (2019: EUR 70.1 million). While the cash flow from operating activities throughout 2019 mainly reflects

[19] Adjusted for regular adjustments (PPA amortisation, financial result effects, taxes), non-operating effects (expenses for share-based payments, M&A activities, reorganisation) and special effects relating to the AutoScout24 transaction (disposal proceeds and special fund effects).

the operating business of AutoScout24, it is essentially characterised by the prepayments of taxes on the disposal gain from the AutoScout24 transaction in 2020.

The negative cash flow from investing activities of continuing operations rose steeply from EUR -11.5 million in 2019 to EUR -1,592.2 million in 2020, primarily due to investments in financial assets (special securities funds) in the net amount of EUR 1,536.7 million and the purchase price payment in connection with the acquisition of immoverkauf24. This effect was also reinforced by increased payments for internally generated intangible assets and investments in the new Berlin office.

On account of the purchase price payment in connection with the AutoScout24 transaction, Scout24 had cash flow from investing activities of discontinued operations of EUR 2,827.7 million in the 2020 financial year (2019: EUR –7.0 million).

The negative cash flow from financing activities of continuing operations amounted to EUR -1,210.8 million in the reporting period (2019: EUR -165.9 million). The increase is mainly due to the repayment of debt amounting to EUR 680.0 million (reduced by EUR 100 million for newly obtained short-term loans), the dividend payment of EUR 93.7 million and payments for the purchase of treasury shares amounting to EUR 515.9 million.

The negative cash flow from financing activities of discontinued operations amounted to EUR -0.5 million compared with EUR -2.9 million in the previous year.

In total, cash and cash equivalents available in the 2020 financial year increased by EUR 112.1 million to EUR 177.7 million as of 31 December 2020 from EUR 65.6 million as of 31 December 2019.

Business performance of the segments

KEY FINANCIAL PERFORMANCE INDICATORS

EUR million	Q4 2020 (unaudited)	Q4 2019 (unaudited)	Change (unaudited)	FY 2020	FY 2019	Change
External revenue of ImmoScout24	**91.1**	**89.9**	**+1.3%**	**353.5**	**349.8**	**+1.1%**
of which Residential Real Estate segment	65.2	62.0	+5.1%	253.4	244.9	+3.5%
of which residential real estate partners	46.3	42.6	+8.8%	176.2	165.6	+6.4%
of which consumers	18.9	19.4	–2.9%	77.2	79.3	–2.7%
of which Business Real Estate segment	17.5	18.2	–3.9%	69.1	69.6	–0.7%
of which Media & Other segment	8.3	9.6	–13.5%	31.0	35.3	–12.1%
Ordinary operating EBITDA	**56.2**	**56.2**	**–0.1%**	**221.3**	**217.6**	**+1.7%**
of which Residential Real Estate segment	40.8	39.6	+3.1%	160.1	154.8	+3.4%
of which Business Real Estate segment	12.4	13.6	–8.3%	49.2	48.9	+0.7%
of which Media & Other segment	3.0	3.1	–5.1%	12.0	13.9	–13.9%
Ordinary operating EBITDA margin	**61.7%**	**62.6%**	**–0.9pp**	**62.6%**	**62.2%**	**+0.4pp**
of which Residential Real Estate segment	62.6%	63.8%	–1.2pp	63.2%	63.2%	+0.0pp
of which Business Real Estate segment	71.0%	74.4%	–3.4pp	71.2%	70.2%	+1.0pp
of which Media & Other segment	35.5%	32.3%	+3.2pp	38.7%	39.5%	–0.8pp

RESIDENTIAL REAL ESTATE

The Residential Real Estate segment made the largest contribution to ImmoScout24's total revenue in the 2020 financial year at 71.7% (2019: 70.0%). This segment has been the most resilient in the Covid-19 crisis, in particular due to a high proportion of contractually secured revenue with professional customers (partners), despite the free listing offer to private customers. Segment revenue increased by 3.5% in the year 2020 (from EUR 244.9 million to EUR 253.4 million).

The revenue with professional customers contained therein, i.e. real estate agents (including finance partners) and property managers, increased by a substantial 6.4%. In this context, ARPU of residential real estate partners increased by 2.5%. Realtor Lead Engine revenues rose by more than 60%. This includes the revenue of immoverkauf24, consolidated since 1 July 2020, in the amount of EUR 4.6 million.

At the same time, customer numbers continued to rise. Compared with the previous year, 869 new (smaller) customers were won, up 5.3%. Accordingly, the total number of residential real estate partners came to 17,213 as of 30 December 2020. ARPU for the full year was EUR 716, compared with EUR 698 in the previous year.

RESIDENTIAL REAL ESTATE: DEVELOPMENT OF CUSTOMER NUMBERS AND ARPU

	Q4 2020 (unaudited)	Q4 2019 (unaudited)	Change (unaudited)	FY 2020	FY 2019	Change
Residential real estate partners (number of core customers[1] at the end of the period)	17,213	16,344	+5.3%	17,213	16,344	+5.3%
ARPU[2] with residential real estate partners (EUR, monthly)	717	718	−0.2%	716	698	+2.5%

[1] Customers with a fee-based contract extending beyond the reporting period that entitles them to market more than one property
[2] Average revenue per user per month, calculated by dividing the revenue generated with the respective core customers in the reported period by the average number of core customers in the same period (calculated based on opening and closing balance) further divided by the number of months in the corresponding period

Revenue from private customers ("consumers") contained in the Residential Real Estate segment decreased by 2.7%. This decrease is due to lower revenue (down around 25%) as a result of the free listing offer for private listers. This offer started at the end of March and continued in the second half of 2020. In some cases, customers add on paid functions to the free basic offer. In addition to listing revenue, consumer revenue includes revenue from confirmations by the Schufa credit bureau and from the TenantPlus+ and BuyerPlus+ products. These increased by over 30%, partly due to the increase in the number of listings following the free offer. It was thus possible to largely compensate for lost listing revenue.

The ordinary operating EBITDA margin in the Residential Real Estate segment remained stable at 63.2% in the 2019 and 2020 financial years. Costs have therefore only risen in proportion to revenue since the third quarter, despite a higher business volume originally planned for 2020, increased marketing expenses, the free listing offer and the integration of immoverkauf24.

BUSINESS REAL ESTATE

In the 2020 financial year, the Business Real Estate segment accounted for around 19.6% of ImmoScout24's external revenue in total (2019: 19.9%). In this context, the Business Real Estate segment recorded a slight decrease in revenue of -0.7%, from EUR 69.6 million in the 2019 financial year to EUR 69.1 million in 2020. While contractually secured revenue with professional real estate agents remained at the same level as the previous year, revenue with project developers and new home builders showed a slight downward trend due to a lower number of projects and the booking of less expensive packages in some cases.

The number of business real estate partners fell slightly year on year by 26 or 0.9% to 2,800 partners as of 31 December 2020. ARPU for the full year was EUR 1,754, down -0.4% on the previous year. This slight decline was due to the effects of Covid-19 as well as declining revenue with project developers and new home builders.

BUSINESS REAL ESTATE: DEVELOPMENT OF CUSTOMER NUMBERS AND ARPU

	Q4 2020 (unaudited)	Q4 2019 (unaudited)	Change (unaudited)	FY 2020	FY 2019	Change
Business real estate partners (number of core customers[1] at the end of the period)	2,800	2,774	+0.9%	2,800	2,774	+0.9%
ARPU[2] with business real estate partners (EUR, monthly)	1,801	1,828	–1.5%	1,754	1,761	–0.4%

1 Customers with a fee-based contract extending beyond the reporting period that entitles them to market more than one property
2 Average revenue per user per month, calculated by dividing the revenue generated with the respective core customers in the reported period by the average number of core customers in the same period (calculated based on opening and closing balance) further divided by the number of months in the corresponding period

The Business Real Estate segment's ordinary operating EBITDA margin increased by 1.0 percentage points year on year to 71.2% (2019: 70.2%) mainly due to the strong first quarter and temporary cost-saving measures in the second quarter, which more than compensated for the Covid-19 induced bad debt allowances.

MEDIA & OTHER

The smallest segment Media & Other contributed only 8.8% to ImmoScout24's external revenue in the 2020 financial year. In the previous year, the segment's revenue share had still stood at 10.1%. In absolute terms, the Media & Other segment revenue decreased by 12.1% from EUR 35.3 million in 2019 to EUR 31.0 million in 2020. The main reason for this was the market-driven decline (Germany-wide trend) of the third-party advertising business, which was reinforced by Covid-19. Accordingly, our third-party advertising revenue decreased by more than 35% year-on-year to EUR 8.2 million in the reporting period. Our subsidiary FLOWFACT also recorded declining revenue, although to a lower extent. This is due to the shift from a license payment model to a software as a service (SaaS) payment model, which in the medium to long term, could lead to regularly recurring and increasing revenues as new customers are acquired. ImmoScout24 Austria reported above-average year-on-year revenue growth of more than 11% despite the Covid-19 crisis.

The EBITDA margin from ordinary activities in the Media & Other segment decreased by 0.8 percentage points from 39.5% in the 2019 financial year to 38.7% in 2020.

Overall assessment

The 2020 financial year was marked by the successful completion of the AutoScout24 transaction and the impact of the Covid-19 pandemic. Our strategic focus was on the digital marketplace ImmoScout24. We responded quickly to the Covid-19 crisis and launched an immediate-action programme in late March. In the second quarter, we realised short-term cost savings where possible. Despite Covid-19, we continued to invest in our future. In the third quarter, we launched the largest advertising campaign in Scout24's history and throughout the financial year, we implemented numerous product enhancements and innovations. With immoverkauf24, we made a strategically important acquisition, effective 1 July 2020. At the same time, we have captured structural cost efficiencies where appropriate. And last but not least, we have expanded our focus on sustainability. Although revenue and profitability grew only slightly compared with the previous year, we have sustainably strengthened our strategic foundation with all the aforementioned measures.

Risks and opportunities report

Scout24 regularly faces risks and opportunities that can have both negative and positive effects on the net assets, financial position and results of operations as well as on the reputation and public perception of Scout24. In order to prevent or minimise possible negative effects with respect to risks in the event of occurrence, external, financial, operational, strategic and compliance-related risks are identified, analysed, evaluated and managed as part of risk management. At the same time, our opportunity management ensures that we identify and capture opportunities in good time. The aim is to strike a balance between growth and returns on the one hand and the associated risks on the other. Risk and opportunity management thus supports the implementation of the corporate strategy.

In order to identify risks and opportunities at an early stage and to be able to deal with them proactively and consciously, we operate a documentation, management and control system. In the following, we describe the main risks and opportunities that are assessed critical and substantial in the risk matrix, or as very good and solid in the opportunity matrix. Both risks and opportunities are further discussed in descending order of their relevance for Scout24.

Overall statement on the risk and opportunity position

RISK POSITION

Overall, Scout24's risk position improved in the 2020 financial year. The overall risk situation is declining compared to the previous year, and the prevailing risks are manageable. The potential risk exposure is covered several times over by the available equity and is manageable overall. No risks have been identified that could jeopardise the continued existence of Scout24 from a going concern perspective.

Scout24's current risk position is dominated by the widespread uncertainty caused by the Covid-19 pandemic and its repercussions. Covid-19 has not only changed the real estate market and the political and economic parameters, but also the way we work, our planning and our forecasting. Therefore, we estimate the financial impact on Scout24's revenue and ordinary operating EBITDA to be significant. The uncertainty caused by the pandemic entails the risk of a contraction in activities and transactions on the real estate market, which may lead to lower revenue and earnings for Scout24.

Operating an online marketplace brings with it risks from the use of IT and in relation to the security of our IT infrastructure. We consider these risks critical and invest in a wide range of activities to protect our online platform and IT infrastructure. The aim is to be reliably accessible for our users at all times and to provide permanently valid and reliable information. Investing in the security and protection of our data, systems and our IT infrastructure leads to their continuous improvement and the closing of potential security vulnerabilities.

The changes in the market and competitive environment are also relevant when considering the overall risk situation. We continue to operate in a highly competitive environment. The takeover of Germany's largest classifieds platform eBay Kleinanzeigen by the listed Adevinta ASA, which is internationally recognized as one of the largest providers of digital platforms for classifieds, exposes ImmoScout24 to greater competitive pressure. Indeed, ImmoScout24 not only competes with direct competitors such as other digital real estate marketplaces, but also increasingly with hybrid agents, social networks or horizontally organised classifieds portals (see the COMPETITIVE SITUATION section). These developments could lead to tougher price or conditions competition in the future and for ImmoScout24, as Germany's leading marketplace for digital real estate listings, bears the risk of losing market share.

OPPORTUNITY POSITION

Scout24 AG's opportunity position has also developed positively. In this context, external influences such as increasing digitisation and the positive development of the real estate market support our business model's further development. We leverage additional revenue and earnings potential through complementary products and services related to the digital listings business. Our goal is to further digitise the end-to-end process around the sale and rental of real estate.

Further opportunities lie in the high awareness of the ImmoScout24 brand and the high website traffic, also in comparison with our competitors. These provide a solid basis for continued market leadership.

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

The basic design of Scout24's risk management system reflects the internationally recognised COSO Enterprise Risk Management Framework of the Committee of Sponsoring Organizations (COSO) 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 especially intended to ensure the security and efficiency of business processes as well as the reliability of the financial reporting.

In its risk management system, Scout24 also takes into account the interrelated basic elements of risk culture, objectives, organisation, risk identification, assessment, control and communication as well as monitoring and improvement of the risk management system, in accordance with Auditing Standard 981 of the Institute of Public Auditors in Germany (IDW AuS 981).

The risk management function is based on the systematic recording, assessment and analysis of risks, as it aims to handle these in a controlled manner. It is intended to enable Scout24 to identify any unfavourable developments at an early stage in order to promptly take counteractive measures as well as monitor and refine them if necessary.

In the reporting period, risk management focused primarily on those activities that have a significant impact on future earnings (ordinary operating EBITDA) and are of importance for the Company's future prospects in that they could prevent the Company from achieving its objectives. 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 aims to identify opportunities as early as possible and exploit them through appropriate measures. Thus, it is primarily focused on identifying business potential within the ecosystem for real estate in Germany and Austria and around the digitisation of real estate transactions. Opportunities are assessed by reference to qualitative parameters in terms of their probability of occurrence and their potential positive impact.

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

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

The accounting-related risk management system as well as the ICS are significant components of the Company's internal control system. 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 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 annual and consolidated financial statements, including the management report;
- Process-integrated controls (IT-supported controls and access limitations, authorisation concept, especially in regard to accounting-related IT systems, dual control system and segregation of duties);
- Standardised and documented financial accounting 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.

PRINCIPLES OF SCOUT24'S RISK AND OPPORTUNITY MANAGEMENT

At its core, Scout24's risk and opportunity management seeks to create the requisite transparency with regard to existing risks and opportunities and, in doing so, to build a shared awareness of risks within the Company as well as to establish their significance and implications for the achievement of the Company's objectives. The risk and opportunity management system is used to ensure the identification, assessment, analysis and long-term management as well as the reporting and monitoring of significant risks and opportunities.

Scout24 comprehensively evaluates the risks and opportunities that are significant for the Group's corporate development as part of the annual budgeting and steering process (also see the STEERING SYSTEM section). In this context, market and competitive analyses are conducted to support financial planning, and the internal and external risks and opportunities relevant to the Group are assessed. The current assessment of the risks and opportunities at the time of budgeting is re-verified during the year in additional revisions of the risks and opportunities inventory, resulting in a quarterly assessment of Scout24's opportunities and risks. This is used as a basis for regular reporting to the Management Board and the Supervisory Board.

Above and beyond this, current risks and opportunities as well as their impact on the Company are discussed at bi-weekly meetings of the executive leadership team (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 & Compliance function to integrate and manage group-wide the two risk and compliance management systems as well as the internal control system. This takes place in close cooperation with the individual risk officers in the (market) segments, central group functions and equity investments, who bear responsibility for implementing risk and opportunity management in the operating units.

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

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 Scout24's Governance, Risk & Compliance Handbook (GRC Handbook). The core GRC process defined there – for which the Risk Management & 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.

Detailed analysis of the risk position

The risk management 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 via urgent notification by the risk owner or through the Risk Management & 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.

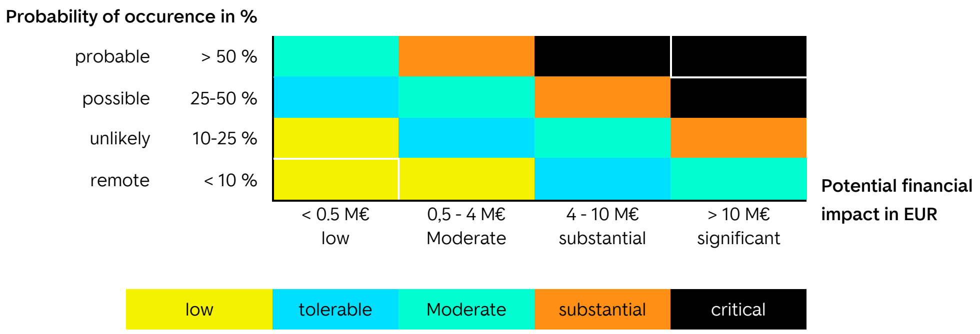
Risks are subsequently assessed as "low", "tolerable", "moderate", "substantial" or "critical", considering the potential impact on results of operations, financial position and net assets as well as estimated probabilities of occurrence. Risks are assessed based on quantitative parameters, i.e. the probability of occurrence in percent and the potential financial impact in euros. Quantification in this respect is primarily intended as an indication of the respective risk's relevance. The assessment of the monetary impact is the responsibility of the respective business units. The timeframe for estimating risks is 12 months, and the subsequent 24 and 36 months in each case for the probability of occurrence and the potential financial impact.

The identified risks are assessed applying the inherent/residual method. In a first step, the potential financial impact and probability of occurrence are initially assessed within the framework of the inherent risk assessment without taking into account the measures and/or controls implemented to reduce the financial 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 and/or controls.

In a second step, the residual risk analysis takes into account the risk mitigation measures and/or controls implemented. The objective of the inherent/residual assessment is to enable monitoring of the effectiveness of the preventive measures deployed.

In the following, risks are presented at their net expected value, which is determined from the combination of the two metrics: the potential financial impact (x-axis) and the probability of occurrence (y-axis), in each case based on the residual method. The scales are presented in the risk matrix below.

RISK MATRIX



Opportunities are not factored into the assessment. They are covered separately through opportunity management and as part of budgeting.

The next step concerns risk management. In order to mitigate risks in the long-term, i.e. to reduce their possible implications in terms of their potential financial impact or their probability of occurrence, appropriate measures and/or controls are developed and implemented. The defined measures and controls are updated, together with the risks, in the course of risk reporting to management during the year.

Decentralised risk assessors in the individual business units are responsible for identifying, recording, reporting and regularly updating risks. The risk assessors categorise risks according to a standard catalogue applicable in the Group and document their results regularly in the risk management software. The risks are reviewed and approved by the likewise decentralised risk approvers for their areas. This approach ensures observance of the dual-control principle for each risk.

OVERALL RISK SITUATION, RISK AREAS AND RISK CLUSTERS

The following table shows the external, financial, operational, strategic and compliance risk areas and the respective risk clusters. These are evaluated based on an analysis of individual risks using the residual method. The year-on-year changes in the risk situation are as follows:

EVALUATION OF RISK AREAS

		Weighted probability of occurrence	Potential financial impact	Net expected loss	Year-on-year change
1	**External risks**				
1.1	Economic risks	Possible	Low	Tolerable	↑
1.2	Regional & specific country risks	Remote	Low	Low	=
1.3	Legal environment	Remote	Significant	Moderate	↑
1.4	Competition & market	Unlikely	Significant	**Substantial**	=
1.5	Suppliers	Remote	Low	Low	↓
1.6	Labour market	Remote	Low	Low	=
1.7	General public	Remote	Low	Low	=
1.8	Nature & environment	Remote	Substantial	Tolerable	↑
2	**Financial risks**				
2.1	Financial reporting, organisation & quality	Remote	Significant	Moderate	↑
2.2	Financial management	Remote	Low	Low	↓
2.3	Financial indicators	Remote	Substantial	Tolerable	↓
2.4	Financial reporting	Remote	Significant	Moderate	↓
3	**Operational risks**				
3.1	Human resources	Possible	Moderate	Moderate	=
3.2	Advertising & brand	Remote	Substantial	Tolerable	↑
3.3	Service providers, other business partners	Remote	Moderate	Low	=
3.4	Customers	Remote	Substantial	Tolerable	↓
3.5	Management & administration	Remote	Significant	Moderate	↓
3.6	Purchasing	Remote	Moderate	Low	=
3.7	IT risks	Possible	Significant	**Critical**	↑
3.8	Project management	Remote	Low	Low	↓
3.9	Product management & processes	Possible	Moderate	Moderate	↑
3.10	Communication	Remote	Moderate	Low	↓
4	**Strategic risks**				
4.1	Strategic orientation	Unlikely	Moderate	Tolerable	↓
4.2	Sales, marketing & brand	Unlikely	Substantial	Moderate	↓
5	**Compliance risks**				
5.1	Code of Conduct	Remote	Low	Low	↓
5.2	Data protection & data security	Remote	Significant	Moderate	=
5.3	Corruption & fraud	Unlikely	Moderate	Tolerable	=
5.4	(Corporate) criminal law	Probable	Low	Moderate	=
5.5	Competition law	Remote	Substantial	Tolerable	=
5.6	Intellectual property law	Unlikely	Moderate	Tolerable	↑
5.7	Labour & social security law	Remote	Moderate	Low	=
5.8	Money laundering	Unlikely	Low	Low	=
5.9	Know-how drain	Unlikely	Moderate	Tolerable	↑
5.10	Environmental law	Remote	Low	Low	=
5.11	Documentation obligations	Remote	Low	Low	=
5.12	Capital market law	Remote	Moderate	Low	new
6	**Special risks**				
6.1	Covid-19	Probable	Significant	**Critical**	new

↓ Decrease; ↑ Increase; = Unchanged

Risk clusters that from today's perspective could significantly affect the Scout24 Group's results of operation, financial position and net assets are discussed in more detail in the following. This concerns the risk clusters assessed to have a "critical" or "substantial" net expected value as well as financial risks. For the latter, we make an exception and also list risk clusters assessed as "moderate" and "tolerable". We are currently not aware of any further risks that could affect our operations or have appraised such risks as not substantial.

Special risks

6.1 Covid-19

The risks arising from the Covid-19 pandemic dominate Scout24's current risk situation. For this reason, Covid-19-related risks have been transferred to the new risk cluster 6.1 "Covid-19". In the risk report of the 2020 half-year financial report, these individual risks were still included under 1.8 "Nature and environment". Pooling Covid-19-related risks into a separate risk cluster provides greater clarity and transparency about the risk situation and the corresponding measures that Scout24 has implemented to deal with the risks.

Covid-19 has not only changed the real estate market and the political and economic parameters, but also the way we work, our planning and our forecasting. The impact on Scout24's revenues and our ordinary operating EBITDA is estimated to be significant. On the one hand, the implementation of the Covid-19 measures has a negative impact on Scout24's financial results. On the other hand, the uncertainty caused by the pandemic entails the risk of a contraction in activities and transactions on the real estate market, which may lead to lower income for Scout24. Our budgeted figures are updated more frequently and regularly, and adjusted if necessary, in order to be able to react to current events.

In addition to the effects for our own business operations, Scout24 is conscious of the possible effects on our main user groups in the Business and Residential Real Estate segments. In order to mitigate these to the extent possible, we launched an immediate-action programme in March 2020 to support our customers in the Covid-19 pandemic. The measures were prolonged in April 2020 and supplemented to include further support services. As a result, Scout24 was able to strengthen the liquidity of its customers, even during the first lockdown, and maintain a high level of marketplace activities on ImmoScout24. This was reflected, for example, in the number of real estate listings for residential and commercial properties as well as in the number of detailed listing views, which remained stable. It was thus possible to soften the impact and repercussions of the Covid-19 pandemic to a certain extent.

Nevertheless, Scout24 is conscious of the risks still posed by Covid-19. The implications on the real estate market as a whole could extend far beyond the end of the year. For example, the long-term supply and demand behaviour of market players may change. In the segment Business Real Estate, for example, there are concerns of delays in the completion of new construction projects and outstanding building permits, which would mean that planned construction projects cannot be completed or even started under the current conditions. If planned residential units do not materialise in the longer term, this may have an impact on price trends in the real estate market. For commercial properties, there may be long-term changes due to the lockdowns and security measures. For example, in the way that the continued work from home can lead to a declining demand for commercial property, which could result in declining market activities and, in that turn, declining advertisements and listings, which could be associated for us with the risk of declining revenues. These developments can result in a further declining demand for commercial real estate in the long-run, or the demand remaining low.

