Combined management and Group management report of Scout24 Group and Scout24 AG

Note to the reader

As per February 12, 2014, Scout24 Group under the former holding company Scout24 Holding GmbH, Munich ("Scout24 Holding") underwent a change in ownership. Asa Hold-Co GmbH, Munich, (merged with Willis Lux Holdings 2 S.à r.l. in February 2016), whose ultimate shareholders are investment funds who are advised by affiliates of Hellman & Friedman LLC and The Blackstone Group L.P., acquired 70 percent of the shares in the Company from Deutsche Telekom AG, Bonn. As part of the transaction, Scout24 Holding became a wholly-owned subsidiary of Asa NewCo GmbH ("Asa NewCo", now: Scout24 AG, Munich). As one result of these changes, Scout24 AG, Munich had a short financial year from November 8, 2013 to March 31, 2014. The next financial year comprised the nine-month period from April 1, 2014 to December 31, 2014. The comparable figures for the consolidated financial statements of Scout24 AG for the 2015 financial year consequently comprise the nine-month period from April 1, 2014 until December 31, 2014, which limits the direct comparability of the financial statements.

In order to provide for an appropriate annual comparison given the complex financial history and considering the business performance and economic situation of Scout24, some parts of the present report refer to the period of January 1, 2014 to December 31, 2014. These data represent the sum of financials from the audited consolidated financial statements of Scout24 Holding GmbH for the from January 1, 2014 until March 31, 2014, and the financials from the audited consolidated financial statements of Asa NewCo GmbH for the period of April 1, 2014 to December 31, 2014. In addition to this annual report, an overview of the data is also available under „Scout24 Financial Highlights“ or in the Investor Relations/Financial Publications/Financial Highlights section of our corporate website.

The financial statements of Scout24 Holding and Asa NewCo for the first calendar quarter 2014 are substantially identical except for certain transaction costs in the amount of EUR 15.0 million, which burden not only operational costs but also EBITDA, as well as the operative expenses of Asa NewCo, in an amounting of EUR 0.9 million. In addition, amortization of intangible assets stemming from purchase price allocations, which are not to be attributed to the EBITDA or to the ordinary operating EBITDA, amounting to EUR 6.3 million were accounted for in the period of February 12, 2014 to March 31, 2014 in the financial statements of Asa NewCo for this period.

These items are not included in the financial statements of the Scout24 Holding as of January 1, 2014 to March 31, 2014. Nevertheless, the operational business was conducted by the Scout24 Holding in this period, so that from the Management Board‘s perspective the selected presentation gives a true and fair view of the business segments in particular.

Sections 2.2 "Group business trends" and 2.3. "Segment trends" focus as a consequence on the comparison of the summed financial information for 2014 („full 2014 year“) and the 2015 financial year. The presentation of the results of operations, financial position and net assets and its development in chapter 2.4 is based on the financial statements and as such on the comparable period of April 1, 2014 to December 31, 2014.

The management report should be read in conjunction with the consolidated financial statements and the additional disclosures.

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.

1. Fundamentals of the Group

1.1. Business model and business lines

Scout24 Group (referred to as "Scout24" or the "Group") is a leading operator of digital marketplaces dedicated to the real estate and automotive sectors in Germany and other selected European countries. Our aim is to facilitate the consumer's journey of finding a new home or buying a new car by making it a simple, efficient and stress-free process. To that end, we seek to maintain liquidity in terms of both audience and content on our marketplaces.

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

The products and services of our platforms are designed to meet the needs of the respective target groups, whether they are searching for or listing real estate and automotive vehicles, or advertising on our platforms. As a consequence, we generate revenues from the listing of classifieds as well as from non-listing revenues through the sale of additional tools for real estate agents, advertising, lead generation and value chain products. In terms of listing products, we offer three different models to our customers: a membership model, a listing package model, and a pay-per-listing model.
We primarily operate our business through two well-known and popular brands, ImmobilienScout24 ("IS24") and AutoScout24 ("AS24"), which also represent our main segments.

ImmobilienScout24
IS24 offers a paid listing platform to real estate professionals and private listers (home owners and tenants looking for their next tenant) where buyers and renters can search for their next home. To real estate professionals IS24 also provides additional services for acquiring and managing their customers. Consumer (meaning aspiring buyers or renters) inquiries and searches for homes translate into traffic, which drives the lead generation for professionals and private listers. IS24 as well provides assistance to consumers amongst others through valuation, credit check, relocation, mortgage financing and insurance services.

IS24 is the leading digital real estate classifieds platform in Germany in terms of consumer traffic and engagement as well as customer numbers and listings.[1] In Austria, we also operate a leading vertical real estate market place with our portals ImmobilienScout24.at and Immobilen.net. IS24 is the first choice among digital real estate classifieds platforms for 62% of consumers.[2] In 2014, the term "Immobilienscout24" was among the top five search terms on google.de.[3]

AutoScout24

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

AS24 is a European automotive classifieds leader (management‘s estimate based on listings and UMVs) with No. 1 market positions in Italy, Belgium (including Luxembourg) and the Netherlands, as well as a No. 2 position in Germany, all based on listings.[4] AS24 also operates in the fragmented Austrian, Spanish and French markets and offers local language versions of the marketplace in 10 additional countries.

AS24 has an aided brand awareness of 87% and unaided brand awareness of 50% among Internet users aged between 18 and 65 in Germany.[5] In Italy, AS24 has an aided brand awareness of 56% and an unaided brand awareness of 32%. In Belgium, AS24 has an aided brand awareness of 61% and an unaided brand awareness of 49%. In the Netherlands, AS24 has an aided brand awareness of 69% and an unaided brand awareness of 30% in the respective peer group respectively.[6]

Corporate

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

Non-core operations

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

↘ 1 Based on Unique Monthly Visitors (“UMV”) for traffic and total time spent for engagement, comScore December 2015 (desktop only for traffic and desktop and mobile for engagement), management estimates
↘ 2 GfK Brand & Communication Research, September 2015
↘ 3 https://www.google.de/trends/topcharts
↘ 4 Autobiz, December 2015
↘ 5 Norstat, December 2015
↘ 6 Vocatus, 2014

1.2. Corporate structure

Change of name and corporate form

In the third quarter of the 2015 financial year, the major preparations were realised for the stock market listing on October 1, 2015. With a shareholder resolution dated September 4, 2015, and with effect as of September 10, 2015, Asa NewCo GmbH, Munich, was converted into a public stock corporation (in German: "Aktiengesellschaft", abbreviated as "AG"). At the same time, the Company was renamed from Asa NewCo GmbH, Munich, to Scout24 AG, Munich.

Group structure

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

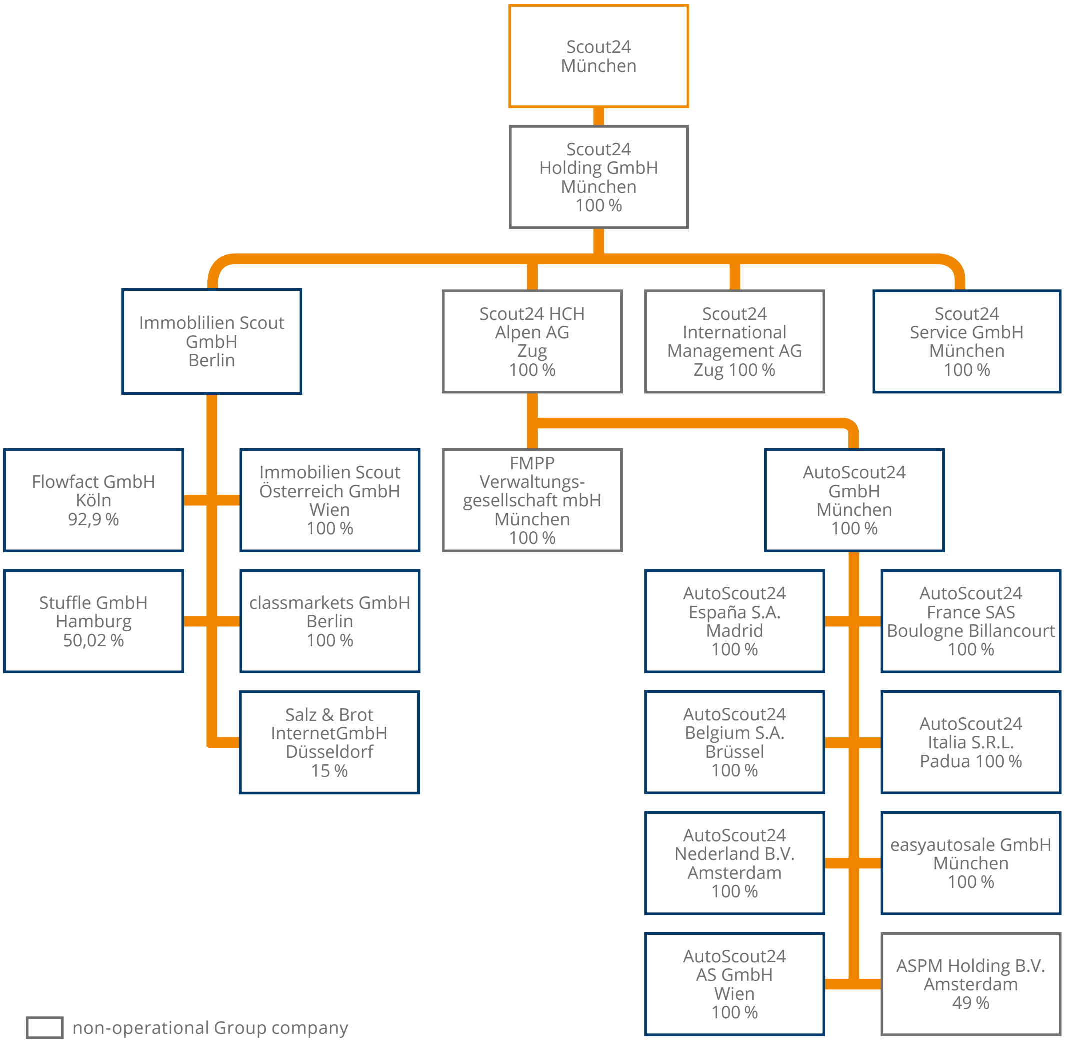
On April 16, 2015, AutoScout24 GmbH, Munich, acquired 100% of the shares in easyautosale GmbH, Munich (referred to as "easyautosale").

On September 8, 2015, Immobilien Scout GmbH, Berlin, acquired 100% of the shares in classmarkets GmbH, Berlin (referred to as "classmarkets").

On June 22, 2015 Immobilien Scout GmbH, Berlin, sold its entire equity interest in PropertyGuru Pte. Ltd., Singapore.

To further streamline the Group structure Immobilien Scout Deutschland GmbH, Frankfurt/Main, Scout24 Verwaltungs- und Beteiliungsgesellschaft mbH, Munich, and Scout Business Services GmbH, Munich, were merged into Scout24 Holding GmbH, Munich, and FS FlowFact GmbH, Cologne, was merged into FlowFact GmbH, Cologne in August 2015. The mergers were realised at carrying amounts.

The following presentation provides (in a simplified form) an overview of the direct and indirect investments of the Scout24 Group and Asa NewCo as of December 31, 2015:



Management and control

Scout24 AG is managed as a management holding company. As of the balance sheet date, Scout24 AG holds indirect interests in 16 operating subsidiaries, which are fully consolidated in the consolidated financial statements, as well as in two companies accounted for using the equity method.

The Management Board of Scout24 AG is comprised of two members. The Management Board is responsible for the Group's strategy and management. Greg Ellis is responsible for the operational functions sales, marketing, IT of IS24 and AS24, human resources, corporate communications, strategy, business development as well as mergers and acquisitions; Christian Gisy, as the chief financial officer, is responsible for the functions of finance, controlling, investor relations, treasury, legal and compliance, risk management and internal control system as well as procurement. The Supervisory Board, comprising

Additional disclosures to the individual financial statements of Scout24 AG
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Compensation Report
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nine members, advises the Management Board on managing the Company and supervises its conduct of business. The Supervisory Board is involved in all decisions of fundamental importance to the Company. In particular it reviews and approves and the annual financial statements and the management reports and reports to the Annual General Meeting on the results of this assessment. The Supervisory Board comprises representatives of strategic investors of Scout24 AG as well as independent industry experts. The remuneration of the Management and Supervisory Boards as well as the incentive and bonus systems are described in the compensation report of the notes to the consolidated financial statements (as part of chapter 6.5.5). The compensation report also forms part of the combined management and Group management report.

Takeover-relevant information according to Section 289 (4), Section 315 (4) of the German Commercial Code (HGB) as well as additional disclosures to the individual financial statements of Scout24 AG as integral parts of the combined management report are provided in chapter 6.2 and 7, respectively.

