

Report of the Management Board regarding agenda item 8

Report according to Section 71 (1) no. 8 AktG in connection with Section 186 (4) sentence 2 AktG regarding the proposed authorization to purchase treasury shares and to use these and on the exclusion of subscription rights and rights to tender

The authorization to purchase and use treasury shares resolved by the Annual General Meeting on 30 June 2022 under agenda item 7 will apply until 29 June 2027. However, it has already been utilized in part and is therefore to be renewed early.

Under item 8 of the agenda of the Annual General Meeting on 22 June 2023, the Management Board and the Supervisory Board therefore propose to authorize Scout24 SE (hereinafter "**Scout24**") pursuant to Section 71 (1) no. 8 AktG to purchase treasury shares until 21 June 2028 up to a total of 10% of the existing share capital of Scout24 at the time of the resolution or – if this value is lower – at the time the authorization is exercised. The authorization to repurchase treasury shares resolved by the Annual General Meeting on 30 June 2022 is to be cancelled upon this authorization taking effect. This will not affect the authorizations under the resolution of the Annual General Meeting of 30 June 2022 concerning the use of treasury shares purchased.

The Management Board provides this report on the reasons for the exclusion of the shareholder's rights to tender when repurchasing treasury shares and for the exclusion of the shareholders' subscription rights when using treasury shares, in line with Section 71 (1) no. 8 in conjunction with Section 186 (4) sentence 2 AktG; the report will be made available, as part of the invitation, on the company's website at <https://www.scout24.com/en/investor-relations/annual-general-meeting> as from convocation of the Annual General Meeting and also during the entire Annual General Meeting.

Purchase of treasury shares

The purchase of treasury shares may be effected, on the basis of the authorization proposed under item 8 of the agenda of this Annual General Meeting, at the discretion of the Management Board (i) on the open market or on a multilateral trading facility within the meaning of Section 2 (6) BörsG (hereinafter "**MTF**"), (ii) by means of a public offer or public invitation to submit a purchase offer or (iii) through the use of derivatives (put or call options or a combination of both; hereinafter jointly "**Derivatives**"). Pursuant to Section 71 (1) no. 8 sentence 4 AktG, the purchase of treasury shares on the open market or an MTF meets the requirements for equal treatment of shareholders. In the event of a purchase by means of a public offer or public invitation to submit a purchase offer, a (partial) exclusion of the shareholders' rights to tender is intended to be possible under the proposed authorization. A purchase of treasury shares through the use of Derivatives is also intended to be possible, subject to an exclusion of the shareholders' rights to tender.

Purchase by way of a public purchase offer or public invitation to submit purchase offers

In the event of a public purchase offer or a public invitation to submit purchase offers, the number of shares of Scout24 offered by the shareholders may exceed the number of shares required by Scout24. In this case, offers will be accepted on a quota basis. Priority may be given to small offers or small parts of offers up to a maximum of 100 shares per shareholder. The purpose of this is to avoid fractional amounts in determining the quotas to be repurchased and small residual amounts and thus to simplify the technical procedure of the purchase of shares. This also makes it possible to avoid de facto disadvantages to small shareholders. Furthermore, it is intended to permit scaling based on the number of shares offered (tender quotas) instead of the number of shares held as this allows the purchase procedure to be handled within a commercially reasonable framework. Finally, rounding according to commercial principles is to be permitted in order to avoid fractions of shares. To this extent the purchase quota and the number of shares to be purchased from individual shareholders can be rounded as necessary to make the sale of whole shares possible for technical purposes.

Purchase by way of Derivatives

The authorization furthermore stipulates that Derivatives may be used for the purpose of purchasing treasury shares. Treasury shares up to a maximum of, in total, 5% of the share capital at the time of the resolution or – if this value is lower – at the time the authorization is exercised may be acquired through the use of Derivatives. With this additional alternative, Scout24 expands its options to optimally structure the acquisition of treasury shares.

