

Independent Auditor's Report

To Scout24 AG, Munich

Report on the Audit of the Annual Financial Statements and of the Management Report

Opinions

We have audited the annual financial statements of Scout24 AG, Munich, which comprise the balance sheet as of 31 December 2018, and the statement of profit and loss for the financial year from 1 January 2018 to 31 December 2018, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Scout24 AG, Munich, which has been combined with the group management report of the Scout24 Group, for the financial year from 1 January 2018 to 31 December 2018. We have not audited disclosures extraneous to management reports which have been included in the combined management report and which have been marked as unaudited.

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

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of 31 December 2018 and of its financial performance for the financial year from 1 January 2018 to 31 December 2018 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the disclosures extraneous to management reports which have been included in the combined management report and which have been marked as unaudited.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the 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 Annual Financial Statements and of the Management Report” section of our auditor’s report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 January 2018 to 31 December 2018. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

■ Mergers of Scout24 Holding GmbH and Scout24 Services GmbH with Scout24 AG

For further information on the applied accounting principles and policies please refer to section 3.1.2 of the notes to the annual financial statements. Information on the mergers can be found in section 3.1.1 of the notes.

THE FINANCIAL STATEMENT RISK

By merger agreement dated 20 March 2018 Scout24 Services GmbH was merged into the sole shareholder Scout24 Holding GmbH with legal effect as of the merger date 1 January 2018. In addition, Scout24 Holding GmbH was merged with the sole shareholder Scout24 AG by merger agreement dated 13 April 2018 also with legal effect as of the merger date 1 January 2018.

The sequential merger was reflected in the annual financial statements of Scout24 AG in accordance with the principles of a simultaneous merger, whereby the book value of the derecognized shares in Scout24 Holding was distributed between Scout24 Services GmbH and Scout24 Holding GmbH in accordance with their relative fair values. The merger of Scout24 Services GmbH at book values resulted in a merger gain of EUR 1.5 million.

The merger of Scout24 Holding GmbH into Scout24 AG in accordance with the acquisition cost principle led to the recognition of hidden reserves in the acquired net assets of Scout24 Holding GmbH amounting to EUR 858.2 million, which were allocated to the shares in other affiliated companies acquired in the course of the merger. The amount of the total acquisition costs for the upward merger corresponded to the (proportionate) book value of the derecognized shares in the transferring legal entity and limited the amount of hidden reserves revealed in the transferred net assets. Scout24 AG consulted an external expert to determine the fair values of the transferred shares in affiliated companies.

The valuation of the transferred shares in affiliated companies at fair value is complex and is based on discretionary assumptions of the Management Board. The main assumptions relate to the sales planning and margin development of the associated companies, the long-term growth rates and the cost of capital.

There is a risk for the annual financial statements that the sequential merger will not be reflected in accordance with the accounting regulations under German commercial law. There is also the risk that net assets transferred to Scout24 AG through the merger of Scout24 Holding GmbH may have been valued incorrectly.

OUR AUDIT APPROACH

In the course of the audit of the mergers, we acknowledged the merger agreements and inspected the entry in the commercial register. We also assessed the admissibility of the presentation of the sequential merger as a simultaneous merger in accordance with the corresponding accounting principles under German commercial law.

We have assessed the transfer of the assets and liabilities of Scout24 Services GmbH by acquisition on Scout24 AG with regard to their correctness with regard to the complete takeover of the book values of the assets and liabilities as of the merger date in the annual financial statements of the acquiring legal entity, Scout24 AG.

In assessing the results of the expert opinion on the valuation for the acquired shares in affiliated companies, we used our findings from the audit of the investment valuations. With the involvement of our valuation specialists, we assessed, among other things, the appropriateness of the significant assumptions and the calculation method used by the Company. To this end, we discussed the expected business and earnings development, as derived from the planning prepared by the Management Board and approved by the Supervisory Board, as well as the assumed long-term growth rates with those responsible for planning. In addition, we assessed the consistency of the assumptions with external market assessments at Group level by comparing the market capitalisation of Scout24 AG as of the valuation date with the results of the investment valuations.