Overall, the risks from Covid-19 represent the largest risk component for Scout24. In view of the ongoing pandemic, we classify the risk from Covid-19 as critical.

Operational risks

3.7 IT risks

Scout24's business operations involve risks from the use of IT and in relation to the security of the IT infrastructure of all segments. We consider these risks critical and invest in a wide range of activities to protect our platform and IT infrastructure.

ImmoScout24's online platform has to be reliably accessible for our users and provide permanently valid and reliable information. In this context, we are constantly exposed to the risk of systems failing and our products and services being unavailable to our users. On the one hand, this could be caused by the failure of individual systems or IT services if, for example, necessary updates are not carried out or systems are not regularly updated. This risk is countered by regular system reviews, which monitor adherence to security measures and ensure systems are regularly updated. To prevent a possible failure or error in the cloud environment, we use high-availability cloud service providers and run what are referred to as multi-regional storage backups. Accordingly, additional backups in different regions reduce the vulnerability while ensuring the security and stability of our cloud environment.

The systems, programs, tools and software used internally must also be reliably available to Scout24 employees. To ensure this, corresponding contractual agreements are defined with IT service providers via service line agreements and redundancy measures are agreed with the individual vendors. To minimise the access risk to business-critical systems and services, what are known as asset management control systems are also used and security measures are implemented.

There is a risk of unauthorised access by third parties to Scout24 services, for example, in the form of a targeted cyberattack. To counteract this, regular security audits are carried out and appropriate security measures are taken. The platform's operation is subject to permanent monitoring so as to quickly initiate appropriate countermeasures in case of failure. Our systems have comprehensive, multi-stage safeguards and personalised, role-based access controls are in place as protection against unauthorised access and external attacks. In addition, there are approval processes in place for accessing the cloud environment. We also offer Scout24's customers the option of securing their data with multi-stage access protection. Furthermore, IT security experts perform regular intensive penetration testing. We also continue to draw on the expertise of security analysts through what is referred to as a bug bounty programme, in which we award prizes to registered "white-hat" hackers for identifying and reporting potential attack vectors. This is used as a basis for rigorously deriving new risk-mitigating measures for securing both ImmoScout24's online platform and our business data against unauthorised internal and external access.

We assess the existing IT risks overall as manageable. Investing in the security and protection of our data, systems, online platform and IT infrastructure leads to their continuous improvement and closure of potential security vulnerabilities. Scout24 is constantly working to further reduce the IT risks that have been assessed as critical.

External risks

1.4 Competition & market

Scout24 operates in a highly competitive environment that is constantly evolving. In the 2020 financial year, this environment was again characterised by changes that may have an influence on the participants in the real estate market and also on the market and competitive environment in which Scout24 operates.

At the end of July 2020, the acquisition of Germany's largest classifieds portal eBay Kleinanzeigen by Adevinta ASA, a publicly listed company based in Norway that is internationally regarded as one of the largest providers of online ad portals, was announced. With this acquisition, Scout24 faces the risk of even fiercer competition in the real estate sector in the future, primarily in the segment Residential Real Estate. On the one hand, we compete with horizontally organised classifieds portals such as eBay Kleinanzeigen, which use their large user groups as well as their data to establish a strong customer base at comparatively low costs. Particularly in a situation like this, also other competing market players might engage in more intense competition based on prices and conditions. We consider Scout24 to be exposed to that risk mainly in relation to the next largest competitor, the Immowelt Group. Aggressive competitive strategies, in order to consciously gain market share at the expense of profitability, entails the risk of either declining listing and market shares and thus declining revenue, or failing to increase them.

Additionally, Scout24 competes increasingly also with hybrid agents and social networks (see the COMPETITIVE SITUATION section). For Scout24, this entails on the one hand the risk of greater competitive pressure, especially in the consumer segment, and on the other hand the risk of losing partner agents, for example. Scout24 counters these risks by continuously working on the further development and diversification of its products and services as well as on the functionality of its online marketplace.

Our success crucially hinges on maintaining ImmoScout24's position as Germany's leading marketplace for digital real estate advertising. There is a risk of losing this market penetration, which could jeopardise the marketplace's appeal for our user groups, and, in turn, our ability to monetise our services. As a result, our business could be adversely affected, and our revenue and earnings could decline.

The new law governing agent commission (also see the OTHER REAL ESTATE TOPICS AND REGULATION section) may negatively impact agents. For instance, cost sharing could lead to homeowners increasingly deciding to sell their property without going through a real estate agent. Smaller agents may face greater sales pressure, which could expose the Residential Real Estate segment in particular to the risk of declining business from agents. Scout24 offers support to agents, for example via an interactive tool offering help on the new obligations for agents, which has already proven popular. Scout24 also has digital tools to provide real estate sellers and buyers with greater transparency as to what the new regulations mean for them. So far, we have not noticed any major negative effects stemming from the new law governing agent commission.

Overall, the external risks in the "competition & market" risk area represent a significant risk component for Scout24, as also illustrated by the importance of the measures described and implemented in this regard. We continue to keep a close eye on the market developments.

However, having analysed the risks at individual risk level, we evaluate them as manageable.

Financial risks

2.1 Financial reporting, organisation & quality

In this area, the general investment risk that Scout24 assumes at Group level with investments, for example in the event of a downturn in financial markets, or with investments in risky assets, is assessed as moderate. The risk is contained by the investment policy, which sets clear guidelines for Scout24's investments. The future cash outflows for dividend payments, share buyback programmes and capital reductions will reduce potential impacts in the medium term.

Possible currency, interest rate or exchange rate risks are considered to be low, as all investments are made exclusively in euros. In addition, measures have been implemented in the context of financial reporting and debt analysis, together with a regular review of interest rates.

A risk evaluated as moderate describes the risk when capitalising development expenses (own work capitalised and bought-in services) in product development. Here, development hours by Scout24 employees and development partners are capitalised and amortised over three years. The risk consists of incorrect capitalisation in terms of reason or amount, which can result in an incorrect presentation in the balance sheet and income statement. This can be caused by insufficient documentation as well as any lack of or inaccurate calculation of the profitability of capitalised projects. All capitalised amounts are therefore carefully evaluated and reviewed. A clear process description is in place, along with rules for submitting projects for capitalisation by the department.

2.3 Financial indicators

There is a general risk that Scout24's intangible assets may be measured inaccurately as of the reporting date, if impairments are not recognized in good time. Considering a high quantitative impact but very low probability of occurrence, this risk is not classified as critical for Scout24 at the individual risk level.

As of the reporting date, Scout24 has recognised intangible assets of approximately EUR 1.7 billion. 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. For this purpose, there is regular financial planning and assessments, quarterly analysis of financial reports, testing for possible impairment of goodwill as well as monitoring and analysing possible trigger events with regard to the impairment of intangible assets.

The existing tax risks are also not significant and are considered low.

2.4 Financial reporting

There is a risk of a loss of confidence in the event that financial data are published incorrectly or inaccurately, or if they are unavailable due to technical problems, such as a system failure, non-functioning financial systems or interfaces between financial systems, or if management reports are unavailable. The same risk applies if, for example, confidential data or insider information were to be disclosed publicly. In order to counteract such a risk of a loss of confidence in Scout24's financial reporting, measures have been implemented such as controls and the maintenance of control processes, precise checks of the information provided, authorisation concepts and the monitoring of the closing process at the end of the month, as well as the automation of interfaces.

The existing financial risks are all manageable through the measures and controls mentioned.

Conclusion on the overall risk situation

At the time of writing this management report, the risks are assessed as limited overall and the overall risk situation as manageable. Compared with the reporting period ended 31 December 2019, the overall risk situation has not deteriorated despite the new Covid-19 risk. There are no identifiable risks that could lead to a significant or prolonged deterioration in Scout24's net assets, financial position and results of operations or could jeopardise its ability to continue as a going concern.

Detailed analysis of the opportunity situation

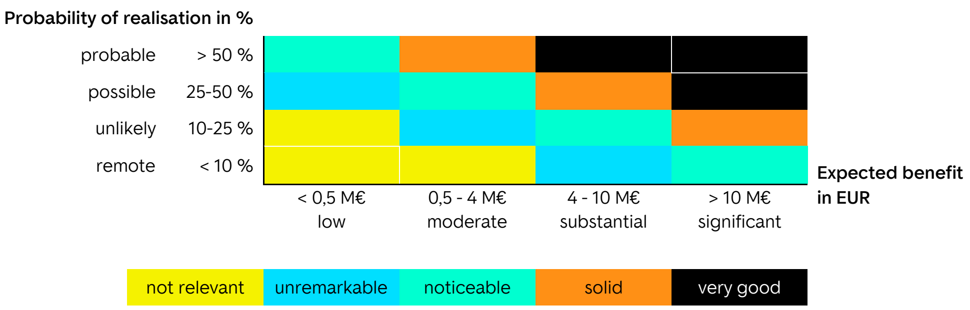
Our management of opportunities is organised on a decentralised basis in the segments of Scout24 and is supported by the Strategy & Business Development department. The department is in close contact with the individual operating units and therefore retains a detailed overview of the business situation and the resulting development potential. Moreover, market and competitive analyses as well as knowledge sharing with external experts serve as important sources to identify growth opportunities for Scout24.

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 and, in the case of current topics, part of the regularly scheduled meetings of the Management Board. For such topics, separate opportunity/risk analyses are generally developed and submitted for decision-making.

Opportunities are assessed by taking into consideration the expected benefit as well as an estimated probability of occurrence. The time horizon for estimating opportunities is 12 months, and the subsequent 24 and 36 months in each case for the probability of occurrence and the potential financial impact. In 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 AREAS AND OPPORTUNITY CLUSTERS

In the 2020 financial year, the opportunities were reclassified so that some of the opportunities mentioned in the previous year are no longer listed. In comparison to the previous year, the grouping of opportunities was also renamed from "Opportunities from changes in overall conditions" to "External Opportunities", from "Business performance opportunities" to "Operational opportunities" and from "Corporate strategy opportunities" to "Strategic opportunities".

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

EVALUATION OF OPPORTUNITY AREAS

		Probability of realisation	Expected benefit	Evaluation of opportunities	Year-on-year change
1	**External opportunities**				
1.1	Higher share of wallet from ongoing shift to online	Possible	Substantial	**Solid**	↓
1.2	Legislative amendments regarding sharing of agent fees for real estate purchases	Probable	Moderate	**Solid**	↓
2	**Operational opportunities**				
2.1	Value added from performance improvement and addition of products and services	Possible	Significant	**Very good**	=
3	**Strategic opportunities**				
3.1	Business-promoting partnerships	Possible	Low	Unremarkable	↓
3.2	Value added from successful M&A transactions	Possible	Significant	**Very good**	=

↓ Decrease; ↑ Increase; = Unchanged

We assess the overall opportunity position as very promising. Scout24 has identified several opportunities over the coming years to successfully further develop the Company. 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 not the only opportunities we pursue in terms of operations.

Operational opportunities

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

Our ambition is to offer a comprehensive ecosystem for real estate in Germany and Austria. We want to develop ImmoScout24 into a networked marketplace through which the entire process of real estate transaction can be managed digitally to the maximum extent possible. The faster the acceptance of digitisation in the real estate market progresses, the more opportunities for new digital products and services along the value chain will arise for us.

We assess the opportunity as very good.

Strategic opportunities

3.2 Value added from successful M&A transactions

The successful completion of the AutoScout24 transaction and the associated sharper focus on ImmoScout24 will give us the opportunity to create added value through relevant acquisitions. This includes acquisitions to directly tap market potential as well as acquisitions to improve or expand the product portfolio – predominantly in the DACH region. This would allow us to drive forward the expansion of the real estate ecosystem more rapidly in Germany and Austria and the digitisation of real estate transactions. Opportunistic acquisitions outside the DACH region in Europe, if they were to emerge, also fall under this opportunity category.

We assess the opportunity as very good.

External opportunities

1.1 Higher share of wallet[20] from ongoing shift from offline to online

One key element of our strategy is to further digitise the end-to-end process around the sale and rental of real estate. This enables us to address additional market and, in turn, revenue potential which may be unlocked faster because of Covid-19. The pandemic has not only highlighted the advantages of digitisation in the real estate market. One example in this context is the increasingly digital acquisition of mandates by agents, which could further accelerate. As a result, marketing expenses are shifting to the online segment, increasing our share of wallet.

We assess this opportunity as solid.

1.2 Legislative amendments regarding sharing of agent fees for real estate purchases

As already mentioned in the risk report, there are risks inherent in the new regulation governing the sharing of agent commission. So far, however, Scout24 has not noticed any negative effects on account of the new law. There may in fact be positive effects for us:

- In a bid to compensate for potentially lower agent commission, agents may increase their efforts to acquire mandates. In the event of a digital approach, demand for corresponding products of ImmoScout24 (e.g. Realtor Lead Engine, Image Boost, Acquisition Edition) might increase.
- If real estate sellers, who would not have paid a proportionate share of the agent commission before the law entered into effect, decide to no longer hire an agent, our private listing business would benefit.

We assess this opportunity as solid.

Conclusion of the overall opportunity situation

Overall, the opportunity situation has barely changed compared to the previous year. Despite short-term disadvantages, Covid-19 could even have a positive impact on our business in the medium to long-term, should digitisation in the real estate market accelerate.

[20] Explanation: revenue share, share of our customers' advertising spend.

Outlook

The following section provides an overview of our expectations for the 2021 financial year in light of the current Covid-19 situation as well as market and industry conditions.

Market and sector expectations

Since November 2020, Germany, along with many other countries in Europe and elsewhere around the globe, has again undergone a phase of severe restrictions on public and economic life. These are expected to continue beyond the first quarter of 2021. The Covid-19 pandemic will thus continue to have a significant impact on the global economy and the export-oriented German economy in 2021. The vaccines so far developed give hope that the pandemic will become more manageable as the year progresses. However, production and supply problems are causing delays in vaccinations. In addition, there is a risk that virus variants could lead to a renewed increase in the number of infections. At the end of the year, growth forecasts by economic research institutes for Germany's gross domestic product ranged between 2.8% and 4.9%.[21] In its annual economic report published on 27 January 2021, the German government anticipates GDP growth of 3.0%.

The German real estate market is likewise pointing to growth, despite Covid-19 (see the GERMAN REAL ESTATE MARKET TRENDS section). The positive price trend observed in IMX for residential real estate, both sale and rentals, underscores the continued high demand for real estate regardless of the pandemic. In the commercial property market, the actual effects of Covid-19 are not yet foreseeable. In particular, the retail, restaurant and hotel sectors are currently still being supported by rent deferrals and assistance payments. A relatively stable trend is expected with respect to office buildings. According to a recent survey by the German Economic Institute (IW),[22] less than 10% of companies currently intend to reduce their office space in the near future, despite the trend towards working from home.

As outlined in the ECONOMIC CONDITIONS section, online marketing has meanwhile established itself as a standard tool in the real estate sector as well. The Covid-19 pandemic has additionally underscored the advantages of digitisation, including virtual visits, digital application folders and digital interaction with public authorities. This ongoing digitisation of real estate transactions offers us not only short-term but also considerable medium- to long-term growth potential. This is because our market network strategy (see the STRATEGY section) is geared towards further digitising and monetising the end-to-end process around the sale and rental of real estate. Our digital marketplace ImmoScout24 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.

The law governing the sharing of agent commission on the sale of residential property has since come into force (see the OTHER REAL ESTATE TOPICS AND REGULATION section). Agents in five German federal states – Berlin, Brandenburg, Hamburg, Bremen and Hesse – where 50/50 sharing was not common practice in the past, will have to adjust to the new circumstances. We support them in this context with explanations, recommendations, training and information events. We are countering possible revenue losses in our core customer group with product initiatives such as the business directory, agent search, Image Boost and the Realtor Lead Engine. The new legal regulation could also lead to sellers tending to market their properties themselves more often in the future. ImmoScout24 is prepared for such an eventuality with its Home Seller Hub and Price Atlas. There we regularly point out the advantages of agent-based sales (agent comparison ("Maklervergleich") and Realtor Lead Engine). According to our own survey,[23] 42% of prospective home sellers want to use an agent in the next three years, compared with 58% who would rather not use an agent.

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[21] https://www.tagesschau.de/wirtschaft/konjunktur/konjunktur-bip-prognose-2021-china-industrie-101.html
[22] Welt am Sonntag, 7 February 2021, "Unternehmen wollen ihre Büros behalten".
[23] ImmoScout24/Innofact AG, online survey "Property owners willing to sell", survey period 02–12 July 2020

Company expectations

Despite ongoing Covid-19 lockdown measures in Germany and Austria, we are observing increasing traffic numbers on our marketplace (compared with the period without lockdowns in October 2020). These trends underscore the previously described high demand, particularly for residential real estate. According to the ImmoScout24 new year's survey of 645 real estate agents, the vast majority expect demand for residential property in Germany to continue to rise. In contrast, the majority of respondents expect demand for commercial real estate to decline.

BUSINESS PERFORMANCE OF THE GROUP

Since residential real estate is much more heavily weighted in our marketplace, the market situation described above provides a good foundation for our business activities in principle. However, the further development of the Covid-19 pandemic, as described above, still entails a lot of uncertainty. Our revenue and earnings forecast for the current year is therefore subject to the proviso that the pandemic situation increasingly improves and that we see a return to normality for the most part from the second half of the year onwards.

Accordingly, we expect the Scout24 Group to generate revenue growth in the mid-single-digit percentage range in 2021. At the same time, we expect the Group's ordinary operating EBITDA margin (including holding costs) to remain stable at around the 60% mark.

BUSINESS PERFORMANCE OF THE SEGMENTS

Residential Real Estate
As already mentioned, the residential real estate market has been only slightly affected by the crisis. Indeed, we are seeing people increasingly looking for larger living spaces and / or moving from the city to rural areas, which is creating additional marketplace activity. Acceptance of our digital products is also increasing. We expect the products TenantPlus+ and Realtor Lead Engine in particular to continue to generate significant revenue growth in 2021. We also assume that the migration of our residential real estate partners to the new membership models "Basic Edition", "Image Edition" and "Acquisition Edition" will be completed by mid-2021. As the migration will be partly carried out in parallel with upgrades, on-top sales and general price increases, this will presumably have a positive impact on ARPU growth. We expect that possible declines in revenue due to the contracting-party-pays principle will be compensated for by this. We will keep the free listing offer for private listers in its current form. A counterbalance is provided by rising revenue from Plus products.

Overall, for the Residential Real Estate segment, we thus expect revenue growth in the mid to high single-digit percentage range in 2021.

Business Real Estate
Due to the mixed outlook for the commercial real estate market, we expect only low single-digit percentage revenue growth for the Business Real Estate segment in the 2021 financial year. We intend to counteract market-related declines in revenue with new product initiatives and by addressing new markets.

Media & Other
For the Media & Other segment, we anticipate a slightly declining development of revenue in the 2021 financial year. We do not expect any noticeable recovery in the third-party advertising business and intend to offer our advertising space increasingly to our core customers and real estate-related advertisers in the interest of an enhanced user experience. We also do not expect FLOWFACT's revenue to increase in the 2021 financial year. Here, our focus is on winning customers and on the acceptance of the new pricing model and the new product world in order to generate increasing revenues in the future. At the same time, we expect our revenue in Austria to increase more strongly than in the previous year, thus more or less offsetting the possible decline in the third-party advertising business.

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. The new provisions of stock corporation law governing the compensation report are mandatory for the first time for financial years beginning after 31 December 2020 (Article 26 j (2) Sentence 1 of the Introductory Act to the German Stock Corporation Act (EGAktG, "Einführungsgesetz zum Aktiengesetz")); the Company will implement the provisions at the time stipulated by the legislator.

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 to 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 performance 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 2020:

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 (e.g annual revenue and ordinary operating EBITDA) and of other, non-financial nature. If the targets set by the Supervisory Board are fully achieved (100%), the target amount for the one-year variable gross compensation p.a. is EUR 340.0 thousand (previous year: EUR 340.0 thousand) for Mr. Hartmann, EUR 210.0 thousand (previous year: EUR 113.9 thousand) for Dr. Schmelzer, EUR 200.0 thousand (previous year: EUR 200.0 thousand) for Mr. Weitz and EUR 200.0 thousand (previous year: EUR 200.0 thousand) 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.

Pursuant to Section 4.2.3, (2) Sentence 8 of the German Corporate Governance Code (GCGC) in the version dated 7 February 2017, subsequent amendments to the performance targets or comparison parameters shall be excluded in the case of variable compensation. Recommendation G.8 of the GCGC in the version dated 16 December 2019 also contains a corresponding recommendation. The Company's Supervisory Board has decided to make a partial adjustment to the targets for the short-term variable compensation of the members of the Management Board for the 2020 financial year. It is the joint goal of the Management Board and the Supervisory Board to minimise the impact of the Covid-19 pandemic on the Company and to sustainably position the Company as best possible in the market for the time after the pandemic. The Supervisory Board has come to the conclusion that the performance targets set for the short-term variable compensation for the 2020 financial year no longer fully meet the requirements and circumstances of the specific situation. Consequently, these have been appropriately adjusted to take into account the impact of the Covid-19 pandemic on the one hand and the Company's successful business situation on the other. In this context, reference is made to the "Updated Declaration of Conformity in accordance with § 161 of the German Stock Corporation Act (Aktiengesetz, 'AktG') of February 2020", which was issued in September 2020.

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). In the 2019 financial year, Mr. Weitz also participated in the management equity programme (MEP) and the SOP. Dr. Schroeter participates in the LTIP as well as SSOP. For details of the aforementioned programmes, see note 5.3. "Share-based payments" in the consolidated financial statements for the 2019 financial year.

Pension cost

Scout24 AG pays the members of its Management Board fixed pension fund contributions for the duration of their employment contracts. Otherwise, the Company itself has not entered into any pension contracts for members of the Management Board or granted pension commitments.

Ancillary benefits

Ancillary benefits vary for each member of the Management Board, but mainly include 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.

On 5 December 2019, the Supervisory Board granted the Management Board a special payment in view of its considerable effort and commitment in the process surrounding 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 the 2019 financial year once the decision was taken. 50% of the special payment was dependent on the performance of the Scout24 share price relative to the MDAX in the period from 17 December 2019 to 18 June 2020 (Annual General Meeting); the second component of the special payment was disbursed in the 2020 financial year.

LIMITATION ON TOTAL ANNUAL COMPENSATION

Annual compensation consisting of all kinds of compensation components including pensions, special payments and ancillary benefits is limited in the case of Mr. Hartmann to a maximum amount of EUR 10,715.9 thousand (previous year: EUR 10,715.9 thousand) gross, in the case of Dr. Schmelzer to a maximum amount of EUR 6,300.0 thousand (previous year: EUR 3,415.7 thousand) gross, in the case of Mr. Weitz to a maximum amount of EUR 7,000.0 thousand (previous year: EUR 7,000.0 thousand) gross and in the case of Dr. Schroeter to a maximum amount of EUR 7,000.0 thousand (previous year: EUR 7,000.0 thousand) gross.[24]

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 for the members of the Management Board, which provide for 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.

The Company is entitled to waive 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 long-term incentive plan (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[25]
Pursuant to the requirements of the German Corporate Governance Code (GCGC) dated 7 February 2017, the following table presents the sums granted for the 2020 reporting year and for the previous year 2019 to the members of the Management Board in office in 2020, 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.

[24] Because Dr. Schmelzer took up and/or ended his duties during the year, figures for the 2019 financial year are presented pro rata temporis in his case

[25] The German Corporate Governance Code (as of 16 December 2019) contains simplifications for the compensation report, which were implemented in connection with the Shareholder Rights Directive 2 (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

	Tobias Hartmann CEO since 11/2018				Dr. Dirk Schmelzer CFO since 06/2019				Dr. Thomas Schroeter CPO since 12/2018				Ralf Weitz CCO since 12/2018			
EUR '000	2020	2020 min.	2020 max.	2019	2020	2020 min.	2020 max.	2019	2020	2020 min.	2020 max.	2019	2020	2020 min.	2020 max.	2019
Fixed compensation	680.0	680.0	680.0	680.0	420.0	420.0	420.0	225.8	400.0	400.0	400.0	400.0	400.0	400.0	400.0	400.0
Ancillary benefits	14.0	14.0	14.0	41.7	14.0	14.0	14.0	7.5	5.4	5.4	5.4	9.1	5.0	5.0	5.0	7.4
Total	**694.0**	**694.0**	**694.0**	**721.7**	**434.0**	**434.0**	**434.0**	**233.3**	405.4	405.4	405.4	409.1	405.0	405.0	405.0	407.4
One-year variable compensation[1,2]	340.0	–	680.0	1,020.0	210.0	–	420.0	533.9	200.0	–	400.0	600.0	200.0	–	400.0	600.0
Multi-year variable compensation[1]	–	–	–	1,464.7	–	–	–	4,000.0	–	–	–	–	–	–	–	–
Total	**1,034.0**	**694.0**	**1,374.0**	**3,206.4**	**644.0**	**434.0**	**854.0**	**4,767.2**	**605.4**	**405.4**	**805.4**	**1,009.1**	**605.0**	**405.0**	**805.0**	**1,007.4**
Pension cost	50.0	50.0	50.0	50.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Total compensation	**1,084.0**	**744.0**	**1,424.0**	**3,256.4**	**669.0**	**459.0**	**879.0**	**4,792.2**	**630.4**	**430.4**	**830.4**	**1,034.1**	**630.0**	**430.0**	**830.0**	**1,032.4**

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 for the 2019 financial year of Mr. Hartmann (EUR 680.0 thousand), Dr. Schmelzer (EUR 420.0 thousand), Dr. Schroeter (EUR 400.0 thousand) and Mr. Weitz (EUR 400.0 thousand).