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

Initial Public Offering

Since October 1, 2015, the shares of Scout24 AG have been listed in the Prime Standard segment of the Frankfurt Stock Exchange. Scout24 AG has been a constituent of Germany's SDAX equity index since December 21, 2015. Further details regarding the initial public offering and the share price performance are included in the "Investor Relations" chapter, and are also available up-to-date in the Investor Relations/Shares section of our corporate website.

1.3. Strategy

Our classifieds revenues are not directly dependent on the number of completed housing transactions or car sales, but on the amount and duration of listings of its customers and thus, in particular, the online marketing spend of real estate professionals and car dealers. It is vital for Scout24 to preserve its leading positions in terms of both traffic and engagement to remain attractive for listing customers. A high volume of listings and a large number of users are mutually reinforcing as providers and users tend to prefer the marketplace that has the most liquid market, and is consequently the most efficient. Accordingly, we will continuously strive to introduce new features and functionalities to our websites to offer the best user experience. Moreover, brand awareness will be increased through the efficient use of marketing spending. We plan to optimize the value proposition and the use of our classifieds portals for customers through attractive pricing models and additional services. Being a leader in user traffic and engagement, we are well positioned to benefit from the large adjacencies that expand our market and growth opportunities far beyond the core classifieds business, be it the entire property purchase or rental process or the automotive value chain. Our focus is on sustainable and profitable growth as well as on a sustainable increase of our company value.

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

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

The target value for our leverage ratio (the ratio of ordinary operating EBITDA to net debt according to the definition of the current syndicated loan agreement) is 2.50:1. We plan no dividend payment before achieving this target. As soon as the requirements have been fulfilled, and under consideration of our profitability, cash flow and planned investments, we will ensure proper participation by shareholders by means of dividends or otherwise.

1.4. Control system

In line with our strategy, we have designed our internal management system, and defined appropriate performance indicators. We differentiate between financial and non-financial performance indicators in measuring our success in implementing our strategy. Compared to last year, the non-financial performance indicator "brand awareness" is no longer taken into account for management purposes.

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

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

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

Performance indicators

Based on our focus on sustainable and profitable growth, as well as sustainably growing our Company value, our most important performance indicators at both Group and segment level are revenues, EBITDA[7] and ordinary operating EBITDA[8].

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

In line with our strategy, the financial success of our portals is determined essentially by the number of listings, as well as user traffic and engagement. The most important auxiliary indicators at segment level are consequently the number of listings, particularly compared to competitors, as well as key user traffic and engagement data. In addition, we examine the revenues of main customer groups and related performance indicators, such as numbers of customers and the average revenue per customer ("ARPU").

ImmobilienScout24

- The **number of listings** shows the inventory of all real estate listings on the respective website as of a certain record date (as a general rule end of month).

- **UMV (unique monthly visitors)** refers to the monthly unique visitors visiting the website via desktop PC or visiting the website via desktop PC, mobile devices or apps (multi-platform), as the case may be, regardless of how often they visit during the relevant month and (for multi-platform metrics) regardless of how many platforms (desktop and mobile) they use.[9]

- **Revenues from core agents** refer to revenues derived from IS24 core agents' purchases of memberships under the membership model, including all services provided under these new contracts. Revenues from core agents also include purchases of listing services under the listing package-based pricing model and all other services provided under these contracts for those core agents not yet transitioned to the membership model.

- **Revenues from other agents** refer to revenues derived from real estate professionals who are not core agents, and include IS24 promotions, the IS24 commercial real estate marketplace, pay-per-ad revenues, revenues from FlowFact (our customer relationship management software for real estate professionals) and non-listing revenues.

- **Other revenues** consist of revenues derived from private listings, revenues generated from direct consumer monetization (including credit checks and valuation services), lead generation revenues derived from services offered for relocation, financing and mortgages, revenues from ad sales not directly related to real estate and other sundry revenues.

- **Core Agents** are defined as real estate professionals in Germany who have a package or bundle contract with IS24. The number of core agents is defined as the number of real estate professionals as of period end who either have a package or a bundle contract at the period end.

↘ 7 EBITDA is defined as profit before financial results, income taxes, depreciation and amortization, impairment write-downs and the profit/loss from disposals of subsidiaries
↘ 8 Ordinary operating EBITDA represents EBITDA adjusted for non-operating and special effects
↘ 9 Data source: comScore

- **Core agent ARPU** in Euro per respective period is calculated by dividing the revenues generated by our core agents in the respective period by the average number of core agents at the beginning and the end of such period, and further dividing by the number of months in the period.

Autoscout24:

- **Number of listings** of a country represents the total number of new and used cars and vans on a certain record date (as a rule by mid-month) on the respective website.[10]

- **UMV (unique monthly visitors)** refers to the monthly unique visitors visiting the website via desktop PC or visiting the website via desktop PC, mobile devices or apps (multi-platform), as the case may be, regardless of how often they visit during the relevant month and (for multi-platform metrics) regardless of how many platforms (desktop and mobile) they use. The UMV for Benelux/Italy represent the aggregate of the UMVs for Belgium, the Netherlands, Luxembourg and Italy.[11]

- **Revenues from core dealers** refer to revenues derived from AS24 core dealers' purchases of listing services under the listing package-based model and all other related products purchased by such dealers.

- **Revenues from other dealers** refer to revenues from AS24 commercial vehicle market dealers, dealers from Spain, Austria and France, revenues generated through our GaragePortal and for other services for dealers such as platform interfaces. In addition, revenues from easyautosale are included.

- **Other revenues** consist of revenues derived from AS24 private listings and advertising sales (primarily from OEMs).

- The **number of core dealers** is defined as the total number of professional car and motorcycle dealers who have either a package or bundle contract to advertise their car or motorcycle listings on AS24 market websites as at period end.

- **Core dealer ARPU** in Euro per respective period is calculated by dividing the revenues generated by our AS24 core dealers in the respective period by the average number of core dealers at the beginning and the end of such period, and further dividing by the number of months in the period.

1.5. Research and development

Based on the OneScout24 approach our product development is decentralized and set up in the IS24 segment and the AS24 segment respectively, but operating in line with same principles. In the 2015 financial year it was started to migrate the AS24 platform to a common platform with IS24. Part of this project could be concluded in 2015 already.

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

10 Data source: autobiz
11 Data source: comScore

effort. Interdisciplinary teams focusing on the needs of different customer groups and users provide for more freedom, initiative and responsibility in the product development.

Having grown large as classic desktop-Internet company, due to a stringent mobile-first strategy, more than 65 percent of the total of IS24 and AS24 traffic nowadays comes through mobile channels.[12] The mobile individual increasingly searches property and cars while underway. Smartphones and tablets are replacing home desktop PCs to an ever great extent. In order to support and improve the user experience on all relevant digital devices, the focus of product development lies on native applications for smartphones, and responsive designs for all other devices.

We strive to permanently design new products that cater for the needs of our private and professional customers. For example, vendors are supported during the insertion process and in presentation of their object by the best possible product and services. In 2015 AS24 introduced among others the insertion via mobile apps and the "express-sale". IS24 developed the private contact manager to enable easy administration of received contact inquiries to private landlords and sellers. The products developed undergo regular in-house user tests in UX („User Experience“) research labs so that this experience flows into product optimization, too.

Development expenses are capitalized as internally-generated intangible assets, the amount of research expenses was insignificant and is recognized in the income statement. In 2015, EUR 10.6 million of development expenses were capitalized (previous year: EUR 4.9 million). The year-on-year increase in costs is due to a technical improvement of the AS24 platform as well as the Group-wide harmonization of software development costs capitalisation and thus the first capitalisation of development costs for internally-generated software in the IS24 segment since mid-2014 (amounting to EUR 8.1 million in 2015 compared to EUR 3.1 million in 2014).

Amortisation of internally-generated intangible assets amounted to EUR 0.6 million in the 2015 financial year and EUR 0.2 million in the nine-month period from April 1 to December 31, 2014, respectively. Due to the change in ownership of Scout24 Group on February 12, 2014, all of the internally-generated intangible assets until that date were transferred to the fixed assets of Scout24 AG, were measured as part of the purchase price allocation, and consequently reported here as part of the amortization of intangible assets stemming from purchase price allocations.

1.6. Corporate Social Responsibility

It is our ambition to use our digital and technological competencies in the best way possible in order to provide state-of-the-art online marketplaces. In doing so, we help our users‘ property and car dreams come true in a simple, efficient and stress-free manner – this is the key to our sustainable success.

This success is substantially determined by our performances and values. We therefore documented our values in the behavioural code - our code of conduct. This shows that we act

↘ 12 Management estimates, based on the sum of IS24 and AS24 platform visitors (not reduplicated) via mobile devices, mobile optimized websites and applications in relation to the sum of total visitors monitored by own Traffic Monitor, December 2015 as responsible employer and business partner and are committed players for a sustainable community. Our code of conduct is available on our website under the section Investor Relations/Corporate Governance/Code of Conduct.

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

We treat data absolutely confidential and we communicate professionally
We protect the data of our customers, business partners and employees by treating this data responsibly, and using it only in accordance with the law.

We value the diversity and the commitment of our employees and do not tolerate any discrimination against them
We promote a motivational and respectful working environment where our employees may apply their entire potential. We aim to attract, support and retain highly qualified and committed employees at Scout24. We are sure that we are enriched by the diversity of our colleagues as well as their differing points of view and skills. We guarantee a safe work environment and comply with local applicable laws and regulations regarding workplace health and safety as well as all laws regarding equal opportunities and equal professional development for all employees. We do not tolerate any form of discrimination, harassment, and threatening or hostile or abusive behaviour in our workplaces. Similarly, we do not tolerate false or malicious statements or actions, which could harm our customers, employees, and shareholders of the Scout24 Group or the community. It is our aim, and we have the necessary procedures to resolve any problems respectfully, confidentially and quickly.

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

2. Report on Economic Position

2.1. Macroeconomic and sector-specific environment

Macroeconomic trends

Scout24 is active in the real estate sector in Germany and Austria as well as in the automotive sector in Germany, Italy, Belgium (including Luxembourg), the Netherlands, Spain, France and Austria, thus in the Eurozone. Germany remains the main market of Scout24, with 85% of revenues generated in Germany in the 2015 financial year.

Germany is the largest economy in Europe with a gross domestic product of EUR 3.0 trillion in 2015. The economic situation in Germany in 2015 was marked by stable and continuous economic growth registering 1.7% year-on-year GDP growth. The main drivers are the favourable labour market situation (up 0.8% to 329,000 more employed persons compared to 2014) and higher consumer spending (+1.9% in private consumer spend and +2.8% in state consumer spend as compared to the previous year).[13] Based on an anticipated recovery in sales markets outside the Eurozone and a continuation of slightly firmer economic growth in the Eurozone, this moderate growth trend will continue in subsequent years, according to a forecast by the Deutsche Bundesbank, which sees gross domestic product growing by 1.8% in real terms in 2016, and by 1.7% in 2017.[14]

This trend in the Eurozone is expected to be similar, according to the „Eurozone Economic Outlook" published by the Association of Three Leading European Economic Institutes. According to the publication on January 12, 2016 the average increase of GDP in 2015 is forecast to be 1.5% in real terms. In the Eurozone, too, consumer demand from private households is to be the main driver of this growth. The moderate upturn will continue in 2016, with a forecast increase of 0.4% in GDP in both the first and second quarters of 2016.[15] Besides the positive macroeconomic backdrop, the relevant economic parameters for online marketplaces support our business model. Internet penetration in Germany has increased rapidly over the last decade. The development, in parallel, of a diverse array of digital media and e-commerce websites and mobile apps has promoted the use of the Internet as a fixture of German consumers' lifestyles. In total, 85% of the population in Germany used the Internet for private purposes in the first quarter 2015 (2014: 83%). A total of 70% of the users went online via mobiles, reflecting 7% year-on-year growth. A total of 89% used the Internet in searching for information on goods and services.[16]

According to a study by AS24, 7 out of 10 individuals interested in new or used cars search online for information before visiting a car dealer.[17] In Europe, 83% of private households had Internet access in 2015, a rise of 2 percentage points to the previous year.[18] This trend is increasingly having an influence on the allocation of marketing budgets. In Germany, the share of total advertising expenditures allocated by marketers to newspapers declined from 39.7% in 2005 to 25.1% in 2015 and is expected to decline further to 21.6% in 2018. By contrast, the share of online has increased from 4.9% of total advertising expenditures in 2005 to 27.0% in 2015. In 2015, online advertising expenditure was already 15.4% higher than TV marketing budgets. Online advertising expenditure is expected to continue to increase its share and reach 31.9% in 2018.[19] Car dealers are also investing more in online advertising,

↘ 13 German Federal Statistical Office, First Annual Results of January 14, 2016
↘ 14 Deutsche Bundesbank, Outlook for the German Economy, monthly report, December 2015
↘ 15 Eurozone Economic Outlook of January 12, 2016
↘ 16 German Federal Statistical Office, Private Households in the Information Society - Use of Information and Communication Technology, 2014 and 2015 surveys
↘ 17 puls market research, November 2015
↘ 18 Eurostat, Internet penetration – households, enquiry on January 22, 2016
↘ 19 ZenithOptimedia, Advertising Expenditure Forecasts, December 2015

with 54.2% of total ad expenditures comprising online advertising in 2015, compared with just 36.6% in 2014. Although the online share has almost doubled from 28.5% in 2011 to 54.2%, over one third of the dealers expect a further rise in 2016.[20]

German residential property market trends

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

A total of 575,000 sale transactions were realised in the residential property market in 2014. This figure is anticipated to grow by 1.7% to around 585,000 sale transactions in 2015, according to the most recent forecast from GEWOS on September 14, 2015. Based on ongoing high demand, which is supported by positive economic developments, relatively high security of employment and from favourable interest terms, GEWOS expects transaction volumes in the residential property market to grow by approximately 5.9% in 2015 compared to 2014. For 2016, a further increase of sales transactions is expected.