If the shares are acquired through the use of Derivatives, the derivative transactions must be concluded with a bank or some other company meeting the requirements of Section 186 (5) sentence 1 AktG (hereinafter jointly the “**Issuing Company**”). It must be ensured that only shares which have been acquired by the Issuing Company previously observing the principle of equal treatment through the stock market at a price that is not significantly higher or lower than the current share price in the Xetra trading system (or a comparable successor system) on the Frankfurt stock exchange on the date of the conclusion of the stock market transaction and that may not be more than 10% above or 20% below the share price in the Xetra trading system (or a comparable successor system) on the Frankfurt stock exchange established by the opening auction on the trading day on which the stock market transaction was concluded are used as payment for the Derivatives. The price agreed in the derivative transaction (excluding incidental purchase costs) for the acquisition of a share when exercising the options (exercise price) may – including or excluding any collected or paid option premium – not be more than 10% above or 20% below the share price established by the opening auction in the Xetra trading system (or a comparable successor system) on the Frankfurt stock exchange on the trading day on which the derivative transaction was concluded.

It can be beneficial for Scout24 to sell put options or purchase call options instead of directly acquiring shares in Scout24.

By granting a put option, Scout24 grants the acquirer of the put option the right to sell shares of Scout24 to Scout24 at the price specified in the put option (exercise price). As option writer, Scout24 is obliged to purchase the quantity of shares stipulated in the put option at the exercise price in the event the put option is exercised. As consideration for granting the put option, Scout24 receives an option premium. It is financially expedient for the bearer to exercise a put option if, at the time of exercise, the price of the share of Scout24 is less than the exercise price. In the event the put option is exercised, the liquidity flows on the date the option is exercised. The option premium paid by the acquirer of the put option reduces the consideration paid by Scout24 as a whole for the purchase of the shares. The use of put options when repurchasing shares may be advisable, for example, if Scout24 intends, in the case of low prices, to repurchase treasury shares, but is unsure as to the optimum time for repurchasing, i.e. the point in time when the Scout24 share price is most favourable. In this case, it can be an advantage for the company to sell put options the exercise price of which is below the Scout24 share price at the time the put option transaction is concluded. The use of put options offers in particular the advantage that the shares can be repurchased at a lower price compared to an immediate repurchase. If the option is not exercised, Scout24 may not purchase any treasury shares in this manner. Scout24 however is still left with the option premium it received on the conclusion of the option.

In the purchase of a call option, in return for the payment of an option premium, Scout24 receives the right to purchase a predetermined quantity of shares at a predetermined price (exercise price) from the seller of the option, the option writer. Thus Scout24 buys the right to purchase treasury shares at the exercise price. As consideration for acquiring the call option Scout24 grants an option premium to the option writer. It is financially expedient for Scout24 to exercise its call option if the price of the share of Scout24 is higher than the exercise price because it can then buy the shares at the lower exercise price from the option writer. Scout24 can protect itself from an increasing share price through the purchase of call options. The liquidity of Scout24 is additionally protected because the specified purchase price must not be paid until the call options are exercised.

A call option premium paid by Scout24 must not be significantly higher and a put option premium collected by Scout24 must not be significantly lower than the theoretical market value of the respective options calculated according to accepted financial mathematical methods; the agreed exercise price, among other things, shall be taken into account as part of the calculation.

If treasury shares are acquired using Derivatives in compliance with the above provisions, shareholders shall not be entitled to conclude such derivative transactions with Scout24.

Shareholders are entitled to tender their shares only to the extent that Scout24 is obliged through the derivative transactions to accept the shares from them. Any further right to tender shares is excluded.

The term of the individual Derivatives must not exceed a period of 18 months from the date of conclusion of the derivatives transaction and must in any case end with the term of the authorization, i.e. on 21 June 2028. It must be chosen in such a way that the treasury shares cannot be acquired after 21 June 2028 when exercising the Derivatives.