ALLOCATION PURSUANT TO GCGC

	Tobias Hartmann CEO since 11/2018		Dr. Dirk Schmelzer CFO since 06/2019		Dr. Thomas Schroeter CPO since 12/2018		Ralf Weitz CCO since 12/2018	
EUR '000	2020	2019	2020	2019	2020	2019	2020	2019
Fixed compensation	680.0	680.0	420.0	225.8	400.0	400.0	400.0	400.0
Ancillary benefits	14.0	41.7	14.0	7.5	5.4	9.1	5.0	7.4
Total	**694.0**	**721.7**	**434.0**	**233.3**	**405.4**	**409.1**	**405.0**	**407.4**
One-year variable compensation[1,2]	595.9	373.6	294.9	210.0	350.5	212.4	350.5	212.4
Multi-year variable compensation[1]	–	–	–	–	894.8	–	–	1,154.5
Total	**1,289.9**	**1,095.3**	**728.9**	**443.3**	**1,650.7**	**621.5**	**755.5**	**1,774.3**
Pension cost	50.0	50.0	25.0	25.0	25.0	25.0	25.0	25.0
Total compensation	**1,339.9**	**1,145.3**	**753.9**	**468.3**	**1,675.7**	**646.5**	**780.5**	**1,799.3**

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 special bonus for the 2019 and 2020 financial years of Mr. Hartmann (EUR 340.0 thousand in each case), Dr. Schmelzer (EUR 210.0 thousand in each case), Dr. Schroeter (EUR 200.0 thousand in each case) and Mr. Weitz (EUR 200.0 thousand in each case).

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 January 2020, Dr. Schroeter exercised the option to sell 15,000 virtual shares from the phantom share programme (employee participation programme). The shares were sold over the counter at a price of EUR 59.65 per share. This corresponds to a total volume of EUR 895 thousand.

In addition, in January 2020, Dr. Schroeter acquired 2,300 shares over the counter at a price of EUR 61.55 per share. This corresponds to a total volume of EUR 142 thousand.

In December 2020, Mr. Hartmann acquired 1,800 shares at a price of EUR 62.05 per share. This corresponds to a total volume of EUR 112 thousand.

In December 2020, Dr. Schmelzer acquired 800 shares at a price of EUR 62.10 per share. This corresponds to a total volume of EUR 50 thousand.

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 2020 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

	Tobias Hartmann CEO since 11/2018		Dr. Dirk Schmelzer CFO since 06/2019		Dr. Thomas Schroeter CPO since 12/2018		Ralf Weitz CCO since 12/2018		Total	
EUR '000	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Non-performance-related compensation components										
Fixed compensation	680.0	680.0	420.0	225.8	400.0	400.0	400.0	400.0	1,900.0	1,705.8
Ancillary benefits	14.0	41.7	14.0	7.5	5.4	9.1	5.0	7.4	38.5	65.7
Pension cost	50.0	50.0	25.0	25.0	25.0	25.0	25.0	25.0	125.0	125.0
Total	**744.0**	**771.7**	**459.0**	**258.3**	**430.4**	**434.1**	**430.0**	**432.4**	**2,063.5**	**1,896.5**
Performance-related compensation components										
One-year variable compensation	255.9	33.6	84.9	–	150.5	12.4	150.5	12.4	641.7	58.4
Special payment	340.0	340.0	210.0	210.0	200.0	200.0	200.0	200.0	950.0	950.0
Total	**595.9**	**373.6**	**294.9**	**210.0**	**350.5**	**212.4**	**350.5**	**212.4**	**1,591.7**	**1,008.4**
Long-term incentive components										
Multi-year variable compensation	–	1,464.7	–	4,000.0	894.8	–	–	1,154.5	894.8	6,619.2
Total compensation excluding third-party remuneration	**1,339.9**	**2,610.0**	**753.9**	**4,468.3**	**1,675.7**	**646.5**	**780.5**	**1,799.3**	**4,550.0**	**9,524.1**

For the 2020 (2019) financial year, the members of the Management Board Mr. Hartmann, Dr. Schmelzer, Mr. Weitz and Dr. Schroeter were granted one-year variable compensation. The target value was EUR 340.0 thousand (EUR 340.0 thousand) for Mr. Hartmann, EUR 210.0 thousand (EUR 113.9 thousand) for Dr. Schmelzer, EUR 200.0 thousand (EUR 200.0 thousand) for Mr. Weitz and EUR 200.0 thousand (EUR 200.0 thousand) for Dr. Schroeter. As the final level of the variable compensation is 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 was not included in the total compensation for the 2020 financial year.

Compensation paid to former management members

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 equity programme (MEP). Moreover, a provision was recognised as of 31 December 2019 for outstanding compensation payments amounting to EUR 220.3 thousand; the payment was made in the 2020 financial year.

Compensation of key management personnel pursuant to IAS 24

COMPENSATION OF THE MANAGEMENT BOARD PURSUANT TO IAS 24

	Tobias Hartmann CEO since 11/2018		Dr. Dirk Schmelzer CFO since 06/2019		Dr. Thomas Schroeter CPO since 12/2018		Ralf Weitz CCO since 12/2018		Total	
EUR '000	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Short-term benefits	1,340.7	1,349.2	809.7	572.6	741.7	823.3	741.3	821.6	3,633.4	3,566.7
Post-employment benefits	50.0	50.0	25.0	25.0	25.0	25.0	25.0	25.0	125.0	125.0
Other long-term benefits	–	–	–	–	–	–	–	–	–	–
Termination benefits	–	–	–	–	–	–	–	–	–	–
Share-based payments	569.0	3,954.8	89.5	2,144.4	1,141.9	2,891.9	1,141.9	2,891.9	2,942.4	11,882.9
Total compensation	**1,959.7**	**5,354.0**	**924.2**	**2,742.0**	**1,908.6**	**3,740.2**	**1,908.2**	**3,738.5**	**6,700.8**	**15,574.6**

COMPENSATION OF THE SUPERVISORY BOARD PURSUANT TO IAS 24

	Dr. Hans-Holger Albrecht		Frank H. Lutz		Christoph Brand		Dr. Elke Frank since 06/2020		André Schwämmlein		Peter Schwarzen-bauer		Ciara Smyth until 06/2020		Total	
EUR '000	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Short-term benefits	200.0	200.0	180.0	70.0	81.7	31.7	58.3	–	91.7	38.3	100.0	86.7	50.0	88.3	761.7	515.0
Post-employment benefits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other long-term benefits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Termination benefits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share-based payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total compensation	**200.0**	**200.0**	**180.0**	**70.0**	**81.7**	**31.7**	**58.3**	**–**	**91.7**	**38.3**	**100.0**	**86.7**	**50.0**	**88.3**	**761.7**	**515.0**

In June 2020, one member of the Supervisory Board acquired 1,500 shares at a price of EUR 67.50 per share. This corresponds to a total volume of EUR 101 thousand. For further information, also see Scout24's website.

D&O insurance

The members of the Management Board are covered by a directors and officers (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 developed as follows in the 2020 financial year:

SHARES HELD BY MANAGEMENT BOARD UNDER THE LTIP

	Tobias Hartmann CEO since 11/2018	Dr. Dirk Schmelzer CFO since 06/2019	Dr. Thomas Schroeter CPO since 12/2018	Ralf Weitz CCO since 12/2018
Number of shares on 31 Dec. 2019	**146.8**	**88.9**	**112.6**	**112.6**
Exercisable shares on 31 Dec. 2019	**0.0**	**0.0**	**0.0**	**0.0**
Average remaining vesting period	2.5 years	2.5 years	2.5 years	2.5 years
Issued in 2020	–	–	–	–
Exercised in 2020	–	–	–	–
Forfeited in 2020	–	–	–	–
Number of shares on 31 Dec. 2020	**146.8**	**88.9**	**112.6**	**112.6**
Exercisable shares on 31 Dec. 2020	**0.0**	**0.0**	**0.0**	**0.0**
Average remaining vesting period	1.5 years	1.5 years	1.5 years	1.5 years

In the reporting period, personnel expenses resulting from cash-settled share-based payments were attributable to Mr. Hartmann in the amount of EUR 569.0 thousand (previous year: EUR 3,954.8 thousand), to Dr. Schmelzer in the amount of EUR 89.5 thousand (previous year: EUR 2,144.4 thousand), to Mr. Weitz in the amount of EUR 1,141.9 thousand (previous year: EUR 2,891.9 thousand) and to Dr. Schroeter in the amount of EUR 1,141.9 thousand (previous year: EUR 2,891.9 thousand).

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. Accordingly, each member of the Company's Supervisory Board receives fixed annual compensation of EUR 60.0 thousand in addition to reimbursement of their outlays. 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 2020:

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	2020	140.0	40.0	20.0	–	200.0
	2019	140.0	40.0	20.0	–	200.0
Frank H. Lutz	2020	120.0	20.0	40.0	–	180.0
	2019	50.0	6.7	13.3	–	70.0
Christoph Brand	2020	60.0	–	10.0	11.7	81.7
	2019	25.0	–	6.7	-	31.7
Dr. Elke Frank	2020	35.0	–	–	23.3	58.3
	2019	–	–	–	–	–
André Schwämmlein	2020	60.0	10.0	11.7	10.0	91.7
	2019	25.0	6.7	–	6.7	38.4
Peter Schwarzenbauer	2020	60.0	20.0	–	20.0	100.0
	2019	60.0	20.0	–	6.7	86.7
Ciara Smyth	2020	30.0	–	–	20.0	50.0
	2019	60.0	15.0	–	13.3	88.3
Total	2020	505.0	90.0	81.7	85.0	761.7
	2019	360.0	88.3	40.0	26.7	515.0

[1] Without reimbursed outlays and VAT.

Reimbursement of expenses (excluding VAT reimbursed) paid to members of the Supervisory Board amounted to EUR 0.9 thousand in the financial year (previous year: EUR 31.6 thousand). Members of the Supervisory Board are reimbursed for necessary outlays.

Other disclosures

Takeover-relevant information pursuant to Articles 289a (1) and 315a (1) HGB

Information in accordance with Articles 289a (1) and 315a (1) HGB as of 31 December 2020 is presented in the following.

COMPOSITION OF SUBSCRIBED SHARE CAPITAL

The subscribed share capital of Scout24 AG amounts to EUR 105.7 million. It is divided into 105,700,000 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.

EQUITY INVESTMENTS EXCEEDING 10% OF THE VOTING RIGHTS

We were not aware of any direct or indirect equity investments representing more than 10% of voting rights in the subscribed share capital as of 31 December 2020.

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 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 2020 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 2020. 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 17 June 2025 by issuing new no-par-value registered shares in return for cash or non-cash capital contributions by an amount of up to EUR 32.28 million in total (authorised capital 2020). The shareholders must generally be granted subscription rights. 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 , "Gesetz über das Kreditwesen"), 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 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. With regard to this limit, those shares must be taken into account 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 2020 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.

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 in Scout24 AG 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 18 June 2020 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 17 June 2025. 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).

The Annual General Meeting of 18 June 2020 passed a resolution to reduce Scout24 AG's share capital by a total amount of up to EUR 30,000,000.00 by redemption of fully paid-up shares still to be purchased by way of simplified redemption pursuant to Article 237 (3) No. 2, (4) and (5) of the German Stock Corporation Act (AktG). The shares to be redeemed will be purchased and redeemed by Scout24 AG in accordance with Article 71 (1) No. 6 AktG within a period to be determined by the Management Board, which begins no earlier than 1 February 2021 and ends no later than the end of 30 June 2021 ("execution period"). The purchased shares will be cancelled immediately.

The shares will be purchased outside the stock exchange by means of a public purchase offer addressed to all shareholders ("Public Purchase Offer 2021") after (i) registration of the capital reduction resolution in the commercial register and (ii) ratification of the annual financial statements for the 2020 financial year.

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

The term and revolving facilities agreement ("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 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 HGB

The corporate governance declaration is available on our website at WWW.SCOUT24.COM/EN/INVESTORS/CORPORATE-GOVERNANCE.

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

The non-financial report for the 2020 financial year is part of the sustainability reporting.

It is permanently available on our website at WWW.SCOUT24.COM/EN/SUSTAINABILITY/SUSTAINABILITY-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.

Business activity of Scout24 AG

Scout24 AG as the parent entity and its direct and indirect subsidiaries together form the Scout24 Group, which operates the leading digital marketplace ImmoScout24.

Pursuant to Article 2 of the Articles of Association, 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 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, thus generating revenue from management services and cost allocations.

In addition, Scout24 AG generates external revenue from the marketing of advertisements to third parties.

The Management Board is responsible for Scout24 AG's operational management. However, there is no dedicated management system. 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

Scout24 AG's results of operations in the 2020 financial year and compared with the previous year are presented in the condensed statement of profit or loss below:

STATEMENT OF PROFIT OR LOSS (CONDENSED)

EUR millions	FY 2020	FY 2019	+/- in %
Revenue	56.1	99.0	–43.3%
Other operating income	12.8	3.6	256.9%
Cost of materials	–14.0	–33.4	–58.1%
Personnel expenses	–40.8	–70.8	–42.1%
Amortisation, depreciation and impairment losses	–0.9	–1.7	–47.1%
Other operating expenses	–46.8	–79.1	–40.8%
Income from profit transfer agreements	2,695.8	276.1	876.4%
Income from long-term loans	0.7	2.4	–70.8%
Other interest and similar income	1.2	1.0	20.0%
Expenses from loss absorption	0.0	–17.1	–100.0%
Interest and similar expenses	–8.0	–10.5	–23.8%
Income taxes	–89.8	–66.1	35.9%
Deferred taxes	–1.9	5.7	–133.3%
Earnings after tax	2,564.5	109.1	2,249.6%
Net profit for the year	**2,564.5**	**109.1**	**2,249.6%**

In the 2020 financial year, revenue decreased year on year by EUR 42.9 million to EUR 56.1 million. This is primarily attributable to the AutoScout24 transactions. Accordingly, advertising revenue with third parties was down by EUR 14.8 million, while internal revenue from the allocation of personnel and IT costs decreased by EUR 20.3 million.

Other operating income increased by EUR 9.2 million compared with the previous year to EUR 12.8 million. This is mainly attributable to the sale of software rights (EUR 6.0 million), income from the reversal of provisions (EUR 4.0 million) and cost allocations in connection with the spin-off of AutoScout24 (EUR 0.9 million).

In line with the lower revenue, the cost of materials decreased by EUR 19.4 million compared with the previous year.

Personnel expenses decreased by EUR 30.0 million to EUR 40.8 million in 2020. The long-term incentive programme (LTIP) for the Management Board and selected executives accounted for EUR 17.2 million of this figure. In the first quarter of 2020, 76 employees transferred from Scout24 AG to AutoScout24 GmbH, reducing personnel expenses by a further EUR 8.5 million. Scout24 AG had an annual average headcount of 187 employees in the 2020 financial year (previous year: 302), excluding members of the executive leadership team.

Other operating expenses decreased by EUR 32.3 million year on year to EUR 46.8 million. Of this amount, EUR 10.1 million is attributable to legal and consulting costs, which decreased by EUR 26.0 million. In 2019, these were up accordingly due to the strategic review carried out, the AutoScout24 transaction and the takeover bid by Hellman & Friedman. Furthermore, in line with the lower revenue, online marketing costs decreased by EUR 4.2 million.

Income from profit transfers amounted to EUR 2,695.8 million in the financial year (previous year: EUR 276.1 million), Of this amount, EUR 185.9 million is attributable to transfers from Immobilien Scout GmbH and EUR 38.1 million to transfers from AutoScout24 GmbH. Furthermore, profit and loss transfer agreements have been in place with Consumer First Services GmbH since 2019 and with Scout24 Beteiligungs SE since 2020. The AutoScout24 transaction and the corresponding sale of equity investments resulted in total gains of EUR 2,468.3 million. There were no expenses from loss absorption in the 2020 financial year.

Interest and similar expenses decreased by EUR 2.5 million year on year to EUR 8.0 million due to debt repayments and lower amounts drawn from the credit facilities.

Due to the improved earnings situation of the controlled companies, taxes on income amounted to EUR 89.8 million in the past financial year (previous year: EUR 66.1 million). In particular, this is due to the gain on disposal from the AutoScout24 transaction, which increases tax.

In the 2020 financial year, deferred taxes of EUR 1.9 million were expensed through profit or loss (previous year: EUR 5.7 million recognised in income). The change in temporary differences mainly stems from the LTIP provisions.

As a result of the developments described above, and in particular due to income from profit transfers, net profit for the year increased by EUR 2,455.4 million to EUR 2,564.5 million (previous year: EUR 109.1 million).

FINANCIAL POSITION AND NET ASSETS

Scout24 AG's financial position and net assets in the 2020 financial year and compared with the previous year are presented in the condensed statement of financial position below:

STATEMENT OF FINANCIAL POSITION – ASSETS (CONDENSED)

EUR millions	31 Dec. 2020	31 Dec. 2019	+/- in %
Intangible assets	0.3	0.6	–50.0%
Property, plant and equipment	13.6	5.1	166.7%
Financial assets	1,777.7	2,068.7	–14.1%
Fixed assets	**1,791.6**	**2,074.4**	**–13.6%**
Trade receivables	1.4	7.1	–80.3%
Receivables from affiliated entities	2,678.7	276.1	870.2%
Other assets	2.0	0.8	150.0%
Cash on hand and bank balances	137.3	65.1	110.9%
Other securities	1,577.9	0.0	n/a
Current assets	**4,397.3**	**349.1**	**1,159.5%**
Prepaid expenses	**4.4**	**6.4**	**–31.3%**
Total assets	**6,193.3**	**2,429.9**	**154.9%**

Financial assets include the equity investments in Immobilien Scout GmbH and Scout24 Beteiligungs SE. In addition, loans granted to FFG Finanzcheck Finanzportale GmbH and Consumer First Services GmbH were repaid in the 2020 financial year.

Trade receivables decreased in line with the lower external revenue by EUR 5.7 million to EUR 1.4 million.

Receivables from affiliated entities mainly comprise receivables from the profit and loss transfer agreements with Immobilien Scout GmbH, AutoScout24 GmbH, Consumer First Services GmbH and Scout24 Beteiligungs SE.

Securities include short-term investments under a special securities fund in the amount of EUR 1,500 million (previous year: EUR 0 million). To the purpose of investing liquid funds from company disposals, Scout24 AG has set up an investment fund, which is largely invested in fixed-interest bonds. The investment fund was set up as a special fund.

Furthermore, short-term investments in a money market fund amounting to EUR 77.9 million (previous year: EUR 0 million) are included.

Cash on hand and bank balances increased from EUR 65.1 million to EUR 137.4 million, primarily due to cash from the AutoScout24 transaction's purchase price, which was, however, for the most part invested in special money market and securities funds.

STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES (CONDENSED)

EUR millions	31 Dec. 2020	31 Dec. 2019	+/- in %
Issued capital	97.8	105.2	–7%
Subscribed share capital	105.7	107.6	–1.8%
Nominal value of treasury shares	–7.9	–2.4	229.2%
Capital reserve	172.2	170.3	1.1%
Other revenue reserve	1,282.9	0.0	n/a
Accumulated profits	1,567.1	887.2	76.6%
Equity	**3,120.0**	**1,162.7**	**168.3%**
Provisions	**53.2**	**106.6**	**–50.1%**
Liabilities to banks	253.1	837.1	–69.8%
Trade payables	1.8	3.8	–52.6%
Liabilities to affiliated entities	2,753.7	303.8	806.5%
Other liabilities	3.1	8.8	–64.8%
Liabilities	**3,011.7**	**1,153.5**	**161.1%**
Deferred income	**2.1**	**2.7**	**–22.2%**
Deferred tax liabilities	**6.3**	**4.4**	**43.2%**
Total equity and liabilities	**6,193.3**	**2,429.9**	**154.9%**

Equity increased by EUR 1,957.3 million to EUR 3,120.0 million primarily due to the high net profit for the year as a result of the AutoScout24 transaction. This was partly counterbalanced by the dividend of EUR 93.7 million (previous year: EUR 68.9 million) paid out in June 2020. The share buyback (7,863,709 shares in 2020; 2,437,041 shares in 2019) likewise led to a decrease in equity.

With the approval of the Supervisory Board, the Company's Management Board resolved to transfer 50% of the 2020 net income of Scout24 AG, corresponding to EUR 1,282.2 million, to other revenue reserves in accordance with Section 58 (2) sentence 1 AktG. In addition, Scout24 AG made a transfer to other revenue reserves in the amount of EUR 0.7 million based on a corresponding resolution of the Annual General Meeting.

Provisions decreased to EUR 53.2 million in 2020 (previous year: EUR 106.6 million). The higher value of other provisions in the previous year was due to special effects from the LTIP (EUR 32.7 million) and provisions in connection with costs of disposal (EUR 22.0 million).

The main items under liabilities are liabilities to affiliated entities of EUR 2,753.7 million (previous year: EUR 303.8 million) and the liabilities to banks of EUR 253.1 million (previous year: EUR 837.1 million).

The increase in liabilities to affiliated entities results from purchase price payments from the AutoScout24 transaction (EUR 2,544.4 million). This was counterbalanced by the decrease in cash pool liabilities to subsidiaries (2020: EUR 208.3 million; 2019: EUR 301.0 million).

The decrease in liabilities to banks partly reflects the complete repayment of the revolving credit facilities I and II totalling EUR 335.0 million. In addition, repayments were made on the term loan in the amount of EUR 200.0 million and on promissory notes in the amount of EUR 45.0 million.

Deferred taxes resulted from temporary differences between the carrying amounts of assets, liabilities and deferred income and prepaid expenses in the financial statements pursuant to commercial law and in the tax accounts. Offsetting deferred tax assets of EUR 7.3 million (previous year: EUR 9.2 million) against the deferred tax liabilities of EUR 13.6 million (previous year: EUR 13.6 million) results in a net deferred tax liability of EUR 6.3 million (previous year: EUR 4.4 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 a summary of the future development including risks and opportunities of Scout24 AG.