Germany is characterised by a highly fragmented agent population with a total of approximately 33,900 real estate agents.[21] According to Scout24 assessments, the market is in a consolidation phase, resulting in a reduction of agents being active in the market by approximately 10% in 2015 despite increasing transaction volumes. This development is partly driven by the so-called "Bestellerprinzip" (as per the "Mietrechtsnovellierungsgesetz" (German Rental Law Amendment Act [MietNovG]) newly introduced in June 2015, as well as in line with the trend towards professionalization among more advanced real estate markets. In particular smaller agent business are affected by those developments, so that Scout24 for the first time in ten years observes a declining number of agent businesses in Germany.

European automotive market trends

Germany is the largest automotive market in Europe with a total number of registered passenger cars of 44.4 million in 2014[22] and total sales of EUR 156 billion from new and used cars transactions.[23] Approximately 7.3 million used cars changed hands in 2015, which is approximately 3.7% more than in 2014, according to the German Federal Office for Motor Transport. A total of approximately 3.2 million new cars have been registered in 2015, an increase of 5.6% compared to 2014.[24] The German automotive market will continue to grow at a stable rate next year, according to the German Federation for Motor Trades and Repairs . It forecasts 3.2 million of new car registrations and 7.3 to 7.4 million changes in car ownership in 2016.[25]

Italy is Europe‘s second largest automotive market (excluding Russia) with approximately 37.5 million cars registered.[26] Volumes of new and used cars sold in Italy have historically declined compared to pre-crisis levels, driven in large part by an economy still struggling to emerge from a prolonged recession. Given this, the average number of online car classifieds listings fell by 8.2% in 2014. The Italian car market has nevertheless recovered over the last year, and the number of total online car classifieds listings experienced slight growth of 1.5%.[27]

↘ 20 puls market research, November 2015
↘ 21 OC&C, Management estimates
↘ 22 Kraftfahrt-Bundesamt (German Federal Office for Motor Transport)
↘ 23 DAT, 2015
↘ 24 Kraftfahrt-Bundesamt, vehicle registrations in December 2015, January 2016
↘ 25 Zentralverband Deutsches Kraftfahrzeuggewerbe (German Federation for Motor Trades and Repairs, December 2015)
OC&C, SMMT, Kraftfahrt-Bundesamt, CCFA, BCA Used Car Market Report 2014
↘ 26 OC&C, SMMT, KBA, CCFA, BCA Used Car Market Report 2014
↘ 27 Autobiz, December 2015

The vehicle markets in the Benelux region, by contrast to Italy, have proven relatively consistent in volume over the past ten years. The average number of online car listings in 2015 grew by 1.9% year-on-year.[28]

2.2. Recent Trends and Situation of the Group

The strategic review and focus on our core market-leading businesses – IS24 and AS24 – that we undertook last year, as well as the implementation of our "OneScout24" approach in the course of 2015, are paying off. Scout24 continues its growth path and has reached significant increases in external revenues and ordinary operating EBITDA, mainly driven by the introduction of the membership model in IS24, increasing customer numbers in AS24, additional acquisitions to strengthen the value chain as well as continuous improvements in cost and operational efficiencies combined with generation of synergies.

In order to support this growth path, we recently launched revamped advertising formats and packages and upgraded the advertisement technology to improve targeting capabilities, allow for programmatic advertising with real-time bidding and extend audience.

Scout24 Media, a new comprehensive business function, was launched in September 2015, which supports all ad sales activities, regardless of whether they are launched on the IS24 or AS24 platform. Moreover, Scout24 Media is pooling all activities in the field of consumer services. This Group-wide function will drive the lead generation and ad sales businesses and help position us as a leading premium and data-driven publisher in Germany and Europe.

In the third quarter of the 2015 financial year, we made the significant preparations for the IPO on October 1, 2015, which brought with it fundamental changes to our ownership and financing structure. The subscription period for the Scout24 share ran from September 21 until September 30, 2015. As a result of the IPO, Scout24 now enjoys direct access to the capital markets and a broader shareholder base. A total of 34,152,556 shares were placed in the context of the offering to German and international investors (including the partial exercise of the greenshoe option). The offering also included 7,600,000 new shares by way of a capital increase, corresponding to EUR 228 million gross proceeds for Scout24.

The IPO costs of EUR 5.5 million and additional non-operating costs of EUR 17.1 million burdened reported EBITDA for the 2015 financial year, which was up by EUR 79.6 million compared to the EBITDA for the full 2014 year to reach EUR 166.9 million. The non-operating costs in the 2015 financial year not related to the IPO comprise mainly costs with regards to the re-organization and restructuring started in 2014 as well as to the refinancing in April 2015. Moreover, cost of EUR 3.6 million resulted from an accounting effect related to share-based compensation. In 2014, EBITDA was affected by non-operating effects from the restructuring and reorganisation as well as costs related to the change in ownership at the beginning of the year.

28 Autobiz, December 2015

At the same time, external revenues for the 2015 financial year increased by 14.0% compared to the full 2014 year, driven by growth in both segments IS24 and AS24.

The Group's ordinary operating EBITDA improved by 27.6% to EUR 189.6 million, while the ordinary operating EBITDA margin increased to 48.2% compared to 43.0% in the full 2014 year. Capital expenditure in the 2015 financial year amounted to EUR 19.3 million. The investments were EUR 5.1 million higher than in the comparable period in 2014, mainly driven by the harmonization of the IT platform at AS24 as well as the first-time capitalization of software development costs at IS24 since the middle of the year 2014. As a percentage of revenues, the investment ratio was at 4.9% compared to 4.1% in the comparable previous year's period.

The Cash Contribution[29] increased by EUR 36.0 million in the 2015 financial year compared to the full 2014 year. The Cash Conversion Rate[30], based on ordinary operating EBITDA, was 90.4%, compared to 89.8% in the previous year's period.

Cash and cash equivalents amounted to EUR 70.6 million as of December 31, 2015 (December 31, 2014: EUR 21.4 million). Net financial debt[31] stood at EUR 711.1 million, compared with EUR 624.2 million as of December 31, 2014. The increase in net financial debt was mainly due to net borrowing in the reporting period (for further details see chapter 2.4.2. Financial position/Capital resources and financing structure).

With the reported figures, Scout24 has fully exceeded the forecast from the 2014 management report, which was revised in the nine-month report 2015. Both revenues of EUR 393.6 million (approximately EUR 390 million) and the ordinary operating EBITDA margin of 48.2% (47.5% - 49.0%) were in line with expectations. Non-operating costs totalled EUR 22.6 million, consequently also reaching the targeted level (approximately EUR 22 million). The same applies to capital expenditures totalling EUR 19.3 million (around EUR 20 million).

2.3. Segment trends

In order to assess the operating business performance, the Scout24 management focuses on core operations, which are comprised of IS24, AS24 and Corporate, and utilises other performance metrics in addition to EBITDA and ordinary operating EBITDA to steer the business. These performance metrics and their trends in the reporting period are outlined in the following section.

↘ 29 Cash contribution is defined as ordinary operating EBITDA less capital expenditure.
↘ 30 The cash conversion rate is defined as (ordinary operating EBITDA – capital expenditure)/ ordinary operating EBITDA.
↘ 31 Net financial debt is defined as total debt (nominal value of interest bearing liabilities) less cash and cash equivalents.

ImmobilienScout24 (IS14)

Major performance indicators

Major performance indicators (in EUR Million, unless otherwise stated)	**2015** three-month period ended 12/31/15	**2014** three-month period ended 12/31/14	**+/-** in %	**2015** twelve-month period ended 12/31/15	**2014** three-month period ended 03/31/14	**2014** nine-month period ended 12/31/14	**2014** twelve-month period ended 12/31/14	**+/-** in %
Revenues from core agents (Germany)*	38,7	34,5	12,3 %	149,6	32,3	101,0	133,3	12,3 %
Revenues from other agents*	8,3	7,7	8,6 %	33,7	5,5	19,1	24,6	37,0 %
Other revenues*	22,7	19,2	18,5 %	83,5	17,8	55,8	73,6	13,4 %
Total external revenues	**69,8**	**61,3**	**13,8 %**	**266,7**	**55,7**	**175,8**	**231,4**	**15,3 %**
EBITDA	**35,8**	**29,5**	**21,3 %**	**147,9**	**29,9**	**89,6**	**119,5**	**23,8 %**
Ordinary operating EBITDA	**40,0**	**34,7**	**15,2 %**	**159,2**	**30,3**	**99,0**	**129,3**	**23,1 %**
Ordinary operating EBITDA – margin %	**57,3 %**	**56,6 %**	**1,2 %**	**59,7%**	**54,5%**	**56,3%**	**55,9%**	**6,8 %**
Capital expenditure	**2,2**	**3,9**	**(41,8 %)**	**9,8**	**0,6**	**6,7**	**7,3**	**33,9 %**
Core agents (end of period, in numbers)	**19.355**	**22.092**	**(12,4 %)**	**19.355**	**21.104**	**22.092**	**22.092**	**(12,4 %)**
Core agents (average during period, in numbers)	**19.698**	**22.049**	**(10,7 %)**	**20.724**	**21.200**	**21.598**	**21.694**	**(4,5 %)**
Core agent ARPU (EUR/month)	**655**	**521**	**25,7 %**	**602**	**508**	**519**	**512**	**17,5 %**
UMV– period average (Desktop only, in numbers and million)	**7,2**	**7,7**	**(5,9 %)**	**7,7**	**8,0**	**8,2**	**7,7**	**(0,1 %)**
UMV– period average (multiplatform, in numbers and million)	**11,7**	**n/a**	**n/a**	**11,9**	**n/a**	**n/a**	**n/a**	**n/a**

ImmobilienScout24 (IS24)
External revenues of the segment IS24 continued to increase, with revenues in the reporting period up 15.3% compared with the full 2014 year. This increase is mainly driven by growth in revenues from core agents, benefiting from the introduction of the membership model since October 2014, as well as rising revenues from consumer services. By the end of December 2015, IS24 had reached a membership penetration of 76.4% among the approximately 90% of core agents targeted for migration to the membership model in 2015. Consequently, core agent ARPU (average revenue per agent) in the 2015 financial year increased to EUR 602 (up 17.5% from the previous year). The average number of core agents decreased by 970 to 20,724 as a result of churn, smaller agents shifting to the professional pay-per-ad model and agents going out of business. The latter driven by amongst others the introduction of the membership model and regulatory changes in Germany that now require the landlord to pay the agent ("Bestellerprinzip"). At the same time total number of listings on the IS24 platform remained broadly stable (approximately 503 thousand listings as per December 2014 versus approximately 504 thousand listings as per December 2015).[32] The increase of revenues from other agents is mainly attributable to revenues of EUR 12.0 million from FlowFact Group, Cologne, (referred to

↘ 32 Management estimates

as „FlowFact“), which has been consolidated since November 2014 (2014 revenues: EUR 1.9 million). Immobilien.net („Immobilien.net“, formerly operated by ERESNET GmbH, Vienna) in Austria, which is consolidated since June 2014, contributed revenues of EUR 2.0 million in 2014. The Immobilien.net business was merged with the existing IS24 business in Austria in early 2015. The increase in other revenues is mainly driven by consumer monetization products such as credit checks, relocation services and mortgage products. They also include EUR 0.5 million revenues of classmarkets GmbH, Berlin ("classmarkets"), which was acquired on September 8, 2015.

Driven by the membership model and the unlimited listing option, as well as enhancements in the private listings product, IS24 is well positioned to improve its market position, having 1.4 times the number of listings on the platform as its closest competitor (as per December 2015).[33] Based on the superior content offering, IS24 was able to underpin its leading position with regards to consumer traffic and engagement with 370 million minutes monthly time spent (desktop and mobile, 3.1 times compared to its closest competitor).[34] Total traffic of IS24 grew by 13.5% to 64 million visits in December 2015 (compared to 56 million visits in December 2014) while, driven by our mobile-first approach, mobile traffic increased by 26.7%[35] in the same period with mobile traffic now representing 68.5% of our total traffic (61.4% in December 2014). The fall in visitor numbers in December 2015 as compared to September 2015 reflects the common seasonal factor, which can be traced in the past, too.