We also assessed the Company's planning accuracy by comparing projections for previous financial years with the actual results realised and analysed deviations. We compared the assumptions and parameters underlying the capitalization 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 the assumptions of Scout24 AG lie within reasonable ranges.

In order to ensure the arithmetical correctness of the valuation models used, we have reproduced the company's calculations on the basis of risk-oriented selected elements. Finally, we compared the carrying amounts of the shares in affiliated companies, which were determined after recognition of hidden reserves and taking into account the total acquisition costs, with the fair values determined.

OUR OBSERVATIONS

The sequential merger was properly accounted for in accordance with the accounting and valuation regulations under German commercial law.

Valuation of the provision for the long-term incentive program (LTIP)

For further information on the applied accounting principles and policies please refer to the notes to the annual financial statements in note 3.1.2. Information on the mergers can be found in section 3.2 in the notes.

THE FINANCIAL STATEMENT RISK

As of 31 December 2018 provisions for share-based payments amounting to EUR 18.2 million were recognised in the annual financial statements of Scout24 AG. Of this amount, EUR 11.3 million relates to the share-based compensation for the Management Board and senior executives (LTIP) granted in fiscal year 2018.

For cash-settled share-based payments, provisions must be recognized in accordance with the relevant regulations if the recognition requirements are met. The valuation of the provision for the LTIP is complex and is based on discretionary assumptions of the Management Board. Scout24 AG relied on an external expert to assess the provision using a Monte Carlo simulation. The main assumptions relate to the volatility of the shares of Scout24 AG and the peer group companies, the expected sales and earnings growth as well as the fluctuation rates of the plan participants.

The risk for the annual financial statements is that the provision is incorrectly valued. There is also the risk that the information in the notes to the financial statements is incomplete and inappropriate.

OUR AUDIT APPROACH

With support of our valuation specialists, we assessed the appropriateness of the key assumptions and the valuation process. To this end, we first gained an understanding of the LTIP conditions by interviewing employees in the finance department and evaluating the relevant contracts. In addition, we compared the assumptions used for sales and earnings growth with the corporate planning prepared by the Management Board and approved, re-

spectively acknowledged, by the Supervisory Board. We have compared the fluctuation rates of the plan participants with historical data from a comparable plan.

We assessed the competence, abilities and objectivity of the independent expert commissioned by Scout24 AG. In order to ensure the arithmetical correctness of the valuation model, we have reconstructed the calculations on the basis of risk-oriented selected elements. We ensured the accuracy of the quantity structure by taking a sample and inspecting supporting documentation.

In order to take account of the existing forecast uncertainty, we examined the effects of possible changes in sales and earnings trends and fluctuation rates on the provision amount by calculating alternative scenarios and comparing them with the company's figures.

OUR OBSERVATIONS

The valuation model used to measure the provision is appropriate. The underlying assumptions are generally balanced and appropriate. The corresponding disclosures in the notes are appropriate.

Other Information

Management is responsible for the other information. The other information comprises the disclosures extraneous to management reports which have been included in the combined management report and which have been marked as unaudited.

Our opinions on the annual financial statements and on the 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 management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Annual Financial Statements and the Management Report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting

Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company'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, provided no actual or legal circumstances conflict therewith.

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

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

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

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual 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 annual financial statements and on the 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 annual financial statements and this 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 annual financial statements and of the 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 controls.

- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 annual financial statements and in the 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 Company to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

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

Other Legal and Regulatory Requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on 21 June 2018. We were engaged by the supervisory board on 21 June 2018. We have been the auditor of Scout24 AG without interruption since the financial year 2016.

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

German Public Auditor Responsible for the Engagement

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

Hamburg, 18 March 2019

KPMG AG

Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Schmidt
Wirtschaftsprüfer
[German Public Auditor]

Jordan
Wirtschaftsprüferin
[German Public Auditor]