Munich, 16 March 2021
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	2020	2019
Revenue	3.1.	353,822	349,737
Own work capitalised	3.2.	21,950	13,975
Other operating income	3.3.	2,154	3,076
Total operating performance		**377,926**	**366,788**
Personnel expenses	3.4.	–80,187	–107,598
Marketing expenses	3.5.	–31,128	–30,563
IT expenses	3.6.	–18,033	–14,182
Other operating expenses	3.7.	–50,316	–50,785
Earnings before interest, tax, depreciation, amortisation and impairment losses – EBITDA		**198,261**	**163,660**
Depreciation, amortisation and impairment losses	4.5.; 4.6.; 4.7.	–51,506	–54,211
Earnings before interest and tax – EBIT		**146,755**	**109,449**
Profit/loss from investments accounted for using the equity method	3.8.	112	–733
Finance income	3.9.	19.317	542
Finance expenses	3.10.	–24.304	–15,049
Financial result		**–4,875**	**–15,239**
Earnings before tax		**141,880**	**94,210**
Income taxes	3.11.	–39,454	–30,693
Earnings from continuing operations after tax		**102,426**	**63,517**
Earnings from discontinued operations after tax	2.2.	2,264,650	16,502
Earnings after tax		**2,367,076**	**80,019**
Of which attributable to:			
Shareholders of the parent company		**2,367,076**	**80,019**
of which: continuing operations, after tax		**102,426**	63,517
of which: discontinued operations, after tax		2,264,650	16,502

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

EARNINGS PER SHARE

EUR	Note	2020	2019
Basic earnings per share	**3.12.**		
Earnings per share after tax		23.17	0.75
Diluted earnings per share	**3.12.**		
Earnings per share after tax		23.17	0.75

EARNINGS PER SHARE FROM CONTINUING OPERATIONS

EUR	Note	2020	2019
Basic earnings per share	**3.12.**		
Earnings per share after tax		1.00	0.59
Diluted earnings per share	**3.12.**		
Earnings per share after tax		**1.00**	0.59

EARNINGS PER SHARE FROM DISCONTINUED OPERATIONS

EUR	Note	2020	2019
Basic earnings per share	**3.12.**		
Earnings per share after tax		22.17	0.15
Diluted earnings per share	**3.12.**		
Earnings per share after tax		22.17	0.15

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

Consolidated statement of comprehensive income

EUR '000	Note	2020	2019
Earnings after tax		**2,367,076**	**80,019**
Items that will not be reclassified to profit or loss:			
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		–	–180
Deferred taxes on measurement of FAFVOCI		–	–
Sum of the items that will not be reclassified to profit or loss		**–**	**–265**
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		3	13
Sum of the items that may be reclassified subsequently to profit or loss		**3**	**13**
Other comprehensive income, after tax		**3**	**–252**
Total comprehensive income		**2,367,079**	**79,767**
Of which attributable to:			
Shareholders of the parent company		2,367,079	79,767
Total comprehensive income		**2,367,079**	**79,767**
Total comprehensive income attributable to shareholders of the parent company from:			
Continuing operations		102,429	63,349
Discontinued operations		2,264,650	16,417
		2,367,079	**79,767**

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

Consolidated statement of financial position

ASSETS

EUR '000	Note	2020	2019
Current assets		**1,769,432**	**740,382**
Cash and cash equivalents	4.1.	177,663	65,574
Trade receivables	4.2.	20,911	31,241
Financial assets	4.3.	1,564,788	1,290
Income tax assets	3.11.	87	32
Other assets	4.4.	5.984	7,450
Assets held for sale	2.2.	–	634,795
Non-current assets		**1,750,959**	**1,690,810**
Goodwill	4.5.	712,610	692,690
Trademarks	4.5.	877,352	872,818
Other intangible assets	4.5.	75,152	91,437
Right-of-use assets from leases	4.6.	55,596	22,051
Property, plant and equipment	4.7.	16,330	8,747
Investments accounted for using the equity method	4.8.	360	247
Financial assets	4.3.	12,983	2,525
Deferred tax assets	3.11.	568	277
Other assets	4.4.	10	18
Total assets		**3,520,391**	**2,431,192**

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

EQUITY AND LIABILITIES

EUR '000	Note	2020	2019
Current liabilities		**142,568**	**210,809**
Trade payables	4.9.	13,250	17,905
Financial liabilities	4.10.	69,931	26,666
Lease liabilities	4.6.	8,263	4,834
Other provisions	4.11.	23,094	48,038
Income tax liabilities	3.11.	2,710	17,124
Contract liabilities	4.12.	8,950	8,339
Other liabilities	4.13.	16,371	16,192
Liabilities associated with assets held for sale	2.2.	–	71,710
Non-current liabilities		**564,007**	**1,166,465**
Financial liabilities	4.10.	193,858	805,199
Lease liabilities	4.6.	60,187	18,075
Other provisions	4.11.	21,123	44,983
Deferred tax liabilities	3.11.	287,712	296,060
Other liabilities	4.13.	1,126	2,148
Equity	**4.15.**	**2,813,815**	**1,053,919**
Subscribed share capital		105,700	107,600
Capital reserve		173,033	171,133
Retained earnings		3,049,733	904,083
Measurement of pension obligations associated with assets held for sale		–	–206
Other reserves		883	879
Treasury shares (7,863,709 shares; previous year: 2,437,041 shares)		–515,534	–129,571
Equity attributable to shareholders of parent company		**2,813,815**	**1,053,919**
Total equity and liabilities		**3,520,391**	**2,431,192**

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

Consolidated statement of changes in equity

EUR '000	Note	Subscribed share capital	Capital reserve	Retained earnings	Measurement of pension obligations	Measurement of pension obligations associated with assets held for sale	Other reserves	Treasury shares	Equity attributable to shareholders	Total equity
Balance at 1 Jan. 2019		**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		–	–	–	–	−85	–	–	−85	−85
Measurement of financial assets designated at fair value through other comprehensive income (FAFVOCI)		–	–	–	–	–	−180	–	−180	−180
Currency translation differences		–	–	–	–	–	13	–	13	13
Earnings after tax (adjusted)		–	–	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**
Reclassification of the remeasurement gains/losses on pension obligations associated with assets held for sale, after tax	2.2.	–	–	−206	–	206	–	–	0	0
Currency translation differences		–	–	–	–	–	3	–	3	3
Earnings after tax		–	–	2,367,076	–	–	–	–	2,367,076	2,367,076
Total comprehensive income		**–**	**–**	**2,366,870**	**–**	**206**	**3**	**–**	**2,367,079**	**2,367,079**
Dividends		–	–	−93,663	–	–	–	–	−93,663	−93,663
Capital reduction	4.15.	−1,900	1,900	−127,556	–	–	–	127,556	–	–
Purchase of treasury shares	4.15.	–	–	–	–	–	–	−513,519	−513,519	−513,519
Balance at 31 Dec. 2020		**105,700**	**173,033**	**3,049,733**	**–**	**–**	**883**	**-515,534**	**2,813,815**	**2,813,815**

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

Consolidated statement of cash flows

EUR '000	Note	2020	2019 (adjusted)[26]
Earnings from continuing operations after tax		**102,426**	**63,517**
Depreciation, amortisation and impairment losses	4.5.; 4.6.; 4.7.	51,506	54,211
Income tax expense	3.11.	39,454	30,693
Finance income	3.9.	–19,317	–542
Finance expenses	3.10.	24,304	15,049
Profit/loss from investments accounted for using the equity method	3.8.	–112	733
Gain/loss on disposal of intangible assets and property, plant and equipment		–527	69
Other non-cash transactions		–902	405
Change in trade receivables and other assets not attributable to investing or financing activities		11,360	–633
Change in trade payables and other liabilities not attributable to investing or financing activities		–8,737	–7,672
Change in provisions		–6,535	27,920
Income taxes paid		–61,977	–55,375
Cash flow from operating activities of continuing operations		*130,943*	*128,375*
Cash flow from operating activities of discontinued operations		*–47,798*	*70,138*
Cash flow from operating activities		**83,145**	**198,513**
Investments in intangible assets, including internally generated intangible assets and intangible assets under development		–22,393	–14,755
Investments in property, plant and equipment		–13,661	–1,267
Proceeds from disposal of intangible assets and property, plant and equipment		8	4
Investments in financial assets		–2,144,377	–
Proceeds from disposal of financial assets		607,649	–
Consideration transferred for investments accounted for using the equity method		–	–350
Dividends from investments accounted for using the equity method		–	125
Consideration transferred for a subsidiary, net of cash and cash equivalents acquired		–25,710	–
Interest received		5,782	1
Consideration transferred for subsidiaries acquired in the previous year		–	–560
Proceeds from subsidiaries sold in previous years		504	5,300
Cash flow from investing activities of continuing operations		*–1,592,198*	*–11,502*
Cash flow from investing activities of discontinued operations		*2,827,693*	*–7,002*
Of which net proceeds from disposal of discontinued operations		*2,792,851*	*–263*
Cash flow from investing activities		**1,235,495**	**–18,504**

[26] Also see note 1.7. “Accounting policies”.

EUR '000	Note	2020	2019 (adjusted)[27]
Raising of short-term financial liabilities	4.10.	100,000	–
Repayment of short-term financial liabilities	4.10.	–120,000	–
Raising of medium- and long-term financial liabilities	4.10.	–	100,000
Repayment of medium- and long-term financial liabilities	4.10.	–560,000	–53,000
Repayment of lease liabilities	4.6.	–5,487	–5,537
Proceeds from lease receivables	4.6.	976	–
Interest paid		–16,759	–11,247
Dividends paid	4.15.	–93,663	–68,864
Purchase of treasury shares	4.15.	–515,885	–127,269
Cash flow from financing activities of continuing operations		*–1,210,818*	*–165,917*
Cash flow from financing activities of discontinued operations		*–541*	*–2,920*
Cash flow from financing activities	**5.1.**	**–1,211,359**	**–168,837**
Net foreign exchange difference, continuing operations		–3	11
Change in cash and cash equivalents		**107,278**	**11,183**
Cash and cash equivalents at beginning of period		**70,385**	**59,202**
Cash and cash equivalents at end of period		**177,663**	**70,385**
Less cash and cash equivalents at end of period held for sale	2.2.	–	–4,811
Cash and cash equivalents at end of period from continuing operations		**177,663**	**65,574**

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

[27] Also see note 1.7. "Accounting policies".

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Notes to the consolidated financial statements

1. Company information and basis of preparation

1.1. Company information

Scout24 AG (hereinafter also referred to as the "Company") is a listed public stock corporation with its registered office in Munich, Germany. The business address is: Bothestrasse 13-15, 81675 Munich, Germany. Scout24 AG is registered at Munich District Court (HRB 220 696).

The shares of Scout24 AG have been listed on the Prime Standard of the Frankfurt Stock Exchange since 1 October 2015.

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").

Scout24 is a leading German digital company. With the ImmoScout24 online platform for residential and commercial properties, Scout24 has been successfully bringing together home sellers, agents, tenants and buyers for over 20 years. ImmoScout24 has also been active on the Austrian residential and commercial real estate market since 2012. To ensure that real estate transactions can be carried out digitally in the future, ImmoScout24 is continually developing new products and establishing an ecosystem for property rental and purchase as well as for commercial properties in Germany and Austria.

By purchase agreement dated 17 December 2019, Scout24 sold 100% of the shares in AutoScout24 GmbH and FINANZCHECK Finanzportale GmbH as well as the business operations of FinanceScout24 to the financial investor Hellman & Friedman. The transaction was closed on 1 April 2020. For more detailed information, see note 2.2. "Entities sold in the reporting period (discontinued operations)".

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 the International Financial Reporting Standards (IFRSs) 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) of the German Commercial Code (HGB , "Handelsgesetzbuch").

Scout24 applied all accounting standards that were effective as of 31 December 2020. For information about the application of new or amended standards and interpretations, see note 1.4. "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 2020 for the period from 1 January to 31 December 2020. 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), which 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 may contain rounding differences.

1.3. Effects of Covid-19

Changes in accounting estimates

Due to the Covid-19 pandemic, Scout24 introduced a comprehensive immediate-action programme in the first quarter of 2020 aimed at supporting its customers. Professional customers were offered the option of deferring payment of their April and May invoices for nine months (Liquidity plus). When determining the estimated default risk and expected credit losses for trade receivables in accordance with IFRS 9, the deferred payments were considered as additional information in the estimate of the effects on expected cash flows.

In order to determine the lifetime expected credit losses for trade receivables, the judgement made regarding the extent to which expected credit losses are influenced by changes in economic factors was analysed and adjusted. Due to the stable political environment and the current nature of receivables, forecasts have so far not been included in measurement to any significant extent. As a result of the Covid-19 pandemic, the assumption of an increased future default risk has now been made and been taken into account in the measurement of expected credit losses. This change in accounting estimates led to other operating expenses of EUR 1,830 thousand as of 31 December 2020.

Indications of impairment of assets

The Covid-19 pandemic and its economic repercussions affected the Scout24 Group's financial position and results of operations, particularly in the first quarter of 2020, such that there was an indication that assets might be impaired within the meaning of IAS 36. Accordingly, last year's impairment test of intangible assets, in particular goodwill, was reviewed in the first half of the year; this did not reveal any need to recognise an impairment loss. In the second half of 2020, no significant changes with adverse consequences occurred which would have led to a change in the assumptions made, such that there was no objective indication that assets might be impaired within the meaning of IAS 36.

The potential effects of the Covid-19 pandemic have been taken into account in the budgeting process for the 2021 financial year and the multi-year planning for subsequent financial years. The impairment test performed as of 31 December 2020 did not reveal any need to recognise an impairment loss on any cash-generating unit (for details, see note 4.5. "Goodwill and intangible assets").

1.4. 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 2020 were applied. The effects arising from first-time application are described below. The standards applicable beginning as of 1 January 2020 are presented in the following table:

Standard/Interpretation	Effect
Amendments to IFRS 16: Covid-19-Related Rent Concessions (issued on 28 May 2020)	No relevance at present
Amendments to IFRS 3: Definition of a Business (issued on 22 October 2018)	No significant effects
Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018)	No significant effects
Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (issued on 26 September 2019)	No relevance at present
Revised Conceptual Framework (issued on 29 March 2018)	No relevance at present

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 2020 financial year, as application was not yet mandatory.

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 17	Amendments to IFRS 17 (issued on 25 June 2020)	EU endorsement pending	Not relevant
IFRS 4	Amendments to IFRS 4 (issued on 25 June 2020)	1 January 2021	Not relevant
IFRS 3	Amendments to IFRS 3: Reference to the Conceptual Framework (issued on 14 May 2020)	EU endorsement pending	No significant effects are expected.
IAS 1	Amendments to IAS 1: Classification of Liabilities as Current or Non-current (issued on 23 January 2020)	EU endorsement pending	No significant effects are expected.
IAS 1, Practice Statement 2	Amendments to IAS 1 and IFRS Practice Statement 2 (issued on 12 February 2021)	EU endorsement pending	No significant effects are expected.
IAS 8	Amendments to IAS 8 (issued on 12 February 2021)	EU endorsement pending	No significant effects are expected.
IAS 16	Amendments to IAS 16: Proceeds before Intended Use (issued on 14 May 2020)	EU endorsement pending	No significant effects are expected.
IAS 37	Amendments to IAS 37: Onerous Contracts (issued 14 May 2020)	EU endorsement pending	No significant effects are expected.
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Amendments to IFRS 9, IAS 39, and other IFRSs: IBOR Reform and the Effects on Financial Reporting (Phase 2) (issued on 27 August 2020)	1 January 2021	No significant effects are expected.
Annual Improvements to IFRS (2018 - 2020 Cycle) (issued on 14 May 2020)		EU endorsement pending	No significant effects are expected.

[1] Status as of 12 February 2021 according to the EFRAG EU Endorsement Status Report

1.5. 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.

In a joint operation, the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

In a joint venture, in contrast, the parties that have 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 financial result.

Number	2020	2019
Scout24 AG and its fully consolidated subsidiaries		
Germany	7	9
Other countries	3	7
Entities accounted for using the equity method		
Germany	2	2
Other countries	–	1
Non-consolidated subsidiaries		
Germany	–	–
Other countries	–	–
Total	**12**	**19**

Since May 2020, one structured entity has been included in the scope of consolidation of the Scout24 Group. In the case of the consolidated structured entity, Scout24 determines the main relevant activities, even in the absence of an equity investment, and thereby influences its own variable returns. For details, see note 2.3. “Consolidation of a special securities fund set up for Scout24” and note 5.2. “Disclosures on financial instruments”.

A complete list of shareholdings of Scout24 is provided in note 5.10.

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, see note 1.7. "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, where 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 outside 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	2020	2019
Switzerland		
CHF closing rate	1.0802	1.0854
CHF average rate	1.0705	1.1124

1.6. Judgements and estimation uncertainty

Judgements are relevant in two respects when preparing consolidated financial statements: Firstly, undefined terms and rules have to be interpreted. Secondly, management is required to make (forward-looking) assumptions and estimates that can affect 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 financial instruments, the classification of any changes in financing agreements and concerning the timing of future cash flows in the measurement and presentation of loans. In addition, judgement was involved in the classification of current financial assets or cash equivalents and 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, the recognition and measurement of provisions, especially provisions for share-based payments and the allocation of income and expenses in connection with operations held for sale (see note 2.2.). 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
For purchase price allocations in connection with business combinations, assumptions are 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. In the past financial year, goodwill of EUR 19,920 thousand (previous year: EUR 0 thousand) and identifiable other intangible assets of EUR 10,422 thousand (previous year: EUR 0 thousand) were recognised as part of the purchase price allocation in connection with initial consolidation. Detailed information is provided in note 2.1. “Entities acquired in the reporting period”.

Goodwill impairment
In the financial year, Scout24’s consolidated statement of financial position reports goodwill of EUR 712,610 thousand (previous year: EUR 692,690 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. In the 2020 financial year, both the Covid-19 pandemic and the reorganisation of the operating segments as a result of the completion of the AutoScout24 transaction gave rise to indications that goodwill could be impaired. Details are described in note 1.3. “Effects of Covid-19” and note 4.5. “Goodwill and intangible assets”.

Determining the fair value involves estimating the expected future cash flows of the cash-generating units 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 five 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 to the main trademarks ImmoScout24 and FLOWFACT, 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 amount of the ImmoScout24 trademark is allocated to the cash-generating units and tested for impairment together with goodwill at the level of the cash-generating units. In the 2020 financial year, both the Covid-19 pandemic and the reorganisation of the operating segments as a result of the completion of the AutoScout24 transaction gave rise to indications that the trademarks with indefinite useful lives could be impaired.

Details are described in note 1.3. “Effects of Covid-19” and note 4.5. “Goodwill and intangible assets”.

Scout24’s consolidated statement of financial position as of 31 December 2020 reports a trademark of EUR 877,352 thousand (previous year: EUR 872,818 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 employee turnover. For more detailed disclosures, see note 5.3. “Share-based payments”.

1.7. 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 of the acquired entity 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 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 to 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 measured 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 measured 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. 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 already credit-impaired 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 expected credit loss (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 expected credit losses are affected by changes in economic factors. This estimate is calculated on the basis of weighted probabilities. Forecasts have been included in the measurement on account of the prevailing situation (see note 1.3. “Effects of Covid-19”).

IFRS 9 permits a simplified impairment approach involving loss allowances equal to the amount the trademark with a finite useful life is immaterial of lifetime expected credit losses for all financial assets irrespective of their credit quality. For current receivables, the 12-month expected credit loss corresponds to the lifetime expected credit loss. 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 objective 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 finance 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	8–20 years
Internally generated intangible assets	3 years
Other concessions, rights and licences	3–10 years

* The value of the trademark with a finite useful life is immaterial and is amortised over a period of 15 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 professional customers such as real estate agents that were purchased. These customer relationships have an assumed useful life of 8 to 20 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.

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. In previous years, obligations in this regard related exclusively to AutoScout24 Italia S.R.L., which has since been sold (for details, see note 2.2. "Entities sold in the reporting period (discontinued operations)"); the Scout24 Group does not have any defined benefit obligations at present.

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; if Treasury shares are redeemed, the item "Subscribed share capital" and the item "Treasury shares" are reduced by the corresponding amount. Any directly attributable transaction costs, net of any associated tax benefits, are likewise reported under this item.

Income taxes
Income taxes comprise 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 that 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.

Tax uncertainties are identified through an ongoing analysis of the tax environment. If there are uncertainties over the income tax treatment – e.g. in determining the taxable profit or unused tax losses – these are recognised at their best estimate as a liability in accordance with IFRIC 23. For the current financial year, as in the previous year, there are no material effects on the consolidated financial statements of the Scout24 Group.

Share-based payments
The Company currently has a management/employee participation programme. This programme is accounted for as a cash-settled share-based payment transaction in accordance with IFRS 2 "Share-based Payment". Accordingly, the fair value of the work rendered by employees as consideration for the cash settlement thereby granted is recognised both as an expense through profit or loss and 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 to 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 recognises 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 amortised over the term of the lease.

The expected economic useful lives are as follows:

Right-of-use asset for buildings	3–10 years
Right-of-use asset for vehicles	2–4 years
Right-of-use asset for IT equipment	1–4 years
Right-of-use asset for office equipment	3–4 years

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

In 2020, the Scout24 Group has entered into a sublease agreement in which it acts as intermediate lessor. The lessor determines for each lease whether it is a finance lease or an operating lease. The Group classified the sublease by reference to the right-of-use asset rather than by reference to the underlying asset and concluded that it is a finance lease within the meaning of IFRS 16. At the commencement date of the lease, the Group recognises a lease receivable equal to the amount of the net investment in the lease. During the term of the lease agreement, finance income is recognised as a constant rate of interest on the net investment in the lease.

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 for professional customers (partners) and private customers (consumers).

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 the 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.

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 service delivery 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.

Payment terms of the of the business models are mainly short-term. There are no significant financing components within the meaning of IFRS 15.

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.

Due to the classification in the 2019 financial year of the operations of AutoScout24, FinanceScout24 and FINANZCHECK as discontinued operations within the meaning of IFRS 5, earnings per share is likewise reported 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.

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 in the statement of financial position. Assets and liabilities in 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 are restated accordingly. The Group has reclassified changes in trade payables of EUR 2,327 thousand and changes in provisions of EUR 43,130 thousand from cash flow from operating activities of continuing operations to cash flow from operating activities of discontinued operations due to an adjustment required for the previous year identified in the first quarter of 2020. The reclassification has no effect on consolidated cash flow from operating activities.

2. Changes in the consolidation scope

2.1. Entities acquired in the reporting period

On 1 July 2020, Immobilien Scout GmbH, Berlin, acquired 100% of the shares in equity of immoverkauf24 GmbH, Hamburg, which in turn holds a 100% equity investment in immoverkauf24 GmbH, Mödling, Austria. The purchase price came to EUR 27,337 thousand, of which EUR 24,337 thousand was paid in cash upon the transaction's formal and legal closing. Furthermore, contingent consideration of a maximum of EUR 3,000 thousand was agreed. This was contingent on achieving certain figures with respect to leads and revenues. A portion of the contingent consideration amounting to EUR 1,703 thousand was paid in the 2020 financial year. The fair value of the remaining portion of the contingent consideration amounted to EUR 1,297 thousand as of 31 December 2020 and was paid in January 2021. For details on the contingent consideration, see note 5.2. "Disclosures on financial instruments".

immoverkauf24 GmbH operates the real estate portal "immoverkauf24", which advises and supports home sellers in the sale of their properties. immoverkauf24 operates digital platforms in Germany, Austria and Switzerland. The business activities of immoverkauf24 will be integrated into Scout24's Residential Real Estate segment and developed further alongside our business providing leads for home seller mandates.

The goodwill of EUR 19,920 thousand resulting from the transaction is due to the future earnings potential from strengthening the market position as well as expected synergies from the integration of the company into the existing business with the intermediation of home seller mandates. The goodwill was allocated to the Residential Real Estate cash-generating unit and is not deductible for tax purposes.

The table below summarises the consideration for immoverkauf24 GmbH as well as the fair value of the acquired assets and liabilities:

EUR '000	1 Jul. 2020
Cash and cash equivalents	24,337
Contingent consideration	3,000
Consideration	**27,337**
Acquisition-date fair value of identified assets and liabilities	
Intangible assets, property, plant and equipment and other non-current assets	11,552
Trade receivables and other current assets	1,028
Cash and cash equivalents	330
Deferred tax liabilities and other non-current liabilities	–3,791
Trade payables and other current liabilities	–1,702
Identified net assets	**7,416**
Goodwill	19,920
Total net assets acquired	**27,337**

The gross amounts of contractual receivables correspond to the fair value of trade receivables and other receivables. Their fair value amounts to EUR 1,023 thousand and is regarded in its entirety as collectable. Acquisition-related costs of EUR 764 thousand were reported in other operating expenses.

Since initial consolidation, immoverkauf24 has contributed revenue of EUR 4,124 thousand and earnings after tax of EUR 32 thousand to the statement of profit or loss. If immoverkauf24 had already been consolidated since 1 January 2020, the group would have generated a revenue of EUR 356,926 thousand and earnings after tax of EUR 2,366,961 thousand.

2.2. Entities sold in the reporting period (discontinued operations)

By purchase agreement dated 17 December 2019, Scout24 entered into an agreement to sell the digital marketplaces AutoScout24, FinanceScout24 and FINANZCHECK, which were part of the former AutoScout24 and Scout24 Consumer Services segments, to Speedster Bidco GmbH, HRB 253178, with registered office in Munich. Speedster Bidco GmbH, in turn, belongs to a fund of the financial investor Hellman & Friedman.

Therefore, in accordance with IFRS 5, the assets and liabilities attributable to the digital marketplaces AutoScout24, FinanceScout24 and FINANZCHECK were presented separately as assets held for sale and liabilities associated with assets held for sale in the statement of financial position as of 31 December 2019. The income and expenses attributable to these operations were retroactively reported under earnings from discontinued operations for the entire 2019 financial year.