On the basis of the positive revenue development ordinary operating EBITDA increased by 23.1% to EUR 159.2 million in the 2015 financial year compared to the previous year.

Driven by increasing efficiency, the full impact of the cost optimization program as well as the commencement of capitalization of development cost (EUR 8.1 million in the 2015 financial year compared to EUR 3.1 million in the full 2014 year) the ordinary operating EBITDA margin rose to 59.7% compared to 55.9% in the full 2014 year.

Capital expenditure was EUR 9.8 million in the reporting period compared to EUR 7.3 million in same period of 2014, mainly driven by higher capitalization of development costs, partly compensated by investments for data centres made in 2014 that were not repeated in 2015 .

↘ 33 Management estimates
↘ 34 ComScore, December 2015
↘ 35 Management estimates, based on IS24 platform via mobile devices, mobile optimized websites and IS24 applications in relation to total visitors monitored by own Traffic Monitor.

AutoScout24

Major performance indicators

Major performance indicators (in EUR Million, unless otherwise stated)	**2015** three-month period ended 12/31/15	**2014** three-month period ended 12/31/14	**+/-** in %	**2015** twelve-month period ended 12/31/15	**2014** three-month period ended 03/31/14	**2014** nine-month period ended 12/31/14	**2014** twelve-month period ended 12/31/14	**+/-** in %
Revenues from core agents (Germany)*	12,1	9,2	31,3 %	43,3	8,3	27,5	35,8	20,9 %
Revenues from core agents (Benelux/Italy)	9,6	8,2	17,3 %	36,0	7,3	23,9	31,3	15,1 %
Revenues from other agents*	3,1	2,7	13,6 %	11,6	2,7	8,3	11,0	5,7 %
Other revenues*	8,7	9,4	-7,4 %	30,0	6,3	22,6	28,9	3,8 %
Total external revenues	**33,4**	**29,5**	**13,0 %**	**120,7**	**24,6**	**82,3**	**106,9**	**13,0 %**
EBITDA	**8,1**	**4,6**		**39,7**	**5,0**	**14,0**	**19,0**	
Ordinary operating EBITDA	**8,9**	**7,3**	**21,9 %**	**43,8**	**5,1**	**26,0**	**31,1**	**40,9 %**
Ordinary operating EBITDA – margin %	**26,7 %**	**24,8 %**	**7,8 %**	**36,2%**	**20,8%**	**31,6%**	**29,1%**	**24,7 %**
Capital expenditure	**3,1**	**3,6**	**-14,1 %**	**9,0**	**1,4**	**5,1**	**6,5**	**37,7 %**
Germany			**0,0 %**					
Core agents (end of period, in numbers)	**22.298**	**19.774**	**12,8 %**	**22.298**	**17.947**	**19.774**	**19.774**	**12,8 %**
Core agents (average during period, in numbers)	**22.137**	**19.373**	**14,3 %**	**21.036**	**17.840**	**18.861**	**18.754**	**12,2 %**
Core agent ARPU (EUR/month)	**182,4**	**158,8**	**14,9 %**	**171,5**	**155,3**	**162,0**	**159,1**	**7,8 %**
UMV– period average (Desktop only, in numbers and million)	**4,2**	**4,6**	**(9,6 %)**	**4,5**	**5,1**	**4,8**	**4,9**	**(8,2 %)**
UMV– period average (multiplatform, in numbers and million)	**6,5**	**n/a**	**n/a**	**6,5**	**n/a**	**n/a**	**n/a**	**n/a**
Benelux/Italy			**0,0 %**					**0,0 %**
Core agents (average during period, in numbers)	**17.447**	**16.395**	**6,4 %**	**17.447**	**15.905**	**16.396**	**16.396**	**6,4 %**
Core agents (average during period, in numbers)	**17.363**	**16.285**	**6,6 %**	**16.922**	**15.861**	**16.151**	**16.106**	**5,1 %**
Core agent ARPU (EUR/month)	**183,7**	**167,0**	**10,0 %**	**177,2**	**154,0**	**164,6**	**161,7**	**9,5 %**
UMV– period average (Desktop only, in numbers and million)	**2,9**	**3,0**	**-5,0 %**	**3,1**	**3,4**	**3,0**	**3,1**	**2,2 %**

The external revenues in the AS24 segment continue to grow strongly with an increase of 13.0% in the 2015 financial year compared to the full 2014 year. The average number of core dealers in Germany grew by 12.8% to 22,298 with an increase in core dealer ARPU (average revenue per core dealer) of 7.8% to 171 EUR compared to the full 2014 year. Based on the rollout of the "MIA"-products in Benelux and Italy, respective core dealer ARPU increased by 9.5% to 177 EUR combined with an increase in the number of core dealers of 6.4% easyautosale GmbH, Munich ("easyautosale") since its acquisition in April 2015 added a total EUR 1.4 million of revenues in the 2015 financial year.

Following the strategy to focus on listings leadership through enhancing consumer user-friendliness with a revamped mobile offering as well as the continuous execution of the dealer acquisition strategy over the last twelve months, AS24 has managed to increase the number of listings to 1,206 thousand (versus 1,063 thousand in December 2014), and consequently almost closed the inventory gap to its main competitor in Germany, having 0.98 times the number of listings as per December 2015 compared to 0.86 times as per December 2014. In addition AS24 extended its market leadership based on number of listings in Belgium (including Luxembourg), the Netherlands and Italy.[36] Driven by the enhancements in our mobile functionality, the mobile visits in Germany increased to 55.4% of total visits in December 2015, compared to 41.8% of total visits in December 2014. Total mobile visits in percentage of total visits of Belgium, the Netherlands and Italy increased from 43.2% to 58.9% in the same period.[37]

The positive development of revenues was also reflected in ordinary operating EBITDA, which grew by 40.9% to EUR 43.8 million. The ordinary operating EBITDA margin increased by 7.1 percentage points to 36.2%.

Capital expenditure was EUR 9.0 million in the 2015 financial year compared to EUR 6.5 million in the previous year, primarily driven by investments in a technology shift of the AS24 platform combined with the transition of certain applications into the "cloud".

Corporate
External revenues declined to EUR 2.8 million EUR in the 2015 financial year (a decline by EUR 1.1 million compared to the previous year) reflecting the cessation of certain services provided to Deutsche Telekom AG, Bonn. Ordinary operating EBITDA adjusted for the management fee was negative to the tune of EUR 14.1 million in the 2015 financial year, compared to a negative EUR 11.4 million in full 2014 year. The rise is due to the development of central functions, including purchasing, as well as the bundling of functions at Group level in the corporate segment.

↘ 36 Autobiz, December 2015
↘ 37 Management estimates, based on visits to mobile accessible AS24 platforms, monitored by own Traffic Monitor

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

2.4.1. Results of Operations

External revenues of EUR 393.6 million for the 2015 financial year reflect an increase of EUR 48.3 million or 14.0% compared to the full 2014 year (EUR 130.7 million or 49.7% compared to the nine-month period from April 1 to December 31, 2014), mainly driven by growth in core operations. In the 2015 financial year, the newly acquired easyautosale and classmarkets contributed EUR 1.9 million to total revenues in 2015. Adjusted for the acquisitions of FlowFact, stuffle, easyautosale and classmarkets revenues in the 2015 financial year were up 10.5% compared to the full 2014 year.

Compared to this revenue growth, operating expenses (defined as the difference between revenues and ordinary operating EBITDA, i. e. adjusted for non-operating and special effects) before depreciation and amortization showed a disproportionately lower increase of 3.7% to EUR 204.0 million in the 2015 financial year, reflecting efficiency gains amongst others from the cost optimization program. In the full 2014 year, operating expenses amounted to EUR 196.7 million, compared with EUR 147.6 million in the nine-month period from April 1 to December 31, 2014.

As a result, ordinary operating EBITDA increased to EUR 189.6 million in the reporting period, with ordinary operating EBITDA margin at 48.2% (in full 2014 year, EUR 148.6 million and 43.0% respectively, in the nine-month period from April 1 to December 31, 2014, EUR 115.2 million and 43.8% respectively).

Ordinary operating EBITDA of easyautosale and classmarkets was negative in an amount of EUR 0.7 million and EUR 0.2 million respectively in the 2015 financial year. FlowFact added a total of EUR 4.0 million of ordinary operating EBITDA in the 2015 financial year, compared to EUR 0.3 million in 2014, since its acquisition in November. Adjusted for the acquisitions of FlowFact, stuffle, easyautosale and classmarkets, ordinary operating EBITDA in the 2015 financial year was EUR 187.1 million, with a margin of 49.3%.

The non-operating costs of the 2015 financial year amounted to EUR 22.6 million as compared to EUR 56.7 million in the nine-month period from April 1, 2014 to December 31, 2014. The non-operating costs of the period from April 1, 2014 to December 31, 2014 mostly comprised costs for legal advice and other consultancy services related to the change in ownership and further acquisitions, costs for the restructuring and reorganization, as well as costs for financing structure related consultancy.

The effect of the cost reduction and restructuring program initiated in 2014 as well as the decrease of non-operating costs is in particularly reflected in the trend in general and administrative costs. In 2015, general and administrative costs were additionally affected by IPO costs of EUR 10.5 million, of which EUR 5.5 million are to be borne by Scout24 AG, and EUR 5.0 million were charged to the selling shareholders (recognized as other operating income).

Consequently, operating profit increased to EUR 101.3 million in the reporting period, compared to EUR 8.6 million in the nine-month period from April 1 to December 31, 2014.

Operating profit is stated after depreciation and amortization in the amount of EUR 65.6 million in the reporting period, thereof EUR 48.8 million relates to intangible assets recognized from purchase price allocations.

In the 2015 financial year, net financial expenses amounted to EUR 22.4 million compared to EUR 31.1 million in the nine-month period ended December 31, 2014. This includes the profit of EUR 22.1 million from the disposal of the interest in Property Guru Pte. Ltd, Singapore. Finance costs increased from EUR 29.6 million to EUR 48.5 million, reflecting the refinancing.

Income tax expense for the 2015 financial year totalled EUR 22.0 million, resulting in an effective tax rate of 27.9%, compared to an income tax benefit of EUR 1.3 million in the nine-month period from April 1 to December 31, 2014. Income tax expense included off-setting effects from deferred taxes amounting to EUR 10.1 million, largely on amortization of assets resulting from purchase price allocations. In the nine-month period ended December 31, 2014, such deferred tax benefits amounted to EUR 6.3 million.

Accordingly, Scout24 recorded a consolidated net profit of EUR 56.9 million in the 2015 financial year, of which negative EUR 0.6 million was attributable to non-controlling interests. Consequently, earnings of EUR 57.4 million were attributable to the shareholders of the Company, resulting in earnings per share of EUR 0.56.

2.4.2. Financial position

Principles and objectives of financial management

The Group treasury function plans and manages the requirements and provision of liquid funds within the Scout Group. On the basis of an annual financial planning and a monthly rolling liquidity planning, the Group's financial flexibility and solvency at all times is ensured. For all relevant Group companies, the cash pooling procedure is additionally utilized.

A distribution of dividends is not envisaged as long as the target leverage ratio of 2.50:1 (ratio of ordinary operating EBITDA to net debt in accordance with the definition stipulated in the syndicated loan agreement) has not been achieved.

Capital resources and financing structure

As of December 31, 2015, Scout24 AG has a total credit facility under the realm of a syndicated loan agreement (Senior Facility Agreement, referred to as "SFA") of EUR 781.0 million, which was fully utilized, as well as a revolving facility of EUR 45.6 million. As of December 31, 2014, the total credit facility amounted to EUR 645.0 million, which was fully utilized, as well as a revolving facility in the amount of EUR 50 million. In the course of a refinancing in April 2015 the facility D of SFA amounted to EUR 50.0 million was fully paid and a new facility C amounted to EUR 400 million was raised. In October 2015, EUR 214.0 million were paid by the cash resulting from the IPO, of which EUR 107.0 million pro rata on facility B and C and EUR 107.0 million on facility B.

Scout24 Holding and further companies of the Scout24 Group guarantee the obligations arising from the Scout24 loan agreement. The interest rate for the facilities drawn from SFA is based on the EURIBOR plus an interest margin tied to the ratio of ordinary operating EBITDA to net debt (as defined in the SFA). In the context of the refinancing in April 2015, the interest margins were lowered by 0.25%, and consequently the current maximum interest margin is 4.25% (before refinancing: 4.50%). Furthermore, the covenants were adjusted, with the interest coverage covenant being eliminated completely, and the levels for the ratio of the ordinary operating EBITDA to net debt (as defined in the SFA) being increased, so that as of December 2015 a level of 7.75:1.00 be applicable (before refinancing: 6.25:1). The covenants were complied with during the reporting period, with the EBITDA headroom as of December 31, 2015 being in excess of 50%. The ratio of net debt to ordinary operating EBITDA was 3.74:1, and consequently below the notified target value of 4.0:1.

In order to limit interest rate risks, Scout24 AG has concluded interest rate caps. As part of the SFA, EURIBOR is limited to 0% on the downside.

In addition to cash and cash equivalents in the amount of EUR 70.6 million (December 31, 2014: EUR 21.4 million), the Company has available liquidity from the above mentioned current account credit lines in the amount of EUR 45.6 million, of which EUR 40.35 million is still available. An amount of EUR 5.25 million is allocated in connection with an ancillary facility agreement for a revolving cash credit facility in the maximum amount of EUR 3.75 million, as well as a revolving guarantee facility in the amount of up to EUR 1.5 million.

As of the balance sheet date, off-balance sheet liabilities totalled EUR 35.7 million, thereof EUR 12.7 million with a maturity of less than one year, EUR 17.9 million with a maturity between one and five years, and EUR 5.1 million with a maturity of more than five years. As of December 31, 2014, off-balance sheet liabilities amounted to EUR 54.8 million. The decrease of EUR 19.1 million is mainly attributable to a shorter remaining lease term of office space resulting from fixed-term office lease contracts, as well as to reduced obligations from service agreements resulting from cancellation of respective contracts due to insourcing.

Leases and other obligations
↘ Page 165

Liquidity and investment analysis

In the 2015 financial year, Scout24 generated cash flow from operating activities of EUR 124.5 million, an increase of 88% compared to EUR 66.1 million in the short financial year 2014, which is mainly driven by improved EBITDA. Offsetting effects included cash outflows for income tax payments of EUR 31.4 million related to the 2015 financial year as well as the previous year. Additionally, cash flow from operating activities was affected by cash outflows from provisions, mainly in relation to restructuring measures implemented in 2014, in the amount of EUR 6.4 million.

In the reporting period, Scout24 generated EUR 36.2 million from net divesting activities mainly due to the disposal of the investment in PropertyGuru. Excluding effects of divestments, investing cash flow would have been negative EUR 28.5 million, out of which EUR 19.3 million reflect capital expenditures in the business, mainly in IT infrastructure, and EUR 9.5 million for the acquisitions of easyautosale and classmarkets.

The cash flow from financing activities amounted to negative EUR 111.6 million in the reporting period. This includes dividends paid in an amount of EUR 421.6 million, which was partly offset by net cash raised from borrowings of EUR 350 million. As a result of the IPO, Scout24 generated cash proceeds from the issuance of new shares amounting to

EUR 219.7 million net of transaction costs, of which EUR 214.0 million were used for the repayment of facilities under the SFA.

In total, in the 2015 financial year cash and cash equivalents increased by EUR 49.2 million from EUR 21.4 million as of December 31, 2014 to EUR 70.6 million as of December 31, 2015.

2.4.3. Net assets

The Group's consolidated total assets as of December 31, 2015 of EUR 2,173.2 million remained almost unchanged compared to the previous financial year-end (December 31, 2014: EUR 2,195.1 million).

Non-current assets decreased by 3.3% to EUR 2,055.5 million (December 31, 2014: EUR 2,127.4 million). This is largely attributable to the decrease in investments by EUR 36.5 million following the disposal of the stake in Property Guru and the decrease in other intangible assets by 11.9% or EUR 35.1 million to EUR 259.5 million, which is largely driven by the amortization of purchase price allocation items.

Current assets increased from EUR 67.7 million to EUR 117.7 million, with the item making the greatest contribution to this rise being cash and cash equivalents, which increased from EUR 21.4 million to EUR 70.6 million.

Current liabilities decreased to EUR 85.5 million compared to EUR 90.2 million mainly driven by a reduction in trade payables.

Non-current liabilities increased from EUR 1,044.7 million as per December 31, 2014 to EUR 1,166.3 million as per December 31, 2015. This was mainly driven by net borrowings in the reporting period. Consequently, financial liabilities increased by EUR 131.3 million to EUR 767.9 million. Deferred tax liabilities, which were recognized primarily on temporary differences arising from purchase price allocation, decreased in line with intangible assets.

Equity decreased from EUR 1,060.2 million to EUR 921.3 million, reflecting dividend payments of EUR 421.6 million during the reporting period being only partially offset by the proceeds from the initial public offering of EUR 219.7 million and the net profit for the financial year (attributable to the Company's shareholders) of EUR 56.9 million. The equity ratio thereby now amounts to 42.4% compared to 48.3% as of December 31, 2014.

2.5. Employees

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

As of December 31, 2015, Scout24 employed 1,120 full-time equivalent employees ("FTE"), compared to 1,084 FTE as of December 31, 2014, excluding trainees, apprentices, short-term employees ("Aushilfen"), interns, temporary agency employees ("Leiharbeitnehmer") and freelancers. The increase in the number of employees to 1,088 is driven by slightly higher revenue growth higher than forecast in the management report 2014 for 2015.

The following tables show the number of FTE - including members of the Management Board and the Management - as of December 31, 2015, as well as of December 31, 2014, presented by segment and region:

FTE (end of Periode)

	2015 as of 12/31/15	2014 as of 12/31/14
Group	1.120	1.084
IS24	681	662
AS24	379	355
Corporate	48	48
Other	12	20

	2015 as of 12/31/15	2014 as of 12/31/14
Group	1.120	1.084
Germany	993	954
Abroad	127	130

2.6. Overall statement on financial position and performance

In the reporting period, the Scout24 Group consistently pursued its strategy of sustainable and profitable growth with a focus on the core businesses of ImmobilienScout24 and AutoScout24. We have driven our revenue growth mainly organically, but also through targeted acquisitions along our value chain. In addition, we have successfully initiated the realignment of our organization and laid the foundation for the utilization of synergies.

The development of our ordinary operating EBITDA reflects the success of our strategy. As expected, the EBITDA was affected by the IPO-related expenditures as well as by the restructuring and reorganization process started in 2014. On the basis of our margin quality, a strong cash contribution[38], a sound balance sheet structure as well as our favourable ratio of ordinary operating EBITDA to net debt, we are currently in the excellent position to further promote the transformation of our Company into the leading operator of digital marketplaces and establish and develop its profitability.

↘ 38 Cash contribution is defined as ordinary operating EBITDA less capital expenditure

3. Events after the reporting date

On February 1, 2016, AutoScout24 Nederland B.V., a subsidiary of Scout24 AG, signed an agreement to acquire all shares of the Dutch digital automotive classifieds portal European AutoTrader B.V., Amsterdam ("AutoTrader") from Sanoma Media Netherlands B.V., Amsterdam with an effective date as of 1 January 2016. The closing occurred immediately after signing. The agreed purchase price amounts to EUR 27.7 million and is fully paid in cash. Due to the proximity in time between the date of acquisition and the publication date of the financial statements a complete allocation of the acquisition price on the fair values of the acquired assets and debts pursuant to IFRS guidelines was not possible as necessary data was not available at preparation date.

AutoTrader operates the digital automotive classifieds website AutoTrader.nl in the Netherlands. With yearly revenues of more than EUR 6 million, over 4,000 professional car dealer customers, 150,000 listings and 1 million unique visitors per month, AutoTrader.nl commands a strong position in the Dutch market. With AutoScout24.nl, Scout24 already operates the leading digital automotive classifieds website in the Netherlands. Following the acquisition, Scout24 will extend its leading market position even further.

In February 2016, Asa HoldCo GmbH, Frankfurt am Main, as one of the direct shareholders of Scout24 AG, was incorporated into Willis Lux Holdings 2 S.à r.l., Luxembourg. In turn, Willis Lux Holdings 2 S.à r.l. is an affiliated company of Willis Lux Holdings S.à r.l., Luxembourg, which is the next-level parent entity that publishes financial statements.

No other corporate-specific events or developments after the balance sheet date are known which might have led to a material change in the reporting or valuation of individual assets or liability items as of December 31, 2015.

The Management and Supervisory boards of Scout24 AG propose to the Annual General Meeting to be held on June 23, 2016, that no dividend be distributed.

4. Risks and opportunities

The early identification and management of potential risks comprises an elementary component of the Company's strategy for the Scout24 Group, resulting from the realization that in connection with the strict application of the principles of a functioning risk management, the possibility also exists to identify and exploit opportunities. In order to identify and risks – and opportunities – at an early stage and manage them consistently, the Scout24 Group deploys effective management and control systems. The overall risk situation is thereby maintained at a manageable level. A risk to the Group is currently unforeseeable.

4.1. Management's overall statement on the risk position

The Internet business is on growth path in Germany, Europe and worldwide. Especially in the advertising business, the business models are moving further from offline offerings (e.g. print media) to online offerings. At the same time, the creation of transparency in online marketplaces with relevant content and offerings for users represents a significant business potential for innovative marketing strategies for the offerings and their trading platforms. Together, these developments and the opportunity and risk profile define the Scout24 Group.

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

In the run-up to the initial public offering that was successfully completed on October 1, 2015, Scout24 Group has initiated a change in strategy in the previous year already, which also affects the Scout24 Group's risk profile. By transforming Scout24 Group from a holding structure overseeing independently managed segments to a fully-integrated organization with shared central functions, the Group adopted the standard operating model of best-in-class digital marketplaces worldwide. Meanwhile, the external financing has been partly repaid utilising the cash proceeds from the initial public offering.

Accordingly, we assess the risks at the time of preparation of the management report as limited; overall risk is manageable. Compared to the reporting on the stub reporting period as of December 31, 2014, no (fundamental) change has occurred to overall risk. No identifiable risks currently exist that either individually or as a whole would lead to a significant and sustainable impairment of the net assets, financial position and results of operations of the Scout24 Group.

4.2. Risk management system, compliance management system and internal control system

The basic design of the risk management system is oriented on the internationally recognized framework COSO Enterprise Risk Management Framework of the Committee of Sponsoring Organizations of the Treadway Commission. This framework links the Group-wide risk management with the internal control system ("ICS"), which is also based on the COSO framework. This integrated approach supports the Company in such a way that management and monitoring activities are directed towards the corporate objectives and their inherent risks.

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

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

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

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

At the end of 2014, a fundamental revision and new definition of the risk management of the Scout24 Group was launched. The objective of the risk and opportunity management is a holistic and integrated approach, which combines the governance components of risk management, the internal control system (ICS) and compliance, supplemented by supporting audit activities of the internal control. The starting point and connecting factor in this connection are the requirements for the risk management and compliance management systems for capital market oriented companies. The implementation started in the 2015 financial year and will presumably be completed in 2016.

4.2.1. Principles of risk and opportunity management at the Scout24 Group

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

Our business is affected by a number of external and internal factors that harbour both risks and also opportunities. In this connection, we define risks in this report as potential events or future developments, which can result in a negative effect on the Company's development or a variance from specified goals or planned amounts. Risk characteristics, which we have already considered in our financial planning, are consequently not included in this risk definition and therefore are not explained in this report.

Scout24 assesses the opportunities and risks, which are overall substantial for the development of the Company currently in connection with the budget planning process, which takes place annually. In order to derive the integrated financial planning in this connection, both the industry and competitive environment, as well as overall market trends, are analysed and assessed according to the resultant opportunities and risks for the Company. This is complemented by the risk inventory prepared annually and updated regularly, which provides for the risks and opportunities survey and assessment by an established method throughout the Company. The specific assessment of the opportunities and risks at the time of the budget preparation are newly verified during the year in additional revisions of the planning and the risk reporting, so that a quarterly assessment of the opportunities and risks for the Scout24 Group is carried out.

4.2.2. Organizational implementation of risk and opportunity management
Overall responsibility for the risk and opportunity management system of the Scout24 Group lies with the Management Board. Until the realignment, the risk and opportunity management was coordinated via the holding company and delegated to the segments, in other words, to the operating units. In connection with the revision of the organizational structure, a central responsibility of „risk management" was introduced, which integrates and manages Group-wide the two systems for risk and compliance management as well as the internal control system. This occurs in close cooperation with the individual risk officers in the segments and central functions, who bear responsibility for implementing the risk and opportunity management system in the risk reporting units, i.e. the operating units.

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

4.2.3. Significant features of the internal control and risk management system with respect to the Group accounting process
A significant component of the internal monitoring system of the Company is formed by the accounting-related risk management system as well as the internal control system. Through the application of the COSO framework mentioned above, the effectiveness and efficiency of the operations as well as the completeness and reliability of the financial reporting is to be ensured through the effective interaction of the risk management system and the internal control system. In this connection, the accounting-related risk management and the internal control system include all organizational rules and measures for the recognition and the handling of the risks and the financial reporting.