The transaction was formally and legally closed as of 1 April 2020. The sale was effected by transferring all shares in AutoScout24 GmbH and FFG FINANZCHECK Finanzportale GmbH to the buyer. The provisional purchase price, based on preliminary net financial debt and net working capital indicators, was EUR 2.839 billion at the time of closing and was paid on 31 March 2020. Following the presentation of the closing financials and the corresponding adjustment of the net financial debt and net working capital indicators, the final purchase price amounted to EUR 2.834 billion. The resulting liability of EUR 4,509 thousand was paid in the second half of 2020. The sale of the entities resulted in a gain after tax of EUR 2.240 billion.

The assets and liabilities sold comprise the following main line items:

EUR '000	1 Apr. 2020	31 Dec. 2019
Goodwill	378,384	378,384
Trademarks	118,392	118,392
Other intangible assets	52,472	50,373
Right-of-use assets from leases	3,048	2,993
Investments accounted for using the equity method	37,918	37,623
Financial assets	1,324	1,585
Property, plant and equipment	7,708	2,619
Trade receivables	22,214	32,384
Other assets and deferred tax assets	4,815	4,942
Income tax assets	47	690
Cash and cash equivalents	15,434	4,811
Assets held for sale	**641,755**	**634,795**
Deferred tax liabilities	44,602	45,159
Other provisions	486	557
Financial liabilities and lease liabilities	2,587	3,262
Other liabilities	46,397	8,448
Trade payables	12,762	12,399
Income tax liabilities	3,497	1,190
Pensions and similar obligations	711	695
Liabilities associated with assets held for sale	**111,043**	**71,710**
Total net assets identified	**530,712**	**563,085**

The sale of discontinued operations had the following overall effect on the Scout24 Group's financial position and results of operations:

EUR '000	
Consideration received in cash	2,838,685
Purchase price adjustment	–4,509
Purchase price after adjustment	**2,834,176**
Identified net assets upon deconsolidation as of 1 April 2020	–530,712
Gain on disposal before costs of disposal and tax	**2,303,464**
Costs to sell	–26,155
Income taxes on the gain on disposal	–37,193
Gain on disposal after tax	**2,240,116**
Of which recognised in earnings from discontinued operations in 2020	*2,264,443*
Of which recognised in earnings from discontinued operations in 2019	*–24,327*
Consideration received in cash	2,834,176
Cash and cash equivalents disposed of	–15,434
Net cash inflow	**2,818,742**
Costs of disposal paid in 2020	–25,892
Net proceeds from disposal of discontinued operations	**2,792,851**

Discontinued operations also included costs of EUR 5,744 thousand (previous year: EUR 24,736 thousand) incurred at entities that were not sold, in particular Scout24 AG. These costs are attributable to the business activities of AutoScout24 and FINANZCHECK and were assumed by these entities in the course of the sale. Intercompany transactions between continuing and discontinued operations were eliminated in the course of consolidation. This does not include services in the first quarter of 2020 amounting to EUR 164 thousand (previous year: EUR 2,528 thousand) that continued to be effected on a transitional basis between the operations after the sale. Accordingly, these were recognised as income in continuing operations and as expenses in discontinued operations on the basis of the scope of services regulated in the service agreements between Scout24 AG and AutoScout24 GmbH.

The following table presents earnings from discontinued operations for the 2020 financial year. This includes the operating business from the first quarter of 2020 as well as subsequent costs from the sale and taxes on the gain on disposal in 2020.

EUR ’000	2020	2019
Revenue	56,626	263,835
Other revenue	1,949	9,867
Expenses	–61,143	–201,351
Earnings before interest and tax – EBIT	**–2,567**	**72,350**
Financial result	833	841
Earnings before tax	**–1,734**	**73,192**
Income taxes	1,941	–32,363
Earnings after tax	**207**	**40,829**
Gain on disposal before costs of disposal and tax	2,303,464	–
Costs to sell	–1,828	–24,327
Income taxes on the gain on disposal	–37,193	–
Earnings from discontinued operations after tax	**2,264,650**	**16,502**
Of which attributable to:		
Shareholders of Scout24 AG	2,264,650	16,502

Income taxes primarily include current and deferred tax expenses of AutoScout24 GmbH attributable to discontinued operations that are actually borne by the controlling company Scout24 AG.

2.3. Consolidation of a special securities fund set up for Scout24

Since May 2020, a special securities fund has been included in the Scout24 Group’s consolidation scope that was set up for Scout24 to invest the financial funds received from the sale of the digital marketplaces AutoScout24, FinanceScout24 and FINANZCHECK (hereinafter “Scout24 special fund”). In the case of the consolidated structured entity, Scout24 determines the main relevant activities, even in the absence of an equity investment, and thereby influences its own variable returns. For details on the Scout24 special fund, see note 5.2. “Disclosures on financial instruments”.

The special fund contains securities for which quoted market prices in active markets for identical instruments are available. It is possible to obtain the quoted market prices as at the measurement date. The securities are thus assigned to level 1 of the fair value hierarchy, as the fair value was determined by reference to parameters for which inputs were directly observable.

Securities for which no quoted market prices are available at the measurement date are assigned to level 2 of the fair value hierarchy. If no observable comparative values are available, the fair value is determined using current price quotes for identical instruments for which there is no active market as well as using complex valuation methods and actuarial models. Of relevance in this context in particular is the discounted cash flow method, which takes into account current market conditions for credit, interest, liquidity and other risks. The net present value of such securities is determined by taking into account discount rates from quoted yields on securities traded in active markets with similar maturities and credit ratings, adjusted for any risk factors.

3. Notes to the consolidated statement of profit or loss

3.1. Revenue

Following the completion of the sales transaction for the shares in AutoScout24, FinanceScout24 and FINANZCHECK Finanzportale GmbH on the cut-off date 1 April 2020, the Scout24 Group is focusing on rendering services in the real estate sector (for further explanations see note 5.5. "Segment reporting"). Revenue is generated primarily through the placement of online listings, the generation of leads and the provision of advertising space for professional customers (partners) and private customers (consumers).

Breakdown of revenue

The table below shows revenue by category:

EXTERNAL REVENUE

EUR '000	2020	2019
Residential Real Estate	**253,397**	**244,891**
of which residential real estate partners	176,238	165,628
of which consumers	77,159	79,263
Business Real Estate	**69,137**	**69,612**
Media & Other	**30,988**	**35,266**
Total, reportable segments	**353,523**	**349,769**
Central group functions/consolidation/other	300	−31
Total, consolidated	**353,822**	**349,737**

Contract balances

The table below shows the balances reported in accordance with IFRS 15:

EUR '000	31 Dec. 2020	31 Dec. 2019
Trade receivables	20,911	31,241
Contract liabilities	8,950	8,339

Loss allowances of EUR 2,631 thousand (previous year: EUR 1,405 thousand) were recognised in the past financial year in connection with trade receivables.

Contract liabilities primarily result from advance invoicing and developed as follows:

EUR '000	2020	2019
Balance at 1 January	**8,339**	**9,873**
Recognised in the reporting period	97,906	100,651
Amortised through profit or loss in the reporting period	97,295	100,159
Changes in the consolidation scope	–	–
Liabilities associated with assets held for sale	–	−2,027
Balance at 31 December	**8,950**	**8,339**

There have been no significant changes in the balances recognised.

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 2020.

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 21,950 thousand (previous year: EUR 13,975 thousand), an amount of EUR 14,531 thousand (previous year: EUR 8,978 thousand) is attributable to the Residential Real Estate segment, EUR 2,812 thousand (previous year: EUR 1,596 thousand) to the Business Real Estate segment and EUR 4,607 thousand (previous year: EUR 3,401 thousand) to the Media & Other segment. The total amount of research and development costs expensed in the financial year for continuing operations stands at EUR 4,471 thousand (previous year: EUR 7,206 thousand).

3.3. Other operating income

Other operating income comprises the following:

EUR '000	2020	2019
Income from the disposal of intangible assets and property, plant and equipment	663	3
Income from the reversal of loss allowances	5	90
Income from derecognised receivables	152	99
Other	1,334	2,884
Total	**2,154**	**3,076**

The income from the disposal of intangible assets and property, plant and equipment is mainly attributable to the partial disposal of the right-of-use asset for the Munich office building. For details, see note 4.6. “Assets and liabilities from leasing agreements”.

In the 2019 financial year, the “Other” item mainly concerned service arrangements between continuing and discontinued operations that continued to be effected between the operations after the sale; for details, also see note 2.2. “Entities sold in the reporting period (discontinued operations)”.

3.4. Personnel expenses and number of employees

Personnel expenses of continuing operations break down as follows:

EUR '000	2020	2019
Wages and salaries	–62,824	–68,459
Social security costs	–9,759	–9,479
Pension costs and other post-employment benefits	–650	–624
Share-based payments	–6,954	–29,036
Total	**–80,187**	**–107,598**

The average number of employees in continuing and discontinued operations during the financial year breaks down as follows:

Number of employees	2020	2019
Senior executives	–	1
Other employees	1,093	1,680
Total	1,093	1,681

3.5. Marketing expenses

Marketing expenses of continuing operations comprise the following:

EUR '000	2020	2019
Marketing costs – online	–25,327	–25,595
Marketing costs – offline	–5,801	–4,968
Total	**–31,128**	**–30,563**

3.6. IT expenses

IT expenses of continuing operations comprise the following:

EUR '000	2020	2019
IT services	–8,881	–5,758
IT licences	–8,302	–7,411
Other IT costs	–850	–1,013
Total	**–18,033**	**–14,182**

3.7. Other operating expenses

Other operating expenses of continuing operations comprise the following:

EUR '000	2020	2019
Third-party services	–15,609	–14,102
Purchased services	–12,581	–9,791
Legal and consulting costs	–4,898	–10,096
Communication	–2,977	–1,492
Bad debt allowance	–2,787	–1,594
Other rent incidentals	–2,276	–1,898
Other staff-related expenses	–1,917	–3,309
Travel expenses	–566	–1,816
Motor vehicle costs	–441	–569
Other	–6,263	–6,118
Total	**–50,316**	**–50,785**

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.

EUR '000	2020	2019
Energieausweis48 GmbH, Cologne	112	150
eleven55 GmbH, Berlin	–	–882
Total	**112**	**–733**

3.9. Finance income

Finance income of continuing operations comprises the following:

EUR '000	2020	2019
Price gains on investments	11,525	–
Interest income from third parties	6,472	1
Income from derivative financial instruments	844	–
Interest income on leases	254	–
Price gains from financing	142	38
Dividend income from investments	79	–
Gains on disposal of subsidiaries	–	504
Total	**19,317**	**542**

The price gains on investments, the interest income from third parties and the dividend income from investments in the 2020 financial year are mainly attributable to the special fund's investments in securities. For details, see note 5.2. “Disclosures on financial instruments”.

Income from derivative financial instruments stems from the embedded interest rate floor in connection with the term loan under the facility agreement. Due to the early repayment of the term loan, significant portions of the fair value of the interest rate floor were recognised in profit and loss. For details, see note 4.10. “Financial liabilities”.

The interest income on leases is attributable to the subletting of rented office space at the Munich location to AutoScout24 GmbH. For details, see note 4.6. “Assets and liabilities from leasing agreements”.

3.10. Finance expenses

Finance expenses of continuing operations comprise the following:

EUR ’000	2020	2019
Interest expenses to third parties	–22,908	–13,592
Interest expense from leases	–630	–672
Price losses from investments	–120	–
Price losses from financing	–78	–44
Expenses from derivative financial instruments	–64	–741
Other finance expenses	–504	–
Total	**–24,304**	**–15,049**

Interest expenses to third parties relate to the liabilities entered into under the promissory note loan and the term and revolving facilities agreement (RFA) as well as the amortisation through profit or loss of the incidental costs of obtaining these liabilities using the effective interest method. For details, see note 4.10. “Financial liabilities”. In addition, the item includes in 2020 interest expenses from amortisation resulting from the special fund’s investments in securities as well as negative interest on credit balances.

Expenses from derivative financial instruments relate to the measurement of the interest rate floor in connection with the term loan under the RFA. For more information, see note 4.10. “Financial liabilities”.

Other financial expenses primarily result from the management of the special securities fund.

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 Consumer First Services GmbH, as the subsidiaries; Scout24 Beteiligungs SE is also a subsidiary since the 2020 assessment period. Due to the sale of AutoScout24 GmbH, said entity is no longer included in the consolidated tax group for income tax purposes as of 1 April 2020.

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.

EUR '000	2020	2019
Current tax charge on profits for the period	–49,869	–45,726
Current tax income from previous years	32	87
Total current tax expense	**–49,837**	**–45,639**
Deferred tax income from tax rate changes	5,905	354
Deferred tax income from timing differences and unused tax losses	4,478	14,592
Total deferred tax income	**10,383**	**14,946**
Total income taxes of continuing operations	**–39,454**	**–30,693**
Current tax expense from discontinued operations	–42,468	–32,961
Deferred tax income from discontinued operations	7,216	598
Total income taxes of discontinued operations	**–35,252**	**–32,363**
Total income taxes	**–74,706**	**–63,056**

Income taxes comprise trade tax, corporate income tax and the solidarity surcharge as well as corresponding foreign taxes on income. As in the previous year, the corporate income tax rate in Germany amounted to 15.0% for the 2020 assessment period, with a solidarity surcharge of 5.5% thereof. The trade tax rate changed to 14.828% due to changes to trade tax breakdown amounts (previous year: 15.470%). This results in a Group tax rate of 30.653% for 2020 (previous year: 31.295%).

A loss of EUR 3,013 thousand incurred by a foreign subsidiary was used. It reduced the current income tax expense by EUR 753 thousand.

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

EUR '000	2020	2019
Earnings before tax from continuing operations	**141,880**	**94,210**
Expected tax expense 2020: 30.653% (2019: 31.295%)	–43,490	–29,483
Tax effects from tax rate changes	5,905	–267
Aperiodic taxes	50	0
Tax-free income	279	0
Non-deductible expenses	–148	–174
Permanent differences	–2,946	–739
Tax effects from equity investments	0	0
Tax effects from unused tax losses	825	697
Tax effects from add-backs and reductions for local taxes	–447	–772
Adjustments of the tax amount to differing national tax rates	331	52
Other	187	–7
Effective tax expense	–39,454	–30,693
Effective tax rate of continuing operations	**27.8%**	**32.6%**

Tax income from tax rate change amounting to EUR 5.905 Tsd. thousand results from reassessment of Deferred Tax Liabilites due to reduction of trade tax rate.

Aperiodic tax income arise mainly true-up effects based on the tax returns filed for previous years of EUR 50 thousand for current taxes.

The tax-free income mainly results from intercompany contributions amounting to EUR 850 thousand.

The non-deductible expenses mainly consist of the non-deductible compensation of the Supervisory Board in the amount of EUR 385 thousand.

The change in permanent differences is mainly due to the differences in the carrying amounts of financial assets pursuant to IFRS and the tax accounts.

The tax effects from unused tax losses of EUR 825 thousand are mainly due to the reversal of the loss allowance on deferred tax assets recognised on unused tax losses amounting to EUR 3,386 thousand at a foreign subsidiary.

The effects relating to local taxes are due to the trade tax add-back of finance fees of Scout24 AG.

The tax assets and tax liabilities as of the reporting date are as follows:

EUR '000	31 Dec. 2020	31 Dec. 2019
Income tax assets	87	32
Income tax assets attributable to assets held for sale	0	690
Income tax liabilities	2,710	17,124
Income tax liabilities attributable to liabilities associated with assets held for sale	0	1,190

A current tax receivable of EUR 39 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. 2020	31 Dec. 2019
Opening balance for the period	**277**	**1,206**
Changes in the consolidation scope	307	–
Reclassified to assets held for sale	0	–949
Recognised through profit or loss	–16	20
Recognised in other comprehensive income	0	0
Closing balance for the period	**568**	**277**

Deferred tax liabilities developed as follows:

EUR '000	31 Dec. 2020	31 Dec. 2019
Opening balance for the period	**296,060**	**357,121**
Changes in the consolidation scope	3,310	0
Reclassification attributable to liabilities associated with assets held for sale	–1,258	–46,135
Recognised through profit or loss	–10,400	–14,926
Recognised in other comprehensive income	0	0
Closing balance for the period	**287,712**	**296,060**

The deferred tax liabilities arise mainly from the purchase price allocations. Taking depreciation and amortisation into account, deferred tax liabilities of EUR 281,094 thousand (previous year: EUR 293,369 thousand) were recognised as of 31 December 2020 in this context, of which EUR 273,503 thousand (previous year: EUR 288,841 thousand) was attributable to Immobilien Scout GmbH including its Austrian subsidiary.

Deferred tax assets and liabilities on timing differences and unused tax losses can be allocated to the following items:

EUR '000	31 Dec. 2020		31 Dec. 2019	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Current assets	**0**	**4,593**	**0**	**0**
Trademarks	**0**	**269,007**	257	293,369
Other intangible assets and right-of-use assets from leases	0	**39,562**	0	14,396
Property, plant and equipment	**0**	**19**	13	0
Financial assets	0	2,833	0	1,279
Other assets	**0**	0	17	517
Non-current assets	**0**	**311,421**	**287**	**309,561**
Other provisions	**120**	0	0	0
Other liabilities including lease liabilities	2,713	1	851	64
Current liabilities	**2,833**	**1**	**851**	**64**
Other provisions	7,350	0	8,514	0
Other liabilities including lease liabilities	18,251	0	4,170	0
Non-current liabilities	**25,601**	**0**	**12,684**	**0**
Unused tax losses/interest carried forward	**437**	**0**	**20**	**0**
Total	**28,871**	**316,032**	**13,842**	**309,625**
Offsetting	–28,303	–28,303	–13,565	–13,565
Recognised in the statement of financial position	**568**	**287,712**	**277**	**296,060**

The tax losses for income tax purposes of foreign subsidiaries of EUR 550 thousand (previous period: EUR 0 thousand) were included in the recognition of deferred tax assets in the amount of EUR 137 thousand (previous period: EUR 0 thousand). The amount of the unused tax losses for income taxes amounting to EUR 272 thousand (previous period: EUR 3,475 thousand) was not recognised. Total unrecognised unused tax losses are not subject to any time limit with regard to their use.

No deferred tax liabilities were recognised on temporary differences in connection with investments in subsidiaries amounting to EUR 11,830 thousand (previous year: EUR 5,112 thousand), as these temporary differences will not 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:

		2020	2019
Earnings attributable to shareholders of the parent company	**EUR '000**	**2,367,076**	**80,019**
of which from continuing operations		102,426	63,517
of which from discontinued operations		2,264,650	16,502
Weighted average number of shares for earnings per share			
Basic	Number	102,144,808	107,092,213
Diluted	Number	102,157,296	107,236,711
Earnings per share			
Basic	EUR	23.17	0.75
of which from continuing operations		1.00	0.59
of which from discontinued operations		22.17	0.15
Diluted	EUR	23.17	0.75
of which from continuing operations		1.00	0.59
of which from discontinued operations		22.17	0.15

The average number of shares was determined taking into account the treasury shares purchased in the 2019 and 2020 financial years (see note 4.15. “Equity”).

The dilution up to the end of the first quarter of 2020 was solely related to potential shares in connection with share-based payments.

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 177,663 thousand (previous year: EUR 65,574 thousand).

4.2. Trade receivables

Trade receivables consist of the items presented below.

EUR '000	31 Dec. 2020	31 Dec. 2019
Receivables from third parties	20,908	31,239
Receivables from associates and joint ventures	3	2
Total	**20,911**	**31,241**

The table below presents information on the estimated credit risk and the expected credit losses for trade receivables from third parties. As regards the calculation of the credit loss rates, see note 1.7. "Accounting policies" and note 1.3. "Effects of Covid-19".

As of 31 December 2020 EUR '000	Gross carrying amount	Loss allowance	Credit-impaired	Credit loss rate (weighted average)
Not past due	7,294	–78	No	1.11%
1 to 30 days past due	9,849	–103	No	1.22%
31 to 90 days past due	3,079	–251	No	9.42%
More than 90 days past due	3,354	–2,236	Yes	62.36%
Total	**23,576**	**–2,669**	–	–

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**	–	–

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 68 thousand (previous year: EUR 247 thousand), as no default events are expected with reference to the barter transactions.

The loss allowances on trade receivables developed as follows:

EUR '000	
Balance at 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 / 1 Jan. 2020	**–799**
Additions to the consolidation scope	–36
Disposals from the consolidation scope	56
Utilisation	264
Net remeasurement of loss allowances	–2,154
Currency translation differences	0
Balance at 31 Dec. 2020	**–2,669**

Loss allowances for trade receivables are revalued based on the credit loss rates in accordance with the expected credit loss model. Increases and reversals of loss allowances determined in this way are reported under other operating expenses and other operating income. The "utilisation" item comprises the derecognition of risk provisioning for bad debts.

4.3. Financial assets

The financial assets break down as follows as of the respective reporting dates:

EUR '000	31 Dec. 2020	31 Dec. 2019
Current		
Securities	1,558,248	–
Other receivables	4,106	–
Receivables from lease agreements	1,337	–
Rent deposits	829	34
Creditors with debit balances	268	752
Receivables from the sale of entities	–	504
Total	**1,564,788**	**1,290**
Non-current		
Receivables from lease agreements	9,345	–
Rent deposits	1,837	867
Loan transaction costs	1,796	1,653
Other	5	5
Total	**12,983**	**2,525**

Securities relate to investments within the Scout24 special fund. The item also includes short-term investments in money market funds. For details, see note 5.2. "Disclosures on financial instruments".

Current other receivables include reimbursement claims for bonus payments in connection with the sale of AutoScout24, FinanceScout24 and FINANZCHECK (see note 5.3. “Share-based payments”).

The receivables from leasing agreements are due from AutoScout24 GmbH, to which rented office space at the Munich location is sublet. For details, see note 4.6. “Assets and liabilities from leasing agreements”.

The “loan transaction costs” item relates to the term and revolving facilities agreement (RFA) concluded in the 2018 financial year. For details, see note 4.10 “Financial liabilities”.

4.4. Other assets

Other assets break down as follows as of the respective reporting dates.

EUR ’000	31 Dec. 2020	31 Dec. 2019
Current		
Prepaid expenses	5,383	6,959
Advance payments made	–	68
Taxes other than income taxes	8	5
Other	593	419
Total	**5,984**	**7,450**
Non-current		
Other	10	18
Prepaid expenses	–	–
Total	**10**	**18**

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.

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. 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 / 1 Jan. 2020	**692,972**	**873,254**	**40,946**	**59,581**	**229,380**	**10,276**	**340,184**	**1,906,410**
Additions to the consolidation scope	19,920	4,690	-	1,881	3,855	–	5,736	30,346
Disposals from the consolidation scope	–	–	–752	–151	–	–1,179	–2,081	–2,081
Additions	–	–	274	519	–	23,606	24,399	24,399
Disposals	–	–	–	-23	–	–	-23	-23
Reclassifications	–	–	11,230	12	–	–11,243	–	–
Balance at 31 Dec. 2020	**712,892**	**877,944**	**51,699**	**61,819**	**233,236**	**21,461**	**368,215**	**1,959,051**
Accumulated amortisation and impairment								
Balance at 1 Jan. 2019	–	**–1,422**	**–34,185**	**–95,508**	**–144,088**	–	**–273,781**	**–275,202**
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
Classification as assets held for sale	–	1,838	25,301	43,595	12,642	–	81,539	83,377
Balance at 31 Dec. 2019 / 1 Jan. 2020	**–282**	**–435**	**–26,514**	**–57,245**	**–164,987**	–	**–248,747**	**–249,465**
Additions to the consolidation scope	–	–	–	–	–	–	–	–
Disposals from the consolidation scope	–	–	–	–	–	–	–	–
Additions (amortisation)	–	–156	–12,034	–1,368	–30,915	–	–44,316	–44,472
Additions (impairment)	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–	–
Balance at 31 Dec. 2020	**–282**	**–592**	**–38,548**	**–58,613**	**–195,902**	–	**–293,063**	**–293,937**
Carrying amounts								
Balance at 31 Dec. 2019	**692,690**	**872,818**	**14,432**	**2,335**	**64,393**	**10,276**	**91,437**	**1,656,945**
Balance at 31 Dec. 2020	**712,610**	**877,352**	**13,151**	**3,206**	**37,334**	**21,461**	**75,152**	**1,665,114**

* The customer base has a residual useful life of 1 to 20 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.

Additions to the scope of consolidation concern the acquisition of immoverkauf24, which is allocated to the Residential Real Estate cash-generating unit (see note 2.1. "Entities acquired in the reporting period"). The immoverkauf24 trademark identified in the purchase price allocation is amortised over a useful life of 15 years. As of 31 December 2020, the trademark had a carrying amount of EUR 4,534 thousand.

The trademarks ImmoScout24 and FlowFact have indefinite useful lives, as they are expected to give rise to positive cash inflows over an indefinite period.

EUR '000	Trademarks as of 31 Dec. 2020	Trademarks as of 31 Dec. 2019
ImmoScout24 trademark	861,700	861,700
FlowFact trademark	11,118	11,118
Total	**872,818**	**872,818**

Impairment testing

As of 1 January 2020, the reporting structure was modified such that the products and solutions of the third operating segment Scout24 Consumer Services were integrated into the ImmoScout24 segment and the AutoScout24 segment sold on 1 April 2020, thus transitioning from a three-segment to a two-segment structure. The corresponding allocation of goodwill and trademarks of continuing operations as of 1 January 2020 is shown below:

As of 1 Jan. 2020 EUR '000	Goodwill	Trademarks with indefinite useful lives
ImmoScout24 cash-generating unit	692,690	872,818
Total	**692,690**	**872,818**

With the closing of the AutoScout24 transaction, goodwill and the trademarks of the continuing operations were also allocated to the three current cash-generating units Residential Real Estate, Business Real Estate and Media & Other as of 1 April 2020 due to the reorganisation of the operating segments in accordance with IFRS 8. For details on the new segments, see note 5.5. "Segment reporting". In accordance with IAS 36.87, goodwill was allocated on the basis of the three cash-generating units' relative fair values less costs to sell.

Since the ImmoScout24 trademark contributes to the future cash flows of all three cash-generating units, it was allocated to the cash-generating units as a corporate asset on the basis of the planned ordinary operating EBITDA.

As of 1 April 2020 EUR '000	Goodwill	Trademarks with indefinite useful lives
Residential Real Estate cash-generating unit	517,000	600,032
Business Real Estate cash-generating unit	145,053	201,425
Media & Other cash-generating unit	30,637	71,361
Total	**692,690**	**872,818**

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 1.7. “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, neither as of the date of reallocation 1 April 2020 nor as of the reporting date 31 December 2020. There was no indication of impairment as of 31 December 2019 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 cash-generating unit’s fair value less costs of disposal, by analogy to the approach for goodwill described in note 1.7. “Accounting policies”.

The ImmobilienScout24 trademark does not generate any cash inflows that are largely independent of those of other assets. It is therefore tested for impairment at the level of the cash-generating unit. Since the ImmoScout24 trademark contributes to the future cash flows of all three cash-generating units, it was allocated to the cash-generating units as a corporate asset on the basis of the planned ordinary operating EBITDA for impairment testing as of 31 December 2020.

As of 31 December 2020 **EUR ’000**	**Goodwill**	**Trademarks with indefinite useful lives**
Residential Real Estate cash-generating unit	536,920	600,032
Business Real Estate cash-generating unit	145,053	201,425
Media & Other cash-generating unit	30,637	71,361
Total	**712,610**	**872,818**

Goodwill and trademarks were tested for impairment as of 31 December 2020 using an after-tax capitalisation rate (WACC) of 8.21% (1 January 2020: 6.10%; 1 April 2020: 8.66%) for the respective cash-generating units Residential Real Estate, Business Real Estate and Media & Other. The capitalisation rate increased compared with the previous year due to a higher beta factor. The discount rate is based on a base interest rate of -0.10% (1 January 2020: 0.35%; 1 April 2020: 0.10%) and a market risk premium of 7.50% (1 January 2020: 8.00%; 1 April 2020: 8.00%). 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 stagnate or rise slightly. The detailed planning period is five years, and for 2021 is subject to corporate planning approved by management and the Supervisory Board; the detailed planning for 2022 to 2025 is based on the multi-year plans presented to the Management Board.

For the Residential Real Estate and Business Real Estate cash-generating units, revenue growth in the 2021 budget year is below historical pre-Covid-19 growth rates due to the impact of the Covid-19 pandemic. For the following years of the detailed planning period, growth rates are assumed to be similar to those before the Covid-19 pandemic. Growth is expected to be driven primarily by the increased lead business (Realtor Lead Engine and Mortgage Lead Engine), the increase in ARPU of partner agents in the Residential Real Estate and Business Real Estate segment backed by low customer churn coupled with high customer regain and new customer acquisition rates and the increase in consumer revenue from TenantPlus+ and BuyerPlus+. For the Media & Other cash-generating unit, a slightly declining to stagnating development of revenue is assumed for the budget year 2021 due to the effects of the Covid-19 pandemic. For the following years of the detailed planning period, in contrast, growth rates are assumed to be similar to those before the Covid-19 pandemic. Revenue growth will be mainly driven by the growth of the business in Austria and FlowFact.

The assumptions relating to 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 1.00% (1 January 2020: 0.35%; 1 April 2020: 0.10%) was used.

As of 31 December 2020, no impairment losses were identified for the Residential Real Estate, Business Real Estate and Media & Other cash-generating units (1 January 2020: EUR 0 thousand; 1 April 2020: EUR 0 thousand). A change in key assumptions regarded as possible does not result in impairment losses for the Residential Real Estate and Business Real Estate cash-generating units.

In the Media & Other cash-generating unit, the recoverable amount exceeds the carrying amount by EUR 7.8 million. For revenue growth in the detailed planning period and the transition phase, a compound annual growth rate of 3.2% was assumed. If the annual average growth rate for revenue is reduced to 1.3% ceteris paribus, the recoverable amount corresponds to the carrying amount. A long-term EBITDA margin of 26.3% was assumed in the valuation. Down to a long-term EBITDA margin of 22.8%, ceteris paribus, there would not be any need to recognise impairment losses. Likewise, ceteris paribus, an increase in WACC up to 9.06% or a reduction in the terminal growth rate down to 0.13% would not give rise to any impairment losses.

4.6. Assets and liabilities from leasing agreements

Leasing agreements as lessee

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. For the policy choice disclosures, see note 1.7. “Accounting policies”. 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:

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. 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 / 1 Jan. 2020	**28,919**	**1,655**	**727**	**101**	**31,403**
Additions to the consolidation scope	661	29	-	-	691
Disposals from the consolidation scope	-1	-55	-	-	-56
Additions	50,793	614	94	306	51,807
Disposals	-20,417	-821	-609	-102	-21,949
Balance at 31 Dec. 2020	**59,956**	**1,423**	**212**	**305**	**61,896**
Accumulated amortisation and impairment					
Balance at 1 Jan. 2019	**-4,932**	**-1,493**	**-665**	**-9**	**-7,098**
Additions to the consolidation scope	–	–	–	–	–
Disposals from the consolidation scope	–	–	–	–	–
Additions (amortisation)	-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 / 1 Jan. 2020	**-7,945**	**-930**	**-439**	**-38**	**-9,351**
Additions to the consolidation scope	-	-	-	-	-
Disposals from the consolidation scope	-	-	-	-	-
Additions (amortisation)	-5,217	-596	-145	-20	-5,978
Additions (impairment)	-	-	-	-	-
Disposals	7,973	471	537	47	9,029
Balance at 31 Dec. 2020	**-5,188**	**-1,055**	**-46**	**-11**	**-6,300**
Carrying amounts					
Balance at 31 Dec. 2019	**20,975**	**725**	**288**	**64**	**22,051**
Balance at 31 Dec. 2020	**54,767**	**368**	**165**	**295**	**55,596**

The additions to right-of-use assets for buildings are mainly attributable to a new lease for an office building in Berlin.

The amounts in the consolidated statement of profit or loss for continuing operations that are attributable to leases are presented in the table below:

EUR '000	2020	2019
Amortisation and impairment losses	-5,978	-5,708
Interest expense from leases	-630	-672
Expense relating to short-term leases	-128	-201
Expense relating to leases of low-value assets	-40	-47

The amounts in the consolidated statement of cash flows for continuing operations that are attributable to leases are presented in the table below:

EUR '000	2020	2019
Payments for short-term leases and for leases of low-value assets	-168	-248
Interest paid from leases	-630	-672
Repayment of lease liabilities	-5,487	-5,537
Total	**-6,285**	**-6,457**

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.

EUR '000	31 Dec. 2020	31 Dec. 2019
Lease liabilities, current	8,263	4,834
Lease liabilities, non-current	60,187	18,075
Total	**68,450**	**22,908**

Lease liabilities break down as follows:

EUR '000	31 Dec. 2020	31 Dec. 2019
Gross lease liabilities – minimum lease payments		
Up to 1 year	8,986	5,398
1–3 years	16,824	6,935
3–5 years	16,099	5,311
More than 5 years	29,637	7,568
Gross lease liabilities	71,547	25,213
Present value of the lease	**68,450**	**22,908**

The present values of the lease liabilities break down as follows:

EUR '000	31 Dec. 2020	31 Dec. 2019
Up to 1 year	8,263	4,834
1–3 years	15,670	6,082
3–5 years	15,342	4,742
More than 5 years	29,176	7,251
Total	**68,450**	**22,908**

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 December 2020 EUR '000	Future payments from not reasonably certain options to extend the lease	As of 31 December 2019 EUR '000	Future payments from not reasonably certain options to extend the lease
Up to 1 year	–	Up to 1 year	–
1–3 years	227	1–3 years	2,607
3–5 years	707	3–5 years	3,912
More than 5 years	81,032	More than 5 years	31,415
Total	**81,966**	**Total**	**37,934**

Leasing agreements as lessor

In 2020, Scout24 entered a lease arrangement governing the subletting of rented office space at the Munich location to AutoScout24 GmbH. From the lessor's perspective, the sublease is classified as a finance lease. The disposal of the right-of-use asset for the office building, which is largely sublet under the agreement, resulted in income of EUR 661 thousand, which is reported under other operating income.

The amounts in the consolidated statement of profit or loss that are attributable to the sublease are presented in the table below:

EUR '000	2020	2019
Income from disposal of right-of-use assets	661	–
Interest income on leases	254	–

The amounts in the consolidated statement of cash flows that are attributable to the sublease are presented in the table below:

EUR '000	2020	2019
Interest received from leases	254	–
Proceeds from lease receivables	976	–
Total	**1,230**	**–**

The following table presents a maturity analysis of lease receivables and shows the undiscounted lease payments to be received after the reporting date.

EUR '000	31 Dec. 2020	31 Dec. 2019
Up to 1 year	1,640	-
1–3 years	3,280	-
3–5 years	3,280	-
More than 5 years	3,690	-
Gross value of lease receivables	**11,890**	**-**
Unrealised finance income	1,208	-
Present value of lease receivables	**10,682**	**-**

EUR '000	31 Dec. 2020	31 Dec. 2019
Lease receivables, current	1,337	-
Lease receivables, non-current	9,345	-
Total	**10,682**	**-**

The Scout24 Group has additional leases with group entities acting as lessor, but these are considered not material from the perspective of the Scout24 Group.

4.7. Property, plant and equipment

EUR '000	Leasehold improvements	Other equipment, furniture and fixtures	Total
Cost			
Balance at 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 / 1 Jan. 2020	**2,680**	**24,493**	**27,173**
Additions to the consolidation scope	26	100	126
Disposals from the consolidation scope	-2,001	-3,077	-5,078
Additions	-	14,958	14,958
Disposals	-	-667	-667
Balance at 31 Dec. 2020	**705**	**35,807**	**36,512**
Accumulated depreciation and impairment			
Balance at 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 / 1 Jan. 2020	**-384**	**-18,042**	**-18,426**
Additions to the consolidation scope	-	-	-
Disposals from the consolidation scope	-	-11	-11
Additions (depreciation)	-94	-962	-1,056
Additions (impairment)	-	-	-
Disposals	-	498	498
Reclassifications	-	-1,188	-1,188
Balance at 31 Dec. 2020	**-478**	**-19,704**	**-20,183**
Carrying amounts			
Balance at 31 Dec. 2019	**2,296**	**6,451**	**8,747**
Balance at 31 Dec. 2020	**227**	**16,103**	**16,330**

There are customary retentions of title relating to purchase transactions.

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 of continuing operations as of 31 December 2020 and 31 December 2019:

Name of entity	Registered office	Interest	Nature of investment	31 Dec. 2020 Measurement method	31 Dec. 2019 Measurement method
Energieausweis48 GmbH	Cologne, Germany	50.00%	Joint venture	Equity	Equity
eleven55 GmbH	Berlin, Germany	25.004%	Associate	Equity	Equity

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. 2020	31 Dec. 2019
Carrying amount of Energieausweis48 GmbH	360	247

EUR '000	2020	2019
Earnings from continuing operations	112	150
Earnings from discontinued operations	–	–
Other comprehensive income	–	–
Total comprehensive income	**112**	**150**
Dividends received	**–**	**125**

The cumulative share in profits from the joint venture accounted for using the equity method amounted to EUR 484 thousand (previous year: EUR 372 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. 2020	31 Dec. 2019
Carrying amount of eleven55 GmbH	0	0

EUR '000	2020	2019
Earnings from continuing operations	–	-882
Earnings from discontinued operations	–	–
Other comprehensive income	–	–
Total comprehensive income	**–**	**-882**

As of 30 June 2019, there was objective evidence of impairment relating to the associate eleven55 GmbH, Berlin. In 2019, 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 –1,050 thousand).

The Group did not recognise losses totalling EUR 59 thousand (previous year: EUR 0 thousand) in relation to its investments in associates, as it has no obligation in respect of these losses.

The investments accounted for using the equity method had a headcount of 8 as of 31 December 2020 (previous year: 8).

There are no contingent liabilities with respect to the indirect shares held by Scout24 in associates.

4.9. Trade payables

The trade payables of EUR 13,250 thousand (previous year: EUR 17,905 thousand) include trade payables to third parties of EUR 13,250 thousand (previous year: EUR 17,903 thousand) and trade payables due to associates of EUR 0 thousand (previous year: EUR 3 thousand).

4.10. Financial liabilities

As of the reporting date, financial liabilities comprise the following items.

EUR '000	31 Dec. 2020	31 Dec. 2019
Current		
Promissory note loan	57,479	–
Other liabilities to banks	9,640	2,327
Liabilities from business combinations	1,297	–
Liabilities from loans	1,051	22,634
Debtors with credit balances	465	1,705
Total	**69,931**	**26,666**
Non-current		
Liabilities from loans	98,179	606,518
Promissory note loan	94,366	196,587
Derivative financial instruments	1,314	2,094
Total	**193,858**	**805,199**

On 19 December 2016, Scout24 AG signed a loan 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.

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 July 2018, Scout24 AG signed the EUR 1,000,000,000 term and revolving facilities agreement (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 extension options of one year each. No collateral was provided for under the EUR 1,000,000,000 term and revolving facilities agreement. 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 loan 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 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 rate 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.

In the 2020 financial year, the option was exercised for revolving facility II to extend the term by one year. At the end of the original term on 16 July 2021, the credit facility will be reduced to EUR 397,500 thousand. The transaction costs arising from exercising the extension option were deferred in line with the drawings from the credit facility and will be realised on a straight-line basis over the term.

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 0.65% as of 31 December 2020 (previous year: 1.15%). The interest margins for revolving facility I and revolving facility II are 0.35% and 0.30% respectively (previous year: 0.85% and 0.80% respectively).

Revolving facility I was initially drawn in 2018 in the amount of EUR 70,000 thousand and repaid later in the year in the amount of EUR 50,000 thousand. An amount of EUR 250,000 thousand was drawn from revolving facility II in 2018. In the first half of 2019, an amount of EUR 35,000 thousand was repaid on revolving facility II initially; later, in the second half of 2019, a further amount of EUR 100,000 thousand was drawn to finance the share buyback programme. In connection with the sale of AutoScout24, FinanceScout24 and FINANZCHECK, EUR 100,000 thousand of revolving facility I was initially drawn in 2020 and revolving facility I and revolving facility II were repaid in full (EUR 435,000 thousand) upon receipt of the proceeds from the sale. In addition, an early repayment of EUR 200,000 thousand was made on the term loan. As of 31 December 2020, the RFA loan amounted to a nominal EUR 100,000 thousand (previous year: EUR 635,000 thousand).

In addition, Scout24 AG issued a promissory note loan of EUR 215,000 thousand on 16 March 2018. 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 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 in 2019. The variable-interest promissory notes were repaid in full (EUR 45,000 thousand) prematurely in the first half of 2020. As of 31 December 2020, the promissory note loan amounted to a nominal EUR 152,000 thousand (previous year: EUR 197,000 thousand).

In the previous year, Scout24 AG had a guarantee facility of up to EUR 1,917 thousand, which was cancelled in the 2020 financial year. As of 31 December 2020, the guarantee facility thus amounted to a nominal EUR 0 thousand (previous year: EUR 724 thousand).

Other liabilities to banks of EUR 9,640 thousand (previous year: EUR 2,327 thousand) are mainly attributable to securities transactions in connection with the Scout24 special fund. For further information, see note 5.2. “Disclosures on financial instruments”. In the previous year, other liabilities to banks related to the purchase of treasury shares.

Liabilities from business combinations pertain to the still pending contingent consideration from the acquisition of immoverkauf24 GmbH (see note 2.1. “Entities acquired in the reporting period”). This was settled in January 2021.

4.11. Other provisions

EUR ’000	Provisions for litigation risks	Reorganisation provisions	Provisions for share-based payments	Other provisions	Total
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*
Changes in the consolidation scope	–	73	–	-557	-484
Increase	–	727	15,914	1,138	17,779
Utilisation	-6	-4,154	-21,664	-36,933	-62,757
Reclassifications	–	–	–	–	–
Reversal	-28	-843	-1,663	-808	-3,343
Currency translation differences	–	–	–	0	0
Balance at 31 Dec. 2020	**50**	**1,465**	**41,685**	**1,016**	**44,217**
of which current	*50*	*1,465*	*21,522*	*57*	*23,094*

Provisions for litigation risks comprise the cost of court proceedings in one dispute. The various uncertainties in relation to the level of this provision were measured sufficiently.

The reorganisation provisions in the reporting period and the previous year relate to reorganisation measures. The respective employees received offers for the dissolution of their employment relationship, 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). The utilisation of provisions for share-based payments likewise relates to the long-term incentive programme and mainly pertains to the programme’s settlement in connection with the sale of AutoScout24, FinanceScout24 and FINANZCHECK. For details see note 5.3. “Share-based payments”.

The utilisation of other provisions mainly concerns the sale of AutoScout24, FinanceScout24 and FINANZCHECK (see note 2.2. "Entities sold in the reporting period (discontinued operations))". The utilisation of other provisions also reflects the settlement of the share-based payment programme in connection with the sale of AutoScout24 and FINANZCHECK (see note 5.3 "Share-based payments").

Provisions that are not yet expected to lead to an outflow of resources in the subsequent year are carried at the 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 20,299 thousand (previous year: EUR 44,319 thousand) is expected within the next two to five years and of EUR 824 thousand (previous year: EUR 664 thousand) for the period of more than five years.

4.12. Contract liabilities

Contract liabilities of EUR 8,950 thousand (previous year: EUR 8,339 thousand) reflect the Group's obligation to provide 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.

EUR '000	31 Dec. 2020	31 Dec. 2019
Current		
Liabilities to employees	8,120	10,545
Taxes other than income taxes	3,743	5,005
Other deferred income	–	419
Other	4,508	223
Total	**16,371**	**16,192**
Non-current		
Other deferred income	668	1,647
Liabilities to employees	409	464
Other	49	36
Total	**1,126**	**2,148**

The liabilities to employees essentially comprise liabilities arising from bonus agreements.

Current other liabilities include share-based payment arrangements relating to the sale of AutoScout24, FinanceScout24 and FINANZCHECK (see note 5.3 "Share-based payments").

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 5,472 thousand (previous year: EUR 5,227 thousand).

The described defined benefit obligations as of 31 December 2019 related exclusively to the entity AutoScout24 Italia S.R.L., which has since been sold (for details also see note 2.2. "Entities sold in the reporting period (discontinued operations)"); currently there are no defined benefit obligations in the Scout24 Group.

4.15. Equity

Subscribed share capital
The subscribed share capital amounts to EUR 105,700 thousand as of 31 December 2020 (previous year: EUR 107,600 thousand) and is divided into 105,700,000 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.

The Management Board of Scout24 AG was authorised by the Annual General Meeting on 8 June 2017 to redeem the shares purchased in accordance with the more detailed provisions of the resolution proposal of the Management Board and the Supervisory Board published in the Bundesanzeiger (German Federal Gazette) on 27 April 2017 under item 6 (Resolution on the authorisation to purchase treasury shares and to use these, if required excluding subscription rights) of the agenda of the Annual General Meeting of Scout24 AG without any further resolution of the Annual General Meeting. The shares may be redeemed without any further resolution of the Annual General Meeting.

Exercising the aforementioned authorisation, the Management Board of Scout24 AG resolved on 14 December 2020 to redeem 1,900,000 shares in Scout24 AG, which were also purchased by the Company exercising the authorisation resolved by the Annual General Meeting of Scout24 AG on 8 June 2017, by reducing the share capital by way of simplified capital reduction. This corresponds to approximately 1.77% of the share capital before the redemption and capital reduction.

The capital reduction after redemption of the shares and the corresponding amendment to the Articles of Association were entered in the commercial register on 26 January 2021.

On 18 June 2020, the Annual General Meeting of Scout24 AG authorised the Company's Management Board to reduce the share capital by redeeming shares in a simplified procedure after their purchase by Scout24 AG.

In order to reduce share capital by redeeming, in a simplified procedure, shares to be purchased, it is intended to reduce Scout24 AG's share capital by a total amount of up to EUR 30 million by redemption of fully paid-up shares still to be purchased by way of simplified redemption pursuant to Article 237 (3) No. 2, (4) and (5) AktG.

The shares to be redeemed will be purchased and redeemed by Scout24 AG in accordance with Article 71 (1) No. 6 AktG within a period to be determined by the Management Board, which begins no earlier than 1 February 2021 and ends no later than the end of 30 June 2021 ("execution period"). The purchased shares will be cancelled immediately.

The purpose of the capital reduction by redemption of shares is to repay part of the share capital to the shareholders following the sale of AutoScout24 GmbH.

Furthermore, the Supervisory Board was authorised to amend Article 4 (1) of the Articles of Association in accordance with the extent to which the capital reduction is implemented.

The corresponding resolution of the Annual General Meeting will become invalid in the event that the purchase of shares to be redeemed and the redemption are not carried out by the end of the execution period on 30 June 2021 at the latest.

A total of 97,836,291 shares are outstanding as of the reporting date (previous year: 105,162,959).

Shares outstanding	**Number**
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**
Purchase of treasury shares	-7,326,668
Issue of treasury shares	–
Balance at 31 Dec. 2020	**97,836,291**

Authorised capital

Authorised capital 2015

Pursuant to the Company's Articles of Association, the Management Board of Scout24 AG, Munich, was 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 generally had to be granted subscription rights in this context. However, the Management Board was authorised, with the approval of the Supervisory Board, to exclude such subscription rights in certain cases.

Authorised capital 2020

At the Annual General Meeting on 18 June 2020, new authorised capital 2020 was created in return for cash and/or non-cash contributions with the option to exclude subscription rights. This replaces the previous authorised capital 2015 under the Articles of Association, which would have expired on 3 September 2020 and will be cancelled upon registration of authorised capital 2020.

For authorised capital 2020, the Management Board was authorised, with the approval of the Supervisory Board, to increase the Company's share capital by up to EUR 32,280 thousand in one or more tranches up to (and including) 17 June 2025 by issuing new registered no-par value shares in return for cash and/or non-cash contributions. The shareholders must generally be granted subscription rights.

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 in Scout24 AG 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 obligation arises.

The Supervisory Board is authorised to amend the related wording in the Article 4 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 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 were 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 first tranche with a volume of EUR 150 million commenced on 2 September 2019 and ended on 31 January 2020.

Furthermore, the Management Board of Scout24 AG announced on 25 March 2020, exercising the aforementioned authorisation, that it would implement a further share buyback programme in the amount of up to EUR 690 million, building on the share buyback carried out until the end of January 2020. This corresponds to a volume of up to approximately 13,018,867 shares based on the closing price in Xetra trading on the Frankfurt Stock Exchange (as of 3 April 2020: EUR 53,00). In a first tranche, treasury shares of the Company with a value of EUR 490 million were repurchased via the stock exchange in the period from 6 April to 19 November 2020. The remaining volume of up to EUR 200 million is to be bought back as scheduled in 2021.

The Supervisory Board has approved the share buyback programme. The treasury shares are repurchased for legally permitted purposes.

Together with other shares that the Company has already purchased and still holds, the shares purchased as part of the share buyback programme will at no time account for more than 10% of the share capital.

A total of 7,326,668 shares in the Company were purchased in the course of the share buyback programme in the period from 1 to 31 January 2020 and from 6 April up to and including 19 November 2020. The transaction costs incurred amounted to EUR 128 thousand and were deducted from equity, taking into account the attributable tax effect (EUR 39 thousand).