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

- Process for identification, assessment and documentation of all significant accounting-relevant company processes and risk fields, including related key controls. These include processes of financial and accounting and operational company processes, which 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, authorization concept, especially in the case of accounting-related IT systems, "four-eyes" [dual control] system, and separation of functions).
- Standardized and documented financial bookkeeping processes.
- Group-wide guidelines for the accounting in the form of financial reporting guidelines and reporting processes.
- Regular information to all consolidated companies regarding current developments relating to accounting and financial reporting and the preparation process for the financial statements, as well as reporting deadlines.

4.2.4. Risk prevention and ensuring compliance

Risk prevention is a significant element of the risk management system and an integral component of the ordinary business activities. Consequently, risks and opportunities and their effects on the Company are discussed at bi-weekly Executive Leadership Team (ELT) meetings, in quarterly meetings with the Supervisory Board, and in regularly occurring budget, strategy and results meetings. The risk management system of Scout24 Group is completed by the inventory and assessment of all company risks drawn up on a yearly basis, the regular update of the assessment including the regular exchange with the risk management officers, as well as the reporting on quarterly risk inventory to the Management Board.

Compliance with national and internationally recognized compliance requirements forms a fixed component of risk prevention. With the revision and new definition of the risk management of the Scout24 Group launched in 2014, a rigorous realignment was carried out of the risk management, ICS and compliance with respect to the requirements of the new ownership and organizational structure and thereby also with regards to the strategic goals of the Company, including the initial public offering successfully completed on October 1, 2015. This holistic integrated governance, risk and compliance approach is expressed in the adaptation of risk and compliance-relevant company processes to the requirements of the new company structure and strategy.

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Code of Conduct:
Corporate Social
Responsibility
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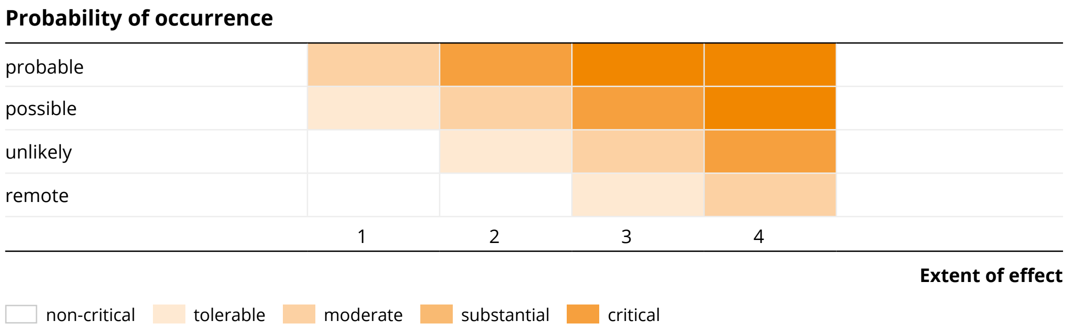
In connection with the 2014 change in ownership, the risk management and compliance management infrastructure that was directed to the needs of the previous owner was initially transferred, including all guidelines and processes in force in that context. The realignment comprises, in addition to the adaptation of the existing risk management and compliance guidelines and processes, among others, also a new code of conduct as well an external whistle-blower system. This is supplemented by a newly to be established communication and training concept regarding relevant risk and compliance information for all company units in order to accordingly sensitize all employees and to achieve a Company-wide uniform understanding of our risk management and compliance standards. The Scout24 Group thereby has a system of rules, processes and controls, the help of which enables deficits in the Company to be identified on and early basis and to be able to be minimized through appropriate measures.

4.3. Development of the risk assessment

Identifying significant risks represents the start of the process. In this connection, risks that exceed a certain materiality threshold or represent a subjective urgency are brought to the Management Board's attention on an ad hoc basis by the risk owner, or via the Vice President Risk Management. Interim reporting is oriented towards specific characteristics, and is based on presented risk assessments and respective regular updates by the departments. The development of appropriate early warning indicators is planned in connection with realignment of the risk management in 2016. The risk assessment is performed taking into consideration the anticipated effects on the net assets, financial position and results of operations, as well estimated probabilities of occurrence as "non-critical", "tolerable", "moderate", "substantial" or "critical". The quantification in this connection is primarily to make clear the relevance of the reported risk. The assessment of the monetary extent of damages is the responsibility of the business units. The time horizon for the assessment of risks amounts to approximately 2-3 years. The scales for measuring the assessment magnitudes (probability of occurrence and degree of the effect) as well as the resulting risk classification matrix are presented in the following table.



Within this matrix we classify risks with a probability of occurrence of more than 50% as probable (D), risks with a probability of occurrence less than 10% are classified as remote (A). With regards to extent of effect we classify risks with an extent of more than EUR 10 million as significant (4), risks with an impact of less than EUR 0.5 million are classified as low (1).

One element of the risk assessment comprises also the analysis of causes and interactions. Opportunities do not enter into the assessment; they are recognized in connection with the planning calculation.

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

For the recording and reporting of risks, decentralized risk managers in the various company units are responsible. The managers categorize the risks according to a catalogue applicable throughout the group and document their results on a quarterly basis – or on an ad hoc basis – in a database.

4.3.1. Overall risk situation, risk clusters and risk fields

The overall risk situation is determined by assessing the risk clusters as the result of a consolidated consideration:

- External Risks;
- Financial Risks;
- Strategic Risks;
- Operational Risks;
- Compliance Risks.

Risk clusters, which from the current perspective could significantly affect the results of operations, the financial position and net assets of the Scout24 Group are presented below. These are not necessarily the only risks to which the Company is exposed. Further risks, which could affect our operations are currently not foreseen, or we assess these to be non-substantial. There are no pending court or supervisory procedures against the Company that could lead to significant claims or are probably not able to be fulfilled.

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

4.3.2. External risks

General entrepreneurial risks

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

We operate in an intensely competitive environment. Our business model is vulnerable to short-term changes in the competitive dynamic. Competitors following other business models or pricing could be able to encourage our customers to use other platforms than ours. Particularly classifieds portals on a horizontal competition level (as eBay small ads) could penetrate the real estate and car classifieds market and intensify their activities, or even large Internet operating companies (as Google or Facebook) could use their broad user group and its data in order to establish a sound customer basis at comparatively low costs.

We are highly dependent on our recognized brand names and our reputation. Any damage to our brand or reputation could lead to the loss of confidence of our target group and to related cost-intensive mitigating measures.

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

Difficult conditions in the overall economic environment could impair our business.

Technological changes could disrupt our business and the markets in which we operate and result in higher expenses or the loss of customers. For example, competitors might at any time introduce new products and service, which would make our products and services or our business model uncompetitive or even redundant. In order to keep up with the technological progress higher expenditures could be necessary for the development and improvement of our technology.

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

The above-mentioned external risks are considered by us to be among the general entrepreneurial risks. Due to our leading market position, the name recognition of our brands and our constant analytical market observation, including the technological advances, we assess these risks overall to be non-critical.

Deteriorating economic environment in the automotive industry
AS24 derives a significant amount of revenues from the European automotive market, especially from original equipment manufacturers ("OEMs"). Recent developments in the automotive industry might affect advertising budgets of OEMs. We have nonetheless monitored a precisely countervailing trend in the last months. Various OEMs have partially considerably increased their advertising budgets in order to counter threatening damages caused by the "Defeat-Device" affair. Against this background we classify the risk as noncritical.

4.3.3. Financial risks
In connection with the operating activities and due to the existing syndicated loan agreement, the Scout24 Group is exposed to financial risks. The management of the short-term liquidity and longer-term financial risks is the central responsibility of the Group Treasury department, which with a focus on an efficient management of the short-term liquid funds has installed appropriate reporting and planning processes.

Currency and interest rate risk

In connection with its debt financing, Scout24 AG is subject to a risk of interest rate changes. Interest rate fluctuations (especially fluctuations of the EURIBOR) can have effects on the amount of the interest payments for existing loans as well as on the costs of refinancing. In order to limit the risk from interest rate changes, Scout24 AG concluded an interest rate cap, and regularly evaluates further options for minimizing the risks in connection with its strategy, including in consultation with the Advisory Board. The Company currently classifies its interest rate risk as tolerable.

As a Group headquartered in Germany, the euro represents the currency for both the Group and its financial reporting. Since the Scout24 Group transacts most of its business in the Eurozone, it is subject to these risks only to a minor extent. We classify the currency risk as non-critical.

Liquidity risk

The management of liquid funds represents a significant process in the Scout24 Group. The liquidity situation is monitored and managed on the basis of a financial planning and a rolling liquidity planning with a four-week horizon. In addition, the Company has a reliable generation of liquidity from the ongoing business. The Scout24 Group also has available a EUR 45.6 million revolving credit facility to ensure its liquidity. Short-term liquidity risk is tolerable as a consequence.

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The repayment of the syndicated loan is first due in 2021, and in 2022. The liquidity risk from repayment obligations on loans is countered by refinancing activities on a timely basis, so that the risk is currently considered to be non-critical.

4.3.4. Strategic risks

Our strategic initiatives, including our decisive growth strategy, our pricing model, as well as our acquisitions or divestments can fail. We are constantly monitoring the market and the different responses in order to be able to react quickly and flexibly to changes in the customer behaviour. We train our sales staff in successful methods. Furthermore, we evaluate the potential risks and opportunities of our strategic acquisitions by comprehensive due diligence procedures. A potential risk of impairment in the following years is monitored by yearly impairment tests. In total, we classify this risk as significant with respect to our growth targets.

A part of the product strategy relates to the cooperation with various cooperation partners in order, for example, to offer our users attractive additional offerings. Furthermore, we rely on a number of cooperation partners in the area of telecommunications or data delivery. It is possible that we cannot maintain these important relationships, for example, if in the future they become competitors, or their products are not adapted to our needs. We classify this risk as tolerable.

4.3.5. Operational risks

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

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

The security of customer information that we store, or the functioning of our portals and our general systems, can be jeopardised. Scout24 business segments are connected to geographically separated and redundant data centres in order to ensure the security and stability of our systems. The operation of the platforms is under permanent monitoring so as to quickly initiate appropriate countermeasures in case of failure. Additionally, a comprehensive multi-stage protection of our systems as well as personalized, role-based access controls guarantee protection against unauthorized access and external attacks. In order to align our cyber-security measures to current benchmarks and best practices we will conduct an in-depth external IT/ Cyber security audit in the first quarter of 2016. Due to existing and effective risk reducing measures we classify this risk as moderate.

We utilize both standardized procurement, sales and delivery contracts as well a standardized general terms and conditions. This increases the risk that such contractual conditions are invalid, and unenforceable as a result. Due to regular involvement of our legal department in the course of the procurement process, and comprehensive contract management, we classify such risk as non-critical.

We could be obligated to pay additional taxes and other levies due to tax audits, changes in the tax law, the interpretation and application of these or changes in our effective tax rate. Organizationally-caused changes can lead to higher tax expenses. Due to regular involvement of external experts in emerging tax issues we classify this risk as noncritical.

4.3.6. Compliance Risks

Besides operational and fiscal risks, a wide range of legal risks arises from our business activity. The results of legal disputes and other proceedings may cause considerable damage to our business, our reputation or our brands and entail high costs.

We are subject to a variety of laws and regulations, many of which are not yet firmly established or still developing. These include also partly very effective fields of law regarding consumer protection, data protection, e-commerce and competition. Antitrust and competition claims or investigations may also require changes in our business operation.

Any risks resulting out of this are counteracted by internal and external law experts by a thorough examination of all contractual and regulatory matters. Our endeavour is to fulfil all our obligations by continual supervision and to avoid conflicts arising from the violation of third parties rights or breach of regulatory provisions. No substantial litigation risks currently exist within the Scout24 Group. We classify this risk as tolerable as a consequence.

Change in legislation

Scout24 is affected by a variety of laws and regulations, many of which are unsettled and still developing, and could lead to a loss of customers or consumers, or a decrease in the numbers of listings on its platforms. On June 1, 2015, an amendment of German law came into force that shifts the burden to pay agency fees for rental properties from the tenant to the party ordering the service of the agent (so-called "ordering party principle" or "Bestellerprinzip"). This change in legislation may cause a structural shift from rental listings by real estate agents to private listings, with potential consequences for the market for rental properties in which Scout24 operates.

The same amendment has also implemented a rent stabilization mechanism (so-called "Mietpreisbremse") applicable in areas with a tense real estate market as defined by the federal states ("Bundesländer") in order to prevent assumed excessive rent increases. In cases of re-lettings the permissible new rent may, according to the newly introduced law, only exceed the local reference rent by 10% or correspond to the formerly agreed rent. This mechanism may constitute a burden on investments in new properties and lead to a reduction in professional and private listings as a result of decreasing construction activity and decreased property market activity.