Exercising the authorisation by the Annual General Meeting, the Management Board of Scout24 AG resolved on 14 December 2020 to redeem 1,900,000 shares in Scout24 AG, which were also purchased by the Company exercising the authorisation resolved by the Annual General Meeting of Scout24 AG on 8 June 2017, by reducing the share capital. This corresponds to approximately 1.77% of the share capital before redemption and capital reduction; for further information, also see the "Subscribed share capital" section.

The treasury shares were valued at a weighted average price of around EUR 67.14 per share withdrawn upon their cancellation.

Treasury shares developed as follows:

Treasury shares	Number	Tranche (EUR '000)	Transaction costs* (EUR '000)	Total (EUR '000)
Balance at 1 Jan. 2020	**2,437,041**	**129,507**	**64**	**129,571**
Purchase of treasury shares	7,326,668	513,430	89	513,519
Issue of treasury shares	-	-	-	-
Redemption of treasury shares	-1,900,000	-127,556	-	-127,556
Balance at 31 Dec. 2020	**7,863,709**	**515,380**	**153**	**515,534**

* Taking into account the tax effect.

The authorisation to purchase treasury shares of 8 June 2017 was renewed by Scout24 AG's Annual General Meeting of 18 June 2020 to the effect that the Company's Management Board was authorised until 17 June 2025 to purchase Scout24 AG treasury shares up to a total of 10% of the share capital at the time of the resolution or – if lower – at the time the authorisation is exercised. Together with other treasury shares held by Scout24 AG or attributable to Scout24 AG in accordance with Article 71a et seq. AktG, the shares acquired under this authorisation may not at any time exceed 10% of share capital.

The authorisation granted by Scout24 AG's Annual General Meeting of 8 June 2017 to purchase treasury shares pursuant to Article 71 (1) No. 8 AktG is revoked and replaced in full when this authorisation takes effect. This will not affect the authorisation by the Annual General Meeting of 8 June 2017 relating to the use of treasury shares of Scout24 AG.

Capital reserve

As of 31 December 2020, the capital reserve amounted to EUR 173,033 thousand (previous year: EUR 171,133 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 related to 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 pursuant to HGB of Scout24 AG for the year ended 31 December 2018, an amount of EUR 252,632 thousand was withdrawn from the capital reserve and transferred to retained earnings. The same reclassification was made in the IFRS consolidated financial statements in the first half of 2019.

In addition, as in the previous year, the capital reserve includes EUR 5,827 thousand in connection with share-based payment programmes implemented in previous years and the settlement in treasury shares.

As of 31 December 2020, an allocation was made to the capital reserve in the amount of the nominal value of the redeemed treasury shares (EUR 1,900 thousand) in accordance with Article 237 (5) AktG as part of the capital reduction described above.

Of the capital reserve, an amount of EUR 172,224 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 contain undistributed profits from previous financial years as well as the profit or loss for the reporting period (31 December 2020: EUR 3,049,733 thousand; previous year: EUR 904,083 thousand).

In the 2020 financial year, Scout24 AG transferred an amount of EUR 662 thousand to other retained earnings on the basis of a corresponding resolution by the Annual General Meeting.

The Management Board of the Company has resolved, with the approval of the Supervisory Board, to transfer 50% of the net profit for 2020 of Scout24 AG, which corresponds to EUR 1,282,253 thousand, to other retained earnings in accordance with Article 58 (2) Sentence 1 AktG.

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.

Other reserves
Other reserves as of 31 December 2020 contain currency translation differences (31 December 2020: EUR 1,063 thousand; 31 December 2019: EUR 1,059 thousand).

Furthermore, 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).

Dividends
Based on a corresponding resolution of the Annual General Meeting, in the 2020 financial year the Company paid a dividend of EUR 93,663 thousand (previous year: EUR 68,864 thousand) to its dividend-entitled shareholders, equivalent to EUR 0.91 (previous year: EUR 0.64) per dividend-entitled share.

The share capital entitled to dividends and thus the number of no-par-value dividend-entitled shares is based on Scout24 AG's share capital of EUR 105,700,000 divided into 105,700,000 no-par-value shares, less the no-par-value shares held by the Company that are not entitled to dividends (31 December 2020: 7,863,709 shares).

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. 2019	Cash		Non-cash	31 Dec. 2020
			Fair value changes	Other changes	
Liabilities from loans	825,739	-586,198	–	11,533	251,075
Other liabilities to banks from share buyback programmes	2,327	-2,327	–	–	–
Derivative financial instruments	2,094	–	-780	–	1,314
Lease liabilities	22,908	-5,487	–	51,029	68,450
Total	**853,068**	**-594,013**	**-780**	**62,563**	**320,838**

Furthermore, current financial liabilities from operating and investing activities amounting to EUR 11,401 thousand (previous year: EUR 1,705 thousand) were recognised as of 31 December 2020.

EUR '000	31 Dec. 2018	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**

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. The financial assets and financial liabilities held for sale as of 31 December 2019 were sold in the 2020 financial year.

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

It is assumed that reclassifications between the individual levels of the fair value hierarchy 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. 2020	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Fair value as of 31 Dec. 2020	Level of the fair value hierarchy
Assets							
Cash and cash equivalents	FAAC	177,663	177,663	–	–	n/a	
Trade receivables	FAAC	20,911	20,911	–	–	n/a	
Current financial assets		**1,564,788**	**6,540**	**–**	**1,558,248**		
Securities at FVTPL (level 1)	FAFVTPL	135,913	–	–	135,913	135,913	1
Securities at FVTPL (level 2)	FAFVTPL	1,344,426	–	–	1.344.426	1,344,426	2
Receivables from lease agreements	n/a	1,337	1,337	–	–	n/a	
Other receivables	FAAC	4.106	4.106	–	–	n/a	
Other securities	FAFVTPL	77,909	–	–	77,909	77,909	1
Other current financial assets	FAAC	1,097	1,097	–	–	1,092	2
Non-current financial assets		**12,983**	**12,983**	–	–		
Receivables from lease agreements	n/a	9,345	9,345	–	–	n/a	
Other non-current financial assets	FAAC	3,638	3,638	–	–	3,243	2
Equity and liabilities							
Trade payables	FLAC	13,250	13,250	–	–	n/a	
Current financial liabilities		**78,194**	**76,897**	–	**1,297**		
Lease liabilities	n/a	8,263	8,263	–	-	n/a	
Liability for contingent consideration	FLFVTPL	1,297	–	–	1,297	1,297	3
Other current financial liabilities	FLAC	68,635	68,635	–	–	69,889	2
Non-current financial liabilities		**254,046**	**252,732**	–	**1,314**		
Derivative financial instruments	FLFVTPL	1,314	–	–	1,314	1,314	2
Lease liabilities	n/a	60,187	60,187	–	–	n/a	
Other non-current financial liabilities	FLAC	192,545	192,545	–	–	190,116	2

EUR '000	Measurement category under IFRS 9	Carrying amount as of 31 Dec. 2020
Of which aggregated by IFRS 9 category		
Financial assets measured at amortised cost	FAAC	207,414
Financial liabilities measured at amortised cost	FLAC	274,429
Financial assets measured at fair value through profit or loss	FAFVTPL	1,558,248
Financial liabilities measured at fair value through profit or loss	FLFVTPL	2,611

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.

For the purpose of investing cash received from the sale of entities, Scout24 AG has had an investment fund set up that is largely invested in fixed-yield bonds. The investment fund was set up as a special fund and observes Scout24 AG's investment strategy, objectives and guidelines. The special fund was fully consolidated in the consolidated financial statements (for details see note 2.3. "Consolidation of a special securities fund set up for Scout24"). As of 31 December 2020, the special fund includes cash amounting to EUR 38,697 thousand that has not been invested in securities and is therefore reported under cash and cash equivalents.

The special fund's investments in securities are reported under current financial assets and allocated to the measurement category "Financial assets measured at fair value through profit or loss" (FAFVTPL). These are interest-bearing securities amounting to EUR 1,344,426 thousand assigned to level 2 of the fair value hierarchy. Furthermore, there are investments in securities in the special fund amounting to EUR 135,913 thousand that are assigned to level 1 of the fair value hierarchy. Certain securities of the special fund, which were initially allocated to the measurement category "Financial assets measured at fair value other comprehensive income (FAFVOCI)", were reclassified to the measurement category FAFVTPL in the course of the second half of 2020 due to a change in the assessment of the business model, retroactive as of the special fund's inception date.

Furthermore, current financial assets as of 31 December 2020 include receivables from lease agreements, short-term rent deposits and creditors with debit balances as well as a cash investment in money market funds amounting to EUR 77,909 thousand. Scout24 AG invests in two money market funds, which serve the short-term investment of cash received from the sale of entities. Due to the short-term maturity of these items, the carrying amount represents an appropriate approximation of their fair value.

Other receivables within current financial assets amounting to EUR 4,106 thousand include reimbursement claims for bonus payments in connection with the sale of AutoScout24, FinanceScout24 and FINANZCHECK (see note 5.3. "Share-based payments"). The reimbursement was made in January 2021. Due to the short remaining term of the receivable, the carrying amount at the reporting date approximates the fair value. The receivable is considered to be recoverable as of 31 December 2020.

The item non-current financial assets comprises the deferred transaction costs attributable to the revolving credit facility as well as non-current rent deposits of EUR 1,837 thousand as well as non-current receivables from lease agreements of EUR 9,345 thousand. As all inputs are directly or indirectly observable, the instruments are assigned to level 2. The fair value of the current and non-current long-term rent deposits were 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.

Current financial liabilities include liabilities from the promissory note loan issued in March 2018 in the amount of EUR 57,500 thousand and a liability from the special fund in the amount of EUR 9,640 thousand for securities transactions not settled as of the reporting date. The fair value of the liabilities from the promissory note loan 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. Revolving credit facility I, which was reported under current financial liabilities as of 31 December 2019, was initially increased by EUR 100,000 thousand to EUR 120,000 thousand and subsequently repaid in full on 1 April 2020.

Furthermore, the entity immoverkauf24 GmbH was acquired as of 1 July 2020. A contingent purchase price payment of a maximum of EUR 3,000 thousand was agreed, which is intended for properties already acquired and for sale on the platform (leads) prior to the purchase. The variable purchase price is paid quarterly at the end of each quarter depending on the leads sold. An amount of EUR 1,703 thousand was already paid out in the 2020 financial year. The fair value of the remaining portion of the contingent consideration amounted to EUR 1,297 thousand as of 31 December 2020 and was paid in January 2021.

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 July 2018 (term and revolving facilities agreement) and the non-current portion of the liabilities from the promissory note loans. 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. A repayment of EUR 200,000 thousand was made on Term Loan A in the first 2020 financial year. As a result, the loan amount as of 31 December 2020 comes to EUR 100,000 thousand. Furthermore, revolving credit facility II totalling EUR 315,000 thousand was repaid in full in the 2020 financial year. The promissory note loans of EUR 45,000 thousand subject to a floating interest rate were likewise repaid in full in the 2020 financial year. As a result, the non-current part of the promissory note loan had a nominal value of EUR 94,500 thousand as of 31 December 2020.

In addition, as of 31 December 2020, there are non-current liabilities from derivative financial instruments in the amount of EUR 1,314 thousand. These stem from the embedded interest rate floor of the term loan. The fair value of the interest rate floor, which is allocated to level 2 of the fair value hierarchy, is measured on a risk-free basis using a shifted Black-Scholes model and subsequently adjusted for credit risk using the add-on approach. Key inputs for the valuation are the yield curve of German government bonds, the three-month EURIBOR forward interest rates, volatility and maturity-dependent credit risk premiums.

The table below presents the reconciliation as of 31 December 2019 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. 2019	Amortised cost	Fair value through other comprehensiv e 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	17,905	–	–	n/a	
Current financial liabilities		**31,500**	**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**	**821,181**	**-**	**2,094**		
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

EUR '000	Measurement category under IFRS 9	Carrying amount as of 31 Dec. 2019
Of which aggregated by IFRS 9 category		
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

The liability for contingent consideration in connection with the acquisition of immoverkauf24 GmbH, which was assigned to level 3 of the fair value hierarchy, amounted to EUR 1,297 thousand as of 31 December 2020. The amount of the liability for contingent consideration depends on transactions with leads that had already been generated on the platform prior to the acquisition of immoverkauf24 GmbH. The liability for contingent consideration is set at a maximum of EUR 3,000 thousand and is paid out quarterly at the end of the quarter depending on the leads sold. An amount of EUR 1,703 thousand was already paid out in the 2020 financial year. The full amount of the remaining liability for contingent consideration of EUR 1,297 thousand was settled in January 2021. In view of the short time span, a sensitivity analysis is not presented. The table below shows an overview of changes in level 3 instruments (liability for contingent consideration) for the respective reporting period:

EUR ’000	2020	2019
Balance at the beginning of the period	**–**	**560**
New liabilities for contingent consideration	3,000	–
Settled liabilities for contingent consideration	-1,703	-560
Total for the period reported under other operating expenses/income	–	–
Balance at the end of the period	**1,297**	**–**
Changes in unrealised losses for the period included in gains/losses from liabilities held at the end of the period	–	–

The figures for the previous year shown in the table result from the acquisition of immosuma GmbH in 2018 and are consequently not related to the liability for contingent consideration existing as of 31 December 2020.

Net gains/losses

Net gains and losses were allocated as follows to the IFRS 9 categories in the financial year:

EUR ’000	Measurement category under IFRS 9	2020	2019
Financial assets measured at amortised cost	FAAC	-4,467	-900
Financial liabilities measured at amortised cost	FLAC	-11,969	-13,598
Financial assets and liabilities measured at fair value through profit or loss	FAFVTPL/FLFVTPL	9,698	-741
Recognised in profit or loss with respect to continuing operations	**Total**	**-6,738**	**-15,239**
Financial assets measured at fair value through other comprehensive income	FAFVOCI	-	-180
Recognised in other comprehensive income from continuing operations	**Total**	**-**	**-180**

The net gains and losses in the FAAC measurement category primarily include negative interest on credit balances, loss allowances for receivables and gains/losses on the derecognition of receivables. The net gain and losses in the FLAC measurement category include primarily the current interest expenses from applying the effective interest method to loan liabilities as well as the recognition through profit or loss of the accrued loan transaction costs. Expenses and income from financial derivatives as well as expenses and income from the securities of the special fund are reported in the net gains and losses of the FAFVTPL/FLFVTPL measurement category.

The interest expenses from applying the effective interest method for financial liabilities measured at amortised cost amounted to EUR 12,033 thousand (previous year: EUR 13,592 thousand).

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:

EUR '000	31 Dec. 2020	31 Dec. 2019
	Trade receivables	Trade receivables
Gross amount of financial assets	28,777	37,638
Gross amount of financial liabilities netted in the statement of financial position	-7,866	-6,397
Net amount of financial assets presented in the statement of financial position	20,911	31,241
Amounts not presented on a net basis in the statement of financial position		
Financial instruments	–	–
Collateral received	–	–
Net amount	**20,911**	**31,241**

b) Financial liabilities

The following financial liabilities were netted in the statement of financial position.

EUR '000	31 Dec. 2020	31 Dec. 2019
	Trade payables	Trade payables
Gross amount of financial liabilities	21,116	24,303
Gross amount of financial assets netted in the statement of financial position	-7,866	-6,397
Net amount of financial liabilities presented in the statement of financial position	13,250	17,905
Amounts not presented on a net basis in the statement of financial position		
Financial instruments	–	–
Collateral received	–	–
Net amount	**13,250**	**17,905**

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 in particular in connection with the newly set up and fully consolidated special fund, which is invested in interest-bearing and non-interest-bearing securities, as well as from 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.

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;
- the probability 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 expected credit losses approach for trade receivables based on lifetime expected losses. The expected losses are calculated on the basis of the customer's 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 expected credit losses per maturity band were calculated using historical credit loss experience over the past three years. Scout24 calculated the expected credit losses with respect to the number of days past due. For details on the effects of Covid-19, see note 1.3. "Effects of Covid-19" and note 4.2. "Trade receivables".

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 expected credit losses.

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 2020	Up to 1 year	1–3 years	3–5 years	More than 5 years	Total
Non-derivative financial instruments	**83,312**	**192,671**	**2,000**	**-**	**277,983**
Trade payables	13,250	-	-	-	13,250
Financial liabilities	70,062	192,671	2,000	-	264,734
Lease liabilities	**8,986**	**16,824**	**16,099**	**29,637**	**71,547**
Derivative financial instruments	**552**	**841**	**-**	**-**	**1,393**

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**

The above table shows the future undiscounted cash outflows (interest and principal) with respect to the existing financial liabilities. The amounts are not reconcilable with the amounts in the statement of financial position; only the amounts for trade payables are reconcilable since these are not discounted due to immateriality. Future cash outflows based on variable interest rates were determined by applying forward interest rates on the basis of the EURIBOR yield curve as of 31 December 2020.

In order to avoid short-term liquidity risks within the Group, a Group-wide cash pool is in place between Scount24 AG and most of its subsidiaries. Short-term fund transfers within the Group lead to lower financing costs at the subsidiaries. In addition, Scout24 AG has extended the contractual agreements for revolving credit facility II by one year until 15 July 2022 (see note 4.10. “Financial liabilities”).

Currency and interest rate risk

The Group is exposed to immaterial currency risks only. 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 (CHF) in the 2019 financial year. Foreign currencies were exchanged to euros in the first quarter of 2020, so there is no potential impact on earnings from foreign currency appreciations or devaluations as of 31 December 2020. A sensitivity analysis was performed for the Swiss franc in the previous year. An increase and decrease in the respective currency by +10% and –10% respectively was 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. 2020		31 Dec. 2019	
	Exchange rate change		Exchange rate change	
Effect on earnings before tax	-10%	10%	-10%	10%
CHF	-	-	-102	124

There were no effects on other comprehensive income.

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 2020, the risk comprises EUR 100,000 thousand (previous year: EUR 680,000 thousand).

Based on the simulations carried out, the Group determines the effects on profit or loss of defined interest rate changes. The scenarios are analysed for liabilities, which represent the main portion of the interest-bearing liabilities, and for the securities of the special fund. Given an assumed change in the market interest rate as of the respective reporting date of +100 or -50 base points, the following effects would arise on earnings before tax:

EUR '000	31 Dec. 2020		31 Dec. 2019	
	Change in market interest rate Base points		Change in market interest rate Base points	
Effect on earnings before tax	-50	+100	-50	+100
Non-derivative financial instruments	2,249	-33,295	2,946	-6,215
Derivative financial instruments	-1,141	1,314	-3,009	2,094

Scout24 AG invests in listed and unlisted equity securities through the special fund that was set up. Consequently, Scout24 is exposed to a market price risk stemming from the uncertainty of future developments in the value of these securities. A value-at-risk analysis indicates with a 99% confidence interval a maximum risk of loss of EUR 34,864 thousand for an assumed holding period of one year.

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 basically 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. In the financial year 2020 and probably in 2021, the objective deviates from this to the inflow of significant cash and cash equivalents from the sale of AutoScout24, FinanceScout24 and FINANZCHECK. In both financial years, the objective is to distribute the surplus liquidity to the shareholders via dividend payments or capital measures.

The capital structure is monitored by the CFO based on monthly 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:

EUR '000	31 Dec. 2020	31 Dec. 2019
Financial liabilities incl. lease liabilities	-332,240	-854,774
Cash and cash equivalents	177,663	65,574
Net financial liabilities	**-154,577**	**-789,200**

The ratio of net debt to ordinary operating EBITDA for the last twelve months is less than 1 due to the inflow of significant cash and cash equivalents from the sale of AutoScout24, FinanceScout24 and FINANZCHECK and is therefore not meaningful. 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 (covenant) in the financial year.

5.3. Share-based payments

2016 and 2017 programmes
The 2016 and 2017 programmes were fully disbursed in the 2020 financial year. The amount disbursed totalled EUR 6,612 thousand.

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, with the other 50% subject 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 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.

Modification for AutoScout24 and FINANZCHECK programme participants

The LTIP was modified in the first half of 2020 due to the sale of AutoScout24, FINANZCHECK and FinanceScout24. For the AutoScout24 and FINANZCHECK programme participants, the retention share units (RSUs) vested by 31 March 2020 (closing date of the AutoScout sale) were paid out under the conditions applicable prior to modification; the share price of EUR 56 as of 31 March 2020 was used for valuation purposes. Retention share units (RSUs) will not continue to vest after 31 March 2020. The performance share units (PSUs) vested by 31 March 2020 were also paid out under the conditions applicable prior to modification; the share price as of 31 March 2020 was used for valuation purposes). The pay-outs for the PSUs and RSUs took place in the second quarter of 2020 and totalled EUR 12,985 thousand.

AutoScout24 and FINANZCHECK participants are entitled to the remaining PSUs if they are still in an employment relationship with these entities on 31 March 2021. A performance factor of 100% and the share price as of the cut-off date of 31 March 2020 are to be applied in the valuation as of 31 March 2021. As of 31 December 2020, the total obligation amounts to EUR 7,055 thousand and is borne by Scout24 AG.

Modification for ImmoScout24 and Scout24 AG programme participants

For ImmoScout24 and Scout24 AG participants, the valuation of the shares was split into two periods:

For the period between the start of the programme and 31 March 2020 (pre-closing period), revenue and ordinary operating EBITDA were used as performance factors applicable for said period in the valuation. The amount for the pre-closing period will be paid out at the end of the programme on the basis of the share price prevailing at that time. For the members of the Management Board, this share price is applied, while for participants who are not members of the Management Board, the share price at the end of the programme is applied if higher than the share price on 31 March 2020.

For the period between 1 April 2020 and the end of the programme (post-closing period), the performance factors revenue and ordinary operating EBITDA have been adjusted for growth in continuing operations and, for share price performance, to that of peer group companies in the MDAX.

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 –0.76% and –0.73%. 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 23.02% to 25.07% 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 0% to 26% was assumed depending on the term to maturity for measurement purposes. With respect to the ordinary operating EBITDA growth targets, target achievement of 0% was assumed for measurement purposes. When determining the personnel expenses to be recognised in the financial year, an appropriate mark-down was applied for staff turnover.

The total obligation comes to EUR 34,630 thousand as of 31 December 2020.

The total number of shares held in the scope of the long-term incentive programme is as follows as of 31 December 2020:

(in '000)	LTIP
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**
Issued	6.7
Exercised[1]	33.0
Forfeited	56.3
Payment within the scope of modification for AutoScout24 and FINANZCHECK programme participants	257.0
Number of shares on 31 Dec. 2020	**992.6**

[1] Shares settled in the course of reorganisation measures.

Total personnel expenses of EUR 14,768 thousand (previous year: EUR 35,540 thousand) were recognised for all share-based payment programmes described above. The total carrying amount of liabilities arising from share-based payments came to EUR 41,685 thousand as of 31 December 2020 (previous year: EUR 49,098 thousand).

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 2.2.), 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. The MPP was fully disbursed in the amount of EUR 10,520 thousand in the first quarter of 2020 and EUR 4,106 thousand in the first quarter of 2021, subject to the relevant programme conditions. The payment in the first quarter of 2021 was reimbursed by Hellman & Friedman, due to which the financial assets as of 31 December 2020 include a reimbursement claim of Scout24 in the amount of EUR 4,106 thousand in connection with the bonus payments.

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.[28] 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 venture	Total for discontinued operations	SUMAUTO MOTOR S.L. (associate)
	2020			2020	
Services rendered and other income	1	-	1	-	-
Services received and other expenses	-175	-	-175	-15	-15
	31 Dec. 2020			31 Dec. 2020	
Receivables	3	-	3	-	-
Liabilities	-	-	-	-	-

The extent of business relationships with related party entities in the 2019 financial year is presented in the table below:

EUR '000	Total for continuing operations	Associate	Joint venture	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

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.

[28] See note 2.2 "Entities sold in the reporting period (discontinued operations)".

Management Board

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

- Tobias Hartmann, Chief Executive Officer (Chair of the Management Board), Munich.
- Dr. Dirk Schmelzer, Chief Financial Officer, Munich.
- Ralf Weitz, Chief Commercial Officer, Berlin.
- Dr. Thomas Schroeter, Chief Product Officer, Berlin.