The German legislature introduced a draft law which tightens the professional requirements for real estate agents in order to ensure a common quality standard. Under the new agent certification regime, agents would have to fulfil certain professional minimum requirements, such as providing proof of their expertise, which could in combination with the recent introduction of the so-called "Bestellerprinzip" reduce the number of agents. In consequence this may reduce the customer base of IS24 and the numbers of listings, which may negatively impact revenues from professional customers, from which IS24 derives the major share of revenues. Further, sold and leased properties are subject to energy efficiency regulations, under which sellers and landlords are obliged to obtain an energy performance certification (Energieausweis). The requirements of such energy efficiency regulation may be tightened and adversely altered in the future as has already happened in 2014. More.

stringent regulation may have consequences on listings volumes, as for example the introduction of the energy efficiency legislation led to a temporary drop in listings.

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

Due to our permanent monitoring of relevant legal and regulatory compliance risks arising in particular from changes or the introduction of domestic legal requirements we classify this risk as tolerable at present.

It is difficult for us to currently assess the risk arising from the negative consequences entailed by the elimination of EU-safe harbour within the international data transfer. Following in-depth examination of all significant IT-services contracts and, coupled with this, of the application of EU standardized clauses recommended by the EU commission, we consider this risk as tolerable at present.

Data protection

Also, any changes to the ability of Scout24 to utilize user and member data in its systems, or to share data, could impact its revenues. For example, offering value-added services, such as valuation, would be impeded if the Company were prevented from utilizing the transaction database. Likewise, Scout24 relies on e-mail and messaging services in its marketing efforts. Restrictions in the ability to contact its customers and consumers could therefore adversely affect its business. We classify this risk as tolerable.

Violations of other legal requirements

The aim of compliance is to ensure an irreproachable conduct of business at any time and in all respects. Any failure to fulfil legal requirements and report obligations, any violation of the corporate governance codex or insufficient management transparency may pose a risk to the required compliance. For this reason, Scout24 established a Group-wide code of conduct which provides for the employees‘ safety and support in various professional situations. The recently constructed compliance hotline should also support the detection of relevant infringements. Another effective preventive measure is the training on special topics as competition issues or the proper handling of insider information. Despite comprehensive measures taken within the realignment of the compliance program and our compliance organization, it is actually impossible for us to protect against us all risks. In consideration of the mentioned awareness-raising measures already applied we classify this risk as tolerable.

4.4. Opportunities

4.4.1. Overall statement on opportunities from the viewpoint of management

The Internet business continues to be on a growth trend in Germany, Europe and worldwide. In particular, in the advertising business, the business models are shifting from offline offerings (such as print media) to online offerings. For instance, online advertising expenditures corresponded to 27.0% in 2015 and a rise up to 31.9% in 2018 is expected.[39] It is precisely this development that harbours growth potential for Scout24 business models.

In addition, as a result of its high degree of brand recognition and its high number of users Scout24 has an excellent positioning.

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

4.4.2. Significant opportunities

Potential for further income growth at ImmobilienScout24

ImmobilienScout24 is Germany's largest online real estate advertising portal for commercial and private customers with supported brand recognition of 93%.[40] Today, already over 68% of customers use our services via mobile devices; these services can be used across all devices. Our own apps have already been downloaded more than 12 million times, which underscores the attractiveness of the platform.

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

Our average revenues per core agent ("ARPU") have room for growth, since they are lower than those of comparable market-leading companies in other countries where the shift from offline media to online advertising portals is already further advanced. We believe that our ARPU can be significantly increased, since we are continually increasing the added value for our customers, and the market is continually shifting from print products in favour of online offerings. This development should lead in the medium term to an increase in the ordinary operating EBITDA margin in the ImmobilienScout24 segment.

↘ 39 ZenithOptimedia, Advertising Expenditure Forecasts, December 2015
↘ 40 GfK Brand & Communication Research, September 2015

Largest EU-wide online automobile advertising portal with potential for increased performance

AS24 operates the leading digital car classifieds portal in Europe and is in terms of total classifieds market leader within the vertical automotive portals in Italy, Belgium (including Luxembourg) and the Netherlands, whereas rated second in Germany.[41]

AS24 benefits from Europe-wide presence through fixed-cost digression effects. The European-wide presence allows it to allocate costs for parts of the business, especially the fixed costs for development and the operation of our Internet sites and the mobile apps to the markets. Furthermore, the Europe-wide reach enables us to provide access for regional auto dealers to the demand in the European market and thereby expand their target group of potential buyers. With a view to the cross-border sales of automobiles in Europe, this offers substantial added value.

The similarities in the sales processes and ad placements for automobiles and real estate allow us to use our expertise and our proven practices for both areas and to optimize the processes. Especially with respect to our new developments for mobile products, such as the newly introduced app for mobile phones, we can accelerate the mobile access to our offering and improve the user friendliness for our customers in our AutoScout24 segment. Parallel to this, we are attempting to increase the number of ads of smaller dealers in Germany through targeted sales and marketing campaigns, where our main competitor has a significantly stronger position. As a result, we expect an increase of the ordinary operating EBITDA margin of our AutoScout24 segment in the medium term.

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

The leading position of our IS24 portal according to access numbers and user activity[42] in Germany and of AS24 at European level provides us with a strong and far-reaching access to customers who are ready to buy, and should enable us to generate additional income from our reach, for example, through fee-based services along the value chain. We have already successfully introduced the first added-value service offerings, which should serve to support customers through the entire real estate sales or letting process.

At the same time, the European-wide presence of AutoScout24 allows us via the large number of people looking for cars to generate further income through online sales of ads and lead models along neighbouring segments of the automobile value added chain. We intend to establish AutoScout24 as the „go to“ online portal for auto manufacturers (OEM), loan and insurance agents, replacement parts and accessory dealers and repair shops.

↘ 41 Autobiz, September 2015
↘ 42 Based on visitor numbers (unique monthly visitors, "UMV") and user activity, comScore December 2015 (desktop PC for visitor numbers, desktop PC and mobile devices regarding user activity)

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

From 2013 to 2015, our external revenues have grown at a compound annual growth rate of 12.7%, and reached a total of EUR 393.6 million in the reporting period. Our revenues are not directly dependent on the market prices of real estate and automobiles or the number of real estate transaction or auto sales, but instead on the number and display duration of the ads placed by our customers. Through our recently introduced more individual pricing arrangement, especially through the newly introduced membership model with which our customers can offer their entire real estate portfolio, we are additionally tailoring our pricing arrangement to the specific advertising quotas of our customers.

Our marketplace model and our leading market position make us highly profitable. In the reporting period, our Group generated an ordinary operating EBITDA of EUR 189.6 million, and consequently an ordinary operating EBITDA margin of 48.2%. We believe, however, that our ordinary operating EBITDA margin can be improved even further. The relatively small investment requirements of our business model leads to a significant generation of cash flows.

Benefiting from user interest overlap in our digital marketplaces

In September 2015, Scout24 officially launched Scout24 Media at Germany's largest digital marketing exposition and conference „dmexco" in Cologne. Scout24 Media as a Group-wide function will drive the Group's lead generation and ad sales businesses and help position the Scout24 Group as a leading premium and data driven publisher in Germany and Europe. Scout24 Media combines Group-wide product marketing capabilities and resources as well as third party and agency sales teams. Based on the intensive usage of our portals and the significant synergies across IS24 and AS24, the Management Board believes Scout24 is well positioned to deliver value-added services and products that go beyond classifieds advertising. Management estimates that approximately 30% of AS24 users in Germany are also interested in real estate and approximately 43% of IS24 users in Germany are also interested in cars. This significant user base overlap allows the Group to offer relevant products and services to its consumers and to effectively offer targeted, data-driven advertising and lead-generation solutions to companies interested in reaching the large and qualified base of approximately 17 million monthly users.[43]

↘ 43 AGOF Internet facts 2015-10

5. Outlook

5.1. Market and sector expectations

As described in section 2 "Macroeconomic and sector-specific environment", Scout24 is expecting favourable tailwinds in the macroeconomic backdrop, as well as in the German real estate and European automotive markets.

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Scout24 is well positioned to benefit from those tailwinds, given its focus on core operations and European markets, where it benefits from leading market positions, high brand recognition and significant audience reach.

5.2. Company's expectations

5.2.1. Expected results of operations for the Group and the operating segments

Scout24 reported a successful financial year in 2015 with 14.0% revenue growth and an ordinary operating EBITDA margin of 48.2%, which demonstrates our ability to deliver sustainable and profitable revenue growth.

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

We are confident that this momentum will continue in 2016, and expect group revenue to record a low double-digit percentage growth rate, in line with our guidance at IPO. Reflecting the scalable nature of our business model, our cost base should grow at a disproportionally lower rate than revenues and we therefore expect an ordinary operating EBITDA margin between 49.5% and 50.5%.

ImmobilienScout24 (IS24)

For 2016, we expect IS24 to achieve a high single to low double digit percentage revenue growth rate. The cost base should grow at a disproportionally slower rate than revenues resulting in an increase in ordinary operating EBITDA margin from 59.7% in 2015 to between 60.5% and 61.5% in 2016.

Revenues from core agents increased by 12.3% in 2015 compared to 2014. From an operational perspective, we saw a successful development of the most important performance indicators: IS24 migrated 76% of its customers to the new membership model, it increased its listings market share versus its closest competitor (from 1.3x to 1.4x) and it maintained a strong competitive lead in consumer traffic and engagement (3.1x the next closest competitor) while growing traffic and leads for its agent customers. The number of core agents as of December 2015 decreased by 12.4% compared to December 2014, in line with the market, and mainly driven by the substantial regulatory change in Germany, the so-called „Bestellerprinzip“, that came into effect on 1 June 2015. We have already identified a number of operational initiatives to improve salesforce execution which will implement in 2016 and give us confidence in our outlook.

For 2016, the operational focus for the core agent business will be to maintain or grow its listings market share, to increase the penetration of prominence-driven products and to continue to expand membership penetration. From a financial standpoint, we would expect revenues from core agents to increase based on similar ARPU growth as 2015 and some continued decline in core agent numbers as a result of "Bestellerprinzip" and the ongoing transition to the membership model.

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

Other revenues are expected to grow by a low double-digit percentage, largely driven by increasing revenues from private listings as a result of the "Bestellerprinzip" and strong growth opportunities in the consumer monetization segment.

AutoScout24 (AS24)
For 2016, we expect AS24 (excluding the contribution of Autotrader) to grow revenues at a similar rate as 2015 and for ordinary operating EBITDA margin to expand further by a low single digit percentage point.

The number of core dealers in Germany in December 2015 grew by 12.8% compared to December 2014, mainly driven by our intensified acquisition of medium sized and smaller dealers. In 2016, we expect AS24 core German dealer revenues to grow at a low double-digit rate driven primarily by continued dealer growth.

2016 revenues from Core dealers in Benelux and Italy should grow at levels similar to 2015. In addition, we expect our recent acquisition, European AutoTrader B.V., Amsterdam ("Autotrader") to contribute revenues of around EUR 6 million.

We also expect a positive development for revenues from other dealers and other revenues.

5.2.2. Other future results of operations and financial position

In 2015, our non-operating costs included EUR 3.6 million of share-based compensation and EUR 2.0 million performance-based compensation from a share purchase agreement.

For 2016, we expect total non-operating costs to amount to approximately EUR 14.5 million. This will include approximately EUR 4.5 million of share-based compensation and around EUR 2.0 million from a share purchase agreement. Further EUR 1.2 million of share-based compensation relate to an accounting effect of the existing Management Equity program, and another 3.3 million to a virtual management equity program launched in 2015, which will lead to a first cash-out in 2017. We expect a non-recurring restructuring charge of approximately EUR 5.0 million and additional EUR 3.0 million of post-merger integration expenses for our recent Autotrader acquisition in the Netherlands.

Finally, we expect capital expenditure to be slightly lower than in 2015.

6. Other disclosures

6.1. Dependent company report

Closing statement of the Management Board report concerning relations to associated companies pursuant to Section 312 of the German Stock Corporation Act (AktG)
Scout24 AG was a company controlled by Asa HoldCo GmbH, Frankfurt am Main, in 2015 (it merged with Willis Lux Holdings 2 S.à r.l., Luxembourg, in February 2016). As no control agreement exists with Asa HoldCo GmbH, pursuant to Section 312 of the German Stock Corporation Act (AktG) the Management Board of Scout24 AG is obliged to draw up a report on the relationships to other affiliated companies. This report comprises information on the relationship to the controlling company and to other companies affiliated to the controlling company, as well as to companies of the Scout24 Group, and refers to the period after the change of the legal form as of September 10, 2015.

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

„According to circumstances known to us at the time, our Company received appropriate compensation for any legal transactions and any measures mentioned in this report on the relationships to affiliated companies at the time when these legal transactions were executed, or measures were implemented or omitted, and it was at no disadvantage by such implementation or omission of measures "

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

The following presents information according to Sections 289 (4) and 315 (4) of the German Commercial Code (HGB) as of December 31, 2015.

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

Restrictions affecting the voting shares or the transfer of shares
During the IPO, MEP Pref GmbH & Co. KG and MEP Ord GmbH & Co. KG (together the "MEP companies") agreed in a lock-up agreement with the main shareholder (Asa HoldCo) on September 21, 2015, and in the Underwriting Agreement with the Joint Global Coordinators on September 28, 2015, that, for a period ending twelve months after the date of the first day of trading of the shares of the Company (hence up to and including September 30, 2015), they will not offer, pledge, allot, sell, distribute, transfer or otherwise dispose of, directly or indirectly, any shares in the Company, except in very limited exceptional

cases ("lock-up"). Exceptions apply particularly to transactions with affiliate companies, for certain transactions to cover certain cash tax payment obligations of managers, and the sale of shares held by the MEP companies for four former managers of Scout24. The limited partners of the MEP companies, who are therefore indirectly bound by the lock-up, are mostly current and former managers and employees of Scout24 AG and its subsidiaries. In addition the main shareholders Asa HoldCo, Deutsche Telekom AG, as well as the German BMEP Ord GmbH & Co. KG and German BMEP Pref GmbH & Co. KG, entered with the Underwriting Agreement into a lock-up obligation for a period ending six months after the date of the first day of trading (hence on March 31, 2016).

The independent Supervisory Board members agreed with the Company to re-invest a certain part of their Supervisory Board compensation in shares. Those shares are to be held for the duration of their terms of their supervisory board membership at Scout24 AG.

Direct or indirect equity investments that exceed 10% of voting rights
As of December 31, 2015, the Company is aware of the following equity investments representing more than 10% of voting rights: Asa HoldCo GmbH, Frankfurt am Main (in February 2016 merged with Willis Lux Holdings 2 S.à r.l. Luxembourg) 48.61% and Deutsche Telekom AG, Bonn 13.37%.

Shares endowed with special rights
All shares are granting the same rights, there are no classes of securities endowed with special control rights.

Control of voting rights for equity investments of employees
There are no provisions for control of voting rights, if employees participate in the share capital without directly exercising their voting rights.

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

Authorization of the Management Board to issue new shares or buy back 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 September 3, 2020, by issuing new no-par value registered shares against contributions in cash and/or in kind, by an amount of up to EUR 50.0 million in total (Authorized Capital 2015). In this regard, the shareholders shall generally be granted a subscription right. Pursuant to Section 186 (5) AktG, the new shares may also be assumed by a credit institution or an enterprise, active in the banking sector in accordance with Section 53 (1) Clause 1 or Section 53b (1) Clause 1 or Section 53b (7) German Banking Act (Gesetz über das Kreditwesen), with the obligation to offer them to the shareholders for subscription (indirect subscription right). The Management Board, with Supervisory Board approval, is authorised to exclude shareholders' subscription rights in whole or in part in the following cases:

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

- in case of capital increases against contributions in kind, in particular for the purpose of acquiring companies, parts of companies or interests in companies; for the purpose of excluding fractional amounts from the shareholders' subscription rights;

- for fractional amounts;

- for issuance of shares to employees of the Company and employees and board members of subordinated affiliated companies, and, in addition, with regard to employees in accordance with the requirements of Section 204 (3) AktG;

- for the purpose of granting subscription rights to holders of conversion or option rights related to bonds to be issued by the Company or an affiliated company.

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

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

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

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

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

Material agreements of the Group that take effect in the event of a change of control following a takeover bid are related to the revolving credit facility which was agreed in the course of the initial public offering. In the event of a change of control these agreements provide, under certain conditions, for a right to early termination for the creditor.

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

No such agreements exist.

6.3. Corporate Governance Declaration according to Section 289a of the German Commercial Code (HGB)

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

www.scout24.com

7. Additional disclosures to the individual financial statements of Scout24 AG

The management report of Scout24 AG and the consolidated management report of the Scout24 Group were summarized. The following statements refer exclusively to the annual financial statements of Scout24 AG drawn up according to the statutory accounting regulations of Sections 242 et seq. and Sections 264 et seq. of the German Commercial Code and the complementing regulations of Sections 150 et seq. of the German Stock Corporation Act (AktG).

The consolidated management report was prepared in accordance with the International Financial Reporting Standards (IFRS). Thereby, differences arose mostly in the measurement of provisions, of fixed assets, of financial instruments and in the treatment of the IPO-related transaction costs incurred for equity financing.

7.1. Business activity of Scout24 AG

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

The object of the Company is to acquire and hold participations in other companies as well as to provide for management services to direct and indirect subsidiaries. In such function it is responsible for the management and strategic focus of the Group's business segments.

Scout24 AG provides finance, accounting, controlling, internal auditing, communication, investor relations, human resources and legal services within the Group.

The operative management and control is the responsibility of the Management Boards of Scout24 AG.

The management and control of each subsidiary of Scout24 AG is run by an effective investment controlling permanently monitoring the activities of the subsidiaries. In the course of monthly analyses, the subsidiaries' planned targets are compared with the actual figures and arising differences are analysed.

Scout24 measures the success of its subsidiaries by control parameters as EBITDA as well as ordinary operating EBITDA. EBITDA is defined as profit (based on total sales) before financial results, income taxes, depreciation and amortization, impairment write-downs and the result of sales of subsidiaries. Ordinary operating EBITDA represents EBITDA adjusted for non-operating and special effects.

These parameters are complemented by investments in tangible fixed assets and intangible assets („Investments") as well as other specific control parameters.

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

The economic situation of Scout24 AG was marked in particular by the successful initial public offering and the growth of its subsidiaries. As a whole, it was very positive.

The initial public offering of Scout24 AG was implemented on October 1, 2015. A total of 7,600,000 new shares were issued. At the issue price of EUR 30, EUR 228 million accrued to Scout24 AG, of which EUR 214 million was used to repay loans.

In order to strengthen its market position, Scout24 Group acquired easyautosale GmbH, Munich and classmarkets GmbH, Berlin in the 2015 financial year.

Results of operations

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

Income Statement (condensed)

EUR thousands	2015 01/01/2015 - 31/12/2015	2014 01/04/2014 - 12/31/2014	Change
Revenues	12,975	8,803	4,172
Other operating income	9,815	483	9,332
Cost of materials	-2,143	-738	-1,405
Personnel cost	-7,910	-4,932	-2,978
Depreciation and amortization	-23	-1	-22
Other operating expenses	-42,486	-42,181	-305
Income from profit transfer	127,571	74,093	53,478
Operating profit	97,799	35,527	62,272
Other interest and similar income	40,097	31,585	8,512
Interest and similar expenses	-37,007	-24,612	-12,395
Result of ordinary business activities	100,889	42,500	58,389
Taxes	-26,909	-13,484	-13,425
Profit/ (Loss) for the period	73,980	29,016	44,964

The 2015 financial year covers the period from January 1, 2015 until December 31, 2015, and consequently covers twelve months; the 2014 financial year covers the period from April 1, 2014 until December 31, 2014 and thus it covers nine months.

The revenues contain revenues from passing on of charges for management services amounting to EUR 12.9 million (previous year: EUR 8.8 million).

The other operating income amounting to EUR 9.8 million is substantially composed of charging on IPO costs to the shareholders who sold their shares during the public offering amounting to EUR 5.0 million (previous year: EUR 0 million) as well as the release of provisions amounting to EUR 4.8 million (previous year: EUR 0.3 million).

The personnel expenses increased due to the increased number of employees and the longer reporting period from EUR 4.9 million by EUR 3.0 million to EUR 7.9 million. In the 2015 financial year, Scout24 AG employed a year average of 22 staff members including the members of the Management Board (previous year: 11).

The other operating expenses amounting to EUR 42.5 million (previous year: EUR 42.2 million) are substantially determined by legal and consultancy expenses amounting to EUR 34.5 million (previous year: EUR 32.3 million).

The income from profit transfers amounted to EUR 127.6 million in the financial year (previous-year nine months: EUR 74.1 million), and resulted from the profit-and-loss transfer agreement with Scout24 Holding.

The other interest and similar income includes EUR 40.1 million of income from affiliated companies (previous-year nine months: EUR 31.6 million). Scout24 AG finances its subsidiaries' activities through a loan.

The interest expenses amounting to EUR 37.0 million (previous-year nine months: EUR 24.6 million) were incurred almost exclusively for the debt financing of Scout24 AG.

Due to the improved results taxes amounted to EUR 26.9 million in the 2015 financial year (previous-year nine months: EUR 13.5 million).

The profit amounts to EUR 74.0 million following EUR 29.0 million in the previous year.

Financial position

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

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

Balance Sheet (condensed)

EUR thousands	12/31/2015	12/31/2014	Change
Property, plant and equipment	229	5	224
Financial assets	1,561.929	1,686.929	-125,000
Non-current assets	**1,562.158**	**1,686.934**	**-124,776**
Trade and other receivables	506	37	469
Receivables from affiliated companies	201,841	79,267	122,574
Other assets	2,087	458	1,629
Cash and cash equivalents	30	1,212	-1,182
Current assets	**204.464**	**80,974**	**123,490**
Accruals and deferrals	2,562	24	2,538
Total assets	**1,769.184**	**1,767.932**	**1,252**
Subscribed capital	107,600	2,000	105,600
Capital reserve	423,892	301,492	122,400
Other revenue reserves	53,800	0	53,800
Unappropriated retained earnings	370,144	771,552	-401,408
Total euity	**955,436**	**1,075.043**	**-119,608**
Provisions	**20,295**	**27,508**	**-7,213**
Liabilities	**791,929**	**665,380**	**126,549**
Accruals and deferrals	**1,524**	**0**	**1,524**
Total liabilities and equity	**1,769.184**	**1,767.932**	**1,252**

The financial assets remained unchanged to the previous year and consist of shares in affiliated companies amounting to EUR 1,064.3 million, and loans to affiliated companies amounting to EUR 497.7 million (previous year: EUR 622.7 million).

The current assets consist of receivables from affiliated companies amounting to EUR 201.8 million (previous year: EUR 79.3 million) essentially deriving from the profit-and-loss transfer agreement amounting to EUR 127.6 million (previous year: EUR 74.1 million) concluded with the Scout Holding GmbH, and of receivables from the cash-pooling amounting to EUR 68.1 million (previous year liability: EUR 10.0 million).

As of December 31, 2015, cash and cash equivalents amounted to EUR 0.03 (previous year: EUR 1.2 million) and exclusively contained bank deposits.

The accruals and deferrals on the assets side amounting to EUR 2.6 million essentially contain expenses for the insurance related to the initial public offering amounting EUR 2.0 million and rental licenses amounting EUR 0.4 million. The term of the insurance is up to the year 2026. At the same time, a part of the charging on of these expenses to shareholders is presented under accruals and deferrals on the equity and liabilities side of the balance sheet in the amount of EUR 1.5 million.

The subscribed share capital increased by EUR 105.6 million to EUR 107.6 million upon the issue of new shares amounting EUR 7.6 million and the conversion of EUR 98.0 million from the capital reserve. The premium from the initial public offering amounting to EUR 220.4 million was incorporated in the capital reserve, and as such the capital reserve increased from EUR 301.5 million by EUR 122.4 million to a total of EUR 423.9 million.

An amount of EUR 53.8 million was allocated to other revenue reserves from the profit of the year amounting to EUR 74.0 million.

By the payment of dividends amounting to EUR 421.6 million in the 2015 financial year and the unappropriated retained earnings for the 2015 financial year amounting to EUR 20.2 million, the total unappropriated retained earnings changed by EUR 401.4 million, from EUR 771.5 million to EUR 370.1 million.

The total equity share amounts to 54.0% (previous year: 60.8%).

The provisions decreased from EUR 27.5 million by EUR 7.2 million to EUR 20.3 million, basically due to the decrease of provisions for outstanding invoices.

The liabilities consist of liabilities to credit institutions amounting to EUR 780.8 million (previous year: EUR 646.4 million). The increase of bank liabilities amounting to EUR 134.4 million basically results from further borrowings amounting to EUR 400.0 million. On the other side, loans amounting to EUR 50.0 million and EUR 214.0 million were paid back.

7.3. Risk and opportunities report of Scout24 AG

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

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

7.4. Forecast report for Scout24 AG

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

The management focuses on such activities which can decisively influence the future income (EBITDA) and which have a crucial impact on the future prospects of the Company.

Scout24 AG expects increasing revenues in the financial year 2016 as the management functions will be further developed. The expected positive development of the subsidiaries in 2016 will lead to a further considerable increase of the result of Scout24 AG, whereas EBITDA will be slightly burdened by further consolidation of central functions into Scout24 AG.

For the coming years, management does not expect any significant capital expenditure on the level of Scout24 AG.

In general, the statements made in the forecast report of the Scout24 Group on the development of the market, sales and results apply to Scout24 AG accordingly.

Munich, March 17, 2016
Scout24 AG

The Management Board

Gregory Ellis　　　　Christian Gisy