The members of the Management Board held the following offices within the Group:

Tobias Hartmann:

Entity	Office	Length of service
Immobilien Scout GmbH	Member of the Supervisory Board	since November 2018
Scout24 Beteiligungs SE	Member of the Management Board	since December 2019

Dr. Dirk Schmelzer:

Entity	Office	Length of service
Immobilien Scout GmbH	Member of the Supervisory Board	since July 2019
Consumer First Services GmbH	Managing Director	since July 2019
Scout24 Beteiligungs SE	Member of the Management Board	since December 2019

Ralf Weitz:

Entity	Office	Length of service
Immobilien Scout GmbH	Managing Director	since April 2018
Consumer First Services GmbH	Managing Director	since July 2018
Immobilien Scout Österreich GmbH	Managing Director	since July 2019

Dr. Thomas Schroeter:

Entity	Office	Length of service
Immobilien Scout GmbH	Managing Director	since May 2017
Consumer First Services GmbH	Managing Director	since July 2018

The following members of the Management Board held further comparable external offices:

Tobias Hartmann: Zur Rose Group AG, Frauenfeld, Switzerland, and SGS SA, Geneva, Switzerland.
Dr. Thomas Schroeter: Andreas und Thomas Schroeter Beteiligungsgesellschaft mbH, Hamburg.

The following table shows the compensation of the Management Board in accordance with IAS 24:

EUR '000	2020	2019
Short-term benefits	3,633	3,567
Post-employment benefits	125	125
Other long-term benefits	–	–
Termination benefits	–	–
Share-based payments	2,942	11,883
Total	**6,701**	**15,575**

For individualised disclosures also see the compensation report.

Agreements have been concluded between Immobilien Scout GmbH, a subsidiary of Scout24 AG, and Homeday GmbH, Berlin, on the placement of real estate listings and the intermediation of customer leads. The wife of a member of Scout24 AG's Management Board is Chief Operating Officer of Homeday GmbH. In the 2020 financial year, revenue of EUR 1,124 thousand were recognised from the cooperation and costs of EUR 130 thousand expensed. The agreements were concluded at arm's length conditions. The member of Scout24 AG's Management Board was not involved in conclusion of the agreement.

Member of the Supervisory Board

Upon conclusion of the Annual General Meeting on 18 June 2020, the term of office of all members of the Supervisory Board ended. Dr. Hans-Holger Albrecht, Mr. Christoph Brand, Mr. Frank H. Lutz, Mr. Peter Schwarzenbauer and Mr. André Schwämmlein were elected to the Supervisory Board of Scout24 AG for a further term of office of four years. Ms. Ciara Smyth stepped down from the Supervisory Board with effect from the end of the Annual General Meeting 2020. Dr. Elke Frank was elected as new member to the Supervisory Board of Scout24 AG.

As of 31 December 2020, the Supervisory Board comprises the six individuals listed below who hold the following further offices.

Name Function	Profession exercised	Member since	Appointed until	Other board positions in 2020 (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, United Kingdom	21 June 2018, last elected on: 18 June 2020	AGM 2024	• Ice Group ASA, Oslo, Norway (Chair of the Board of Directors) • VEON Ltd, Hamilton, Bermuda (non-executive member of the Board of Directors)
Frank H. Lutz	CEO of CRX Markets AG, Munich, Germany	30 August 2019, last elected on: 18 June 2020	AGM 2024	• Bilfinger SE, Mannheim, Germany (member of the Supervisory Board)
Christoph Brand	CEO of Axpo Holding AG, Baden, Switzerland	30 August 2019, last elected on: 18 June 2020	AGM 2024	• Centralschweizerische Kraftwerke AG, Lucerne, Switzerland (member of the Board of Directors) • GfM Schweizerische Gesellschaft für Marketing, Zurich, Switzerland (member of the Management Board);
André Schwämmlein	CEO of FlixMobility GmbH, Munich, Germany	30 August 2019, last elected on 18 June 2020	AGM 2024	
Peter Schwarzenbauer	Former member of the Board of Management of BMW AG, Munich, Germany	8 June 2017, last elected on: 18 June 2020	AGM 2024	• UnternehmerTUM GmbH, Munich, Germany (member of the Supervisory Board) • Lunewave, Inc., Tucson (AZ), United States (member of the Advisory Board) • Mobility Impact Partners LLC, New York, United States (member of the Advisory Board)
Dr. Elke Frank	Member of the Management Board of Software AG, Darmstadt, Germany	18 June 2020	AGM 2024	• Fraunhofer-Institut für Arbeitswirtschaft und Organisation IAO, Stuttgart, Deutschland, eine Einrichtung der Fraunhofer-Gesellschaft zur Förderung der angewandten Forschung e. V., Munich, Germany (member of the Board of Trustees)
Ciara Smyth	Strategy consultant, Dublin, Ireland	21 June 2018	Stepped down as of 18 June 2020	

As of 31 December 2020, 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 outlays. 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 762 thousand in the 2020 financial year (previous year: EUR 515 thousand). For individualised disclosures, 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 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 presents a list of the published transactions in the first half of 2020:

Notifying party	Notification dated	Date of transaction	Nature of transaction	Price in EUR (aggregated)	Volume in EUR (aggregated)
Dr. Dirk Schmelzer (member of the Management Board)	4 Dec.2020	4 Dec.2020	Purchase	62.097	49,677.60
Tobias Hartmann (member of the Management Board)	4 Dec.2020	4 Dec.2020	Purchase	62.05	111,690.00
André Schwämmlein (member of the Supervisory Board)	17 Jun. 2020	16 Jun. 2020	Purchase	67.50	101,250.00
Dr. Thomas Schroeter (member of the Management Board)	20 Jan. 2020	17 Jan. 2020	Purchase	61.55	141,565.00
Dr. Thomas Schroeter (member of the Management Board)	20 Jan. 2020	17 Jan. 2020	Sale of virtual shares – transaction under employee stock option plan	59.65	894,750.00

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 operating segment. 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 previous financial year, the Scout24 Group had structured its business operations in three operating segments within the meaning of IFRS 8: ImmoScout24, AutoScout24 and Scout24 Consumer Services. As of 1 January 2020, the reporting structure was modified such that the products and solutions of the third operating segment, Scout24 Consumer Services, were integrated into the ImmoScout24 segment and the AutoScout24 segment sold on 1 April 2020, thus transitioning from a three-segment to a two-segment structure.

Since closing of the transaction for the sale of the shares in AutoScout24, FinanceScout24 and FINANZCHECK, the following segment structure applies from 1 April 2020; the previous year's figures have been restated accordingly:

Residential Real Estate

- Business with residential real estate partners, i.e. real estate agents primarily offering residential properties for sale or rent, property managers that regularly enter into new leases, and finance partners, e.g. savings banks, with estate agent activities
- Business with consumers who directly offer properties for sale or rent and who are looking for or have looked for rental properties (using services such as credit checks and/or premium membership)
- Business with removal companies to whom ImmoScout24 sells moving leads.

Business Real Estate

- Business with real estate agents who primarily offer commercial properties for sale or rent
- Business with real estate project developers and new home builders that market new construction projects

Media & Other

- Business with advertisers who place advertisements on the ImmoScout24 marketplace
- ImmobilienScout24 Austria
- The subsidiary FlowFact (real estate agent CRM software)

The entity immoverkauf24 GmbH, which was acquired on 1 July 2020, operates the real estate portal "immoverkauf24", which advises and supports home sellers in the sale of their properties. immoverkauf24 operates digital platforms in Germany, Austria and Switzerland. The business activities of immoverkauf24 will be integrated into Scout24's Residential Real Estate segment and developed further alongside the business providing leads for home seller mandates. For details, see note 2.1. "Entities acquired in the reporting period".

The accounting principles for segment reporting are generally the same as those used for external financial reporting purposes; for details, see note 1.7. "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, 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 and other non-operating effects. In the reporting period, non-operating effects within continuing operations amounted to EUR –14,049 thousand (previous year: EUR –45,681 thousand).

The scope of transactions between segments was immaterial.

The key indicators applied by Scout24 to assess the performance of its segments are as follows:

SEGMENT INFORMATION

EUR '000		External revenue	Ordinary operating EBITDA
Residential Real Estate	2020	253,397	160,109
	2019	244,891	154,816
Business Real Estate	2020	69,137	49,222
	2019	69,612	48,858
Media & Other	2020	30,988	11,979
	2019	35,266	13,921
Total, reportable segments	**2020**	**353,523**	**221,310**
	2019	**349,769**	**217,595**
Central group functions/consolidation/other	2020	300	-9,000
	2019	-31	-8,254
Total, consolidated	**2020**	**353,822**	**212,310**
	2019	**349,737**	**209,340**

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.

The following table shows the reconciliation of the Group's ordinary operating EBITDA and EBITDA to earnings before tax from continuing operations under IFRS:

EUR '000	2020	2019
Ordinary operating EBITDA	**212,310**	**209,340**
Non-operating effects	-14,049	-45,681
of which share-based payments	-6,954	-29,036
of which M&A transactions	-1,538	-7,260
of which reorganisation	-4,544	-9,274
of which other non-operating effects	-1,013	-111
EBITDA	**198,261**	**163,660**
Depreciation, amortisation and impairment losses	-51,506	-54,211
Profit/loss from investments accounted for using the equity method	112	-733
Other financial result	-4.987	-14,507
Earnings before tax	**141,880**	**94,210**

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	2020 External revenue	2019 External revenue
Germany	343,746	340,704
Other countries	10,077	9,033
Total, consolidated	**353,822**	**349,737**

EUR '000	2020 Non-current assets	2019 Non-current assets
Germany	1,720,797	1,670,984
Other countries	16,612	17,024
Total, consolidated	**1,737,409**	**1,688,008**

5.6. Other financial obligations

The table below shows other financial obligations as of the reporting dates:

EUR '000				31 Dec. 2020				31 Dec. 2019
	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	14,849	14,849	-	-	9,961	9,366	538	57
Other obligations	139	137	2	-	–	–	–	–
Total	**14,988**	**14,986**	**2**	**-**	**9,961**	**9,366**	**538**	**57**

For financial obligations from rental and lease agreements, see note 4.6. "Assets and liabilities from leasing agreements".

5.7. Contingent liabilities

In the 2019 financial year, Scout24 AG issued a declaration to the lessor of FFG Finanzcheck Finanzportale GmbH in connection with the conclusion of a new lease agreement to assume responsibility for current and future obligations of the lessee under the lease agreement.

By purchase agreement dated 17 December 2019, Scout24 sold 100% of the shares in AutoScout24 GmbH and FINANZCHECK Finanzportale GmbH as well as the business operations of FinanceScout24 to the financial investor Hellman & Friedman. The transaction was closed on 1 April 2020. For more detailed information, see note 2.2. "Entities sold in the reporting period (discontinued operations)".

As part of the purchase agreement, it was agreed that the buyer would assume any obligations arising from the aforementioned declaration. Based on past experience, the Company does not expect any claims to arise from this declaration in the future.

5.8. 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 HGB:

EUR '000	2020
Audit services	504
Other assurance services	41
Tax advisory services	-
Other services	-
Total	**545**

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. Moreover, reviews of interim financial statements were also integrated into the audit, along with assurance engagements relating to IT-supported accounting-related systems. Other assurance services comprise the fee for reviewing the non-financial reporting of Scout24 AG.

5.9. Events after the reporting period

For the 2020 financial year, the Management Board proposes to the Supervisory Board the payment of a dividend of 0.70 Euro per ordinary share. This corresponds to 50% of adjusted net profit and a dividend payout of EUR 68.5 million. The precise amount of the dividend per share depends on the planned capital reduction and share buybacks.

Scout24 AG is preparing to change its legal form into a European Company (Societas Europaea, SE). The shareholders of Scout24 AG will decide on the measure at the next Annual General Meeting, which is expected to take place on 8 July 2021. The change of legal form is intended to underline Scout24's positioning as a future-oriented European technology company. The SE is a supranational, European legal form that is an excellent fit for a modern and internationally oriented company with an international employee structure. The previous structure of the separation of the supervisory board and the management board will remain in place. The shareholders of Scout24 AG automatically become shareholders of Scout24 SE. Shareholder rights or financial reporting will also not be affected by the conversion. The legal form of the SE allows the co-determination structures to continue. The change of legal form is not expected to have any effects on the customers and employees of Scout24 AG. The registered office of the company will remain in Munich.

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 2020.

5.10. List of shareholdings held by Scout24 AG pursuant to Article 313 (2) Nos. 1 to 4 HGB

EUR '000		Currency	%	Full consolidation (F) Equity method (E) 31 Dec. 2020
Scout24 Beteiligungs SE [1]	Bonn (Germany)	EUR	100.00%	F
Consumer First Services GmbH [1; 2]	Munich (Germany)	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
immoverkauf24 GmbH	Hamburg (Germany)	EUR	100.00%	F
immoverkauf24 GmbH Österreich	Mödling (Austria)	EUR	100.00%	F
Energieausweis48 GmbH	Cologne (Germany)	EUR	50.00%	E
eleven55 GmbH	Berlin (Germany)	EUR	25.00%	E
Scout24 special securities fund[4]	n/a	EUR	n/a	n/a

[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 2019 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.
[4] In the case of the consolidated structured entity, Scout24 determines the main relevant activities, even in the absence of an equity investment, and thereby influences its own variable returns.

5.11. German Corporate Governance Code

The Management Board and the Supervisory Board of Scout24 AG have issued a declaration of conformity with the German Corporate Governance Code (Article 161 AktG), which was published on the website of Scout24 AG in February 2021.

5.12. Date of release for publication

The Company's Management Board will release the consolidated financial statements on 16 March 2021 for publication and forwarding to the Supervisory Board. The Supervisory Board will adopt a decision on 19 March 2021 concerning the approval of the consolidated financial statements, which will be published on 25 March 2021.

Munich, 16 March 2021

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, 16 March 2021

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 Combined Management Report

OPINIONS

We have audited the consolidated financial statements of Scout24 AG, Munich, and its subsidiaries (hereafter 'the group'), which comprise the consolidated statement of financial position as at 31 December 2020, 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 2020 to 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the report on the situation of the company and the Group (hereafter 'group management report') for the financial year from 1 January 2020 to 31 December 2020. 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 2020, and of its financial performance for the financial year from 1 January 2020 to 31 December 2020, and
- the accompanying group management report as a whole provides an appropriate view of the group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our 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 2020 to 31 December 2020.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Recoverability of goodwill and the trademark ImmoScout24

For further information on the applied accounting principles and policies, please refer to section 1.7 of the notes to the consolidated financial statements. Disclosures with respect to the amount of goodwill and trademark 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 2020, the consolidated statement of financial position of Scout24 AG included goodwill at an amount of EUR 712.6 million and the ImmoScout24 trademark with an indefinite useful life at an amount of EUR 877.4 million. With 45.2%, these amounts represent a considerable portion of total assets.

Goodwill is tested for impairment annually and when there is an indication for impairment. The basis for the identification of 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 operating segments of Scout24. Due to the disposal of the AutoScout24 segment and significant activities of the Consumer Services segment which were operated by FFG FINANZCHECK Finanzportale GmbH and its subsidiaries as of April 1, 2020, Management Board of Scout24 implemented a new segment structure in the second quarter 2020. This resulted in a reallocation of goodwill of EUR 692.7 million to the three new operating segments Residential Real Estate, Business Real Estate and Media & Other. As of December 31, 2020, the Residential Real Estate segment reported goodwill of EUR 536.9 million, the Business Real Estate segment goodwill of EUR 145.1 million, and the Media & Other segment goodwill of EUR 30.6 million.

The determination of fair values is complex and is based on several discretionary assumptions. These include the expected sales and earnings development of the operating segments for the next five years, the assumed long-term growth rates and the discount rate used.

Due to its indefinite useful live, the recoverability of the ImmoScout24 trademark must also be tested annually and when there are indications of impairment. Since the ImmoScout24 trademark contributes to the future cash flows of all operating segments, the trademark was defined as a corporate asset in accordance with IAS 36.100 ff. The carrying amount of the trademark was allocated to the cash-generating units proportionately based on expected development of earnings and, together with goodwill, was tested for impairment at the level of the segment.

As a result of the impairment tests performed as of 31 December 2020, the group did neither identify any impairment for goodwill nor for the ImmoScout24 trademark. For all operating segments, the group's sensitivity calculation did not indicate any impairment in case of a variation of each of the key assumptions deemed possible.

There is the risk for the financial statements that an impairment existing on the reporting date was not 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 group's valuation model. We evaluated the expected sales and earnings development in the business plann for 2021 prepared by Management Board and approved by the Supervisory Board. For the years 2022 to 2025, the extrapolation based on the approved plan for 2021 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 with the assessments of external analysts. Furthermore, we assessed the consistency of the assumptions with external market assessments by comparing the market capitalisation of Scout24 as per the valuation date with the results of the impairment test.

We also assessed the group's planning accuracy by comparing the business plans for previous financial years of the former operating segment ImmobilienScout24 with the actual results of the operating segments Residential Real Estate and Business Real Estate as a total and analysed deviations. We compared the assumptions and parameters underlying the discount 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 are within acceptable ranges.

For the assessment of the mathematically and conceptually appropriate execution of the underlying valuation method, we tested the valuation of the company using our own models and analysed deviations.

Based on the sensitivity analyses carried out by Scout24, we determined as to whether a change deemed possible 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 the trademark 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 the trademark for impairment is appropriate and consistent with the applicable valuation principles.

The underlying assumptions and parameters of the group are 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, a contract was signed for the sale of 100% of the shares in AutoScout24 GmbH and FFG FINANZCHECK Finanzportale GmbH to a fund. The subject of the sale was all business activities of the Auto-Scout24 segment, including the "FinanceScout24" brand, as well as significant activities of the Consumer Services segment, which were operated by FFG FINANZCHECK Finanzportale GmbH and its subsidiaries. The share transfer and thus the transfer of control of these business activities to the buyer resulting in the deconsolidation of these business activities in the consolidated financial statements of Scout24 took place on 1 April 2020.

The disposal resulted in a derecognition of assets in the amount of EUR 641.8 million and liabilities in the amount of EUR 111.0 million as of 1 April 2020, as well as in a deconsolidation gain in the amount of EUR 2,303.5 million.

The determination of the carrying amounts of the assets and liabilities derecognised as of 1 April 2020, the correct recognition of expenses and income from the operating activities of the divested business activities up to the deconsolidation date, the correct determination of the deconsolidation gain, and the correct presentation of cash flows in the statement of cash flows are complex.

There is a risk for the consolidated financial statements that the deconsolidation gain of the sold business activities is not determined appropriately, and that the deconsolidation is not presented appropriately.

Furthermore, there is a risk that the explanatory disclosures on discontinued operations in the notes to the consolidated financial statements are not sufficiently detailed and appropriate.

Our audit approach
As part of our audit, we first assessed whether the requirements for deconsolidation according to IFRS 10 are met. For this purpose, we assessed the contractual agreements and reconciled the determination of the purchase price with the contractual agreements. In this context, we reconciled the cash receipts with the bank statements and traced the correct presentation of the related cash flows in the cash flow statement.

We assessed whether the carrying amounts of the assets and liabilities of the discontinued operations as of 1 April 2020 have been determined in accordance with IFRS 5. These audit procedures also included the assessment of the correct timing of the allocation of expenses and income until April 1, 2020 and their correct allocation to discontinued and continuing operations. We are satisfied that the allocation of expenses and income to discontinued and continuing operations was made correctly, taking into account the continuing business relationships.

We have reconciled the deconsolidation of the disposal group in the consolidation system of Scout24 and the correct derivation of the deconsolidation gain as well as the correct presentation of the related cash flows in the cash flow statement.

We have also assessed whether the notes to the discontinued operations are sufficiently detailed and appropriate.

Our observations
The calculation of the deconsolidation gain and the presentation of the deconsolidation of the business activities of the AutoScout24 segment, including the "FinanceScout24" brand, and the activities of the Consumer Services segment, which were operated by FFG FINANZCHECK Finanzportale GmbH and its subsidiaries, have been carried out appropriately. The explanations in the notes to the consolidated financial statements on discontinued operations are sufficiently detailed and appropriate.

OTHER INFORMATION

Management Board respectively the Supervisory Board are responsible for the other information. The other information comprises:

- the separate non-financial group report, to which reference is made in the group management report,
- the corporate governance statement referred to in the group management report, and
- the information contained in the Group management report that is not part of the management report and is marked as unaudited.

The other information also includes the other parts of the annual report. The other information do not include the consolidated financial statements, the audited content of the group management report, or our audit opinion thereon.

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.

If, based on our work, we conclude that there has been a material misstatement of such other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT BOARD AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

Management Board 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 Board 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 Board 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 Board 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 Board 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 Board and the reasonableness of estimates made by Management Board and related disclosures.
- conclude on the appropriateness of Management Board'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 Board in the group management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by Management Board 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

REPORT ON THE AUDIT OF THE ELECTRONIC REPRODUCTION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT PREPARED FOR DISCLOSURE PURPOSES IN ACCORDANCE WITH SECTION 317 (3B) HGB

In accordance with Section 317 (3b) of the German Commercial Code (HGB), we have performed a reasonable assurance audit to determine whether the reproductions of the consolidated financial statements and the group management report (hereinafter also referred to as "ESEF documents") contained in the file

„SCOUT24_ESEF_YE2020.ZIP“
(SHA256-HASHWERT: 2ABAF167395FC08F67946496FA9F711D067F9DD1BF02D73355CCFDD73F70B1A9),

which can be accessed in a protected storage space set up by the issuer, and prepared for the purpose of disclosure comply in all material respects with the requirements of Section 328 (1) of the German Commercial Code (HGB) regarding the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit extends only to the conversion of the information in the consolidated financial statements and the group management report into the ESEF format and therefore does not extend to the information contained in these reproductions or to any other information contained in the aforementioned file.

In our opinion, the reproductions of the consolidated financial statements and the group management report contained in the above-mentioned file and prepared for disclosure purposes comply, in all material respects, with the requirements of § 328 (1) HGB regarding the electronic reporting format. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying group management report for the fiscal year from January 1 to December 31, 2020 contained in the preceding "Report on the audit of the consolidated financial statements and the group management report", we do not express any audit opinion on the information contained in these reproductions or on the other information contained in the aforementioned file.

We conducted our audit of the reproductions of the consolidated financial statements and the group management report contained in the above-mentioned attached file in accordance with Section 317 (3b) of the German Commercial Code (HGB) and in compliance with the draft IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for Disclosure Purposes in Accordance with Section 317 (3b) of the HGB (IDW EPS 410). Our responsibility thereunder is further described below. Our auditing practice has complied with the quality assurance system requirements of the IDW Quality Assurance Standard: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1).

Management Board is responsible for the preparation of the ESEF documents containing the electronic reproductions of the consolidated financial statements and the group management report in accordance with section 328 (1) sentence 4 no. 1 HGB and for the certification of the consolidated financial statements in accordance with section 328 (1) sentence 4 no. 2 HGB.

Furthermore, Management Board is responsible for the internal controls as they deem necessary to enable the preparation of the ESEF documents that are free from material non-compliance, whether due to fraud or error, with the requirements of Section 328 (1) HGB regarding the electronic reporting format.

Management Board is also responsible for submitting the ESEF documents together with the auditor's report and the accompanying audited consolidated financial statements and audited group management report as well as other disclosable documents to the operator of the German Federal Gazette (Bundesanzeiger).

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of Section 328 (1) HGB. During the audit, we exercise professional judgment and maintain a critical attitude. In addition, we

- identify and assess the risks of material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- obtain an understanding of internal control relevant to the audit of the ESEF 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 those controls.
- evaluate the technical validity of the ESEF documentation, i.e. whether the file containing the ESEF documentation meets the requirements of Delegated Regulation (EU) 2019/815, as amended at the date of the financial statements, regarding the technical specification for that file.
- assess whether the ESEF documents provide a consistent XHTML representation of the audited consolidated financial statements and the audited group management report.
- assess whether the markup of the ESEF documents with inline XBRL technology (iXBRL) enables an adequate and complete machine-readable XBRL copy of the XHTML reproduction.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the annual general meeting on 18 June 2020. We were engaged by the Supervisory Board on 12 November 2020. 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, 17 March 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft

Original German version signed by:

signature Schmidt	signature Ehlert
Wirtschaftsprüfer (German Public Auditor)	Wirtschaftsprüfer (German Public Auditor)

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 regulations, 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 at the corresponding place in the report.

The special items used to calculate some alternative performance measures arise from the integration of acquired businesses, restructuring 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 WWW.SCOUT24.COM/REPORTING-2020
- and under WWW.SCOUT24.COM/EN/INVESTORS/FINANCIAL-REPORTS-PRESENTATIONS

In case of any divergence between the two reports, the German version shall have precedence over the English translation.

Publication details

Investor Relations
Ursula Querette
Phone +49 89 26202 4939
E-mail ir@scout24.com

Scout24 AG
Bothestrasse 13–15
81675 Munich
Germany
Phone +49 89 26202 492-0
E-mail info@scout24.com
www.scout24.com

Photos