Through the described determination of option premiums and exercise prices, the shareholders are not at a financial disadvantage in the purchase of treasury shares through the use of put and call options. Because Scout24 receives or pays a fair market price, the shareholders not involved in the derivatives transactions do not lose value for their shareholdings. This essentially corresponds to the position of the shareholder in the event of a share buyback through the open market in which not all shareholders can actually sell shares to Scout24. Thus, prerequisites comparable to those of Section 186 (3) sentence 4 AktG have been met, in accordance with which the exclusion of subscription rights is justified in the event the financial interests of the shareholders are protected by fixing prices close to the market.

Utilization of treasury shares

It is to be permissible under agenda item 8 (lit. d) Sections 2 to 5) to use the treasury shares already held by the company as well as the treasury shares repurchased on the basis of the proposed purchase authorization, in addition to a disposal on the stock exchange, also as follows, if required excluding subscription rights:

Sale against contribution in kind (Section 2)

It is to be possible for the treasury shares already held by the company and the treasury shares repurchased on the basis of an authorization resolution to be sold for a contribution in kind, excluding shareholder subscription rights. This allows Scout24 to offer, sell or transfer treasury shares already held by the company as well as the treasury shares repurchased for a contribution in kind, especially in the context of company mergers or in return for the (indirect) acquisition of companies, business units, parts of companies and equity interests in companies as well as other assets or claims for the acquisition of assets, including claims vis-à-vis Scout24 or its controlled or majority-owned affiliates. Practical experience shows that, both on international and national markets, shares in the acquiring company are often demanded in return for attractive acquisition targets. The authorization proposed here provides Scout24 with the necessary latitude to quickly and flexibly make use of opportunities to merge with other companies and to acquire companies, business units, parts of companies, equity interests or other assets or claims for the acquisition of assets, including claims against Scout24 or its controlled or majority-owned affiliates. The proposed exclusion of subscription rights takes this into account. In determining the valuation ratios the Management Board will ensure that the interests of shareholders are appropriately safeguarded. In assessing the value of the shares to be used as compensation, the Management Board will be guided by the stock market price of Scout24 shares. It is not planned to establish a schematic link with one particular stock market price, mainly in order to ensure that negotiating results already achieved will not be jeopardized by fluctuations in the stock market price.

Service of acquisition rights or obligations (Section 3)

It is moreover intended that the treasury shares already held by the company as well as the treasury shares purchased on the basis of the authorization resolution may further be used, excluding shareholder subscription rights, to service option or conversion rights or to fulfil option or conversion obligations in respect of bonds with warrants and convertible bonds issued by Scout24 or its controlled or majority-owned affiliates. It can be advantageous to fully or partly use treasury shares instead of new shares from a capital increase to service such acquisition rights or obligations. In this context, this also constitutes a suitable means to counter any dilution of capital and the shareholders' voting rights, which may sometimes occur to a certain extent in servicing such acquisition rights or obligations with newly created shares.

Utilization in connection with share-based remuneration programs and/or employee share programs (Section 4)

It is moreover intended that the treasury shares already held by the company as well as the treasury shares purchased on the basis of the authorization resolution may also be used, excluding shareholder subscription rights, in connection with share-based remuneration programs and/or employee share programs of Scout24 or any of its controlled or majority-owned affiliates. In this context, it is to be permitted to transfer the treasury shares to individuals currently or formerly employed by Scout24 or any of its controlled or majority-owned affiliates as well as to board members of any of Scout24's controlled or majority-owned affiliates. The employment relationship, management services agreement or board membership must still exist at the time of the offer, award commitment or transfer of the shares. The issue of treasury shares to employees, generally subject to an appropriate blocking period of several years, is in the interest of Scout24 and its shareholders as it promotes identification of employees with their company and thus an increase in the value of the company. The use of existing treasury shares rather than a capital increase or cash payment, as a share-price-related and value-based remuneration component, may also be economically expedient for Scout24. When assessing the purchase price to be charged to employees, an appropriate discount may be granted as is customary for employee share programs, based on company performance. In connection with respective programs, shares may also be offered for acquisition, awarded and transferred to the aforementioned persons and board members for free.

Sale against cash consideration (Section 5)

It is intended that the treasury shares already held by the company as well as the treasury shares purchased on the basis of the authorization resolution may further be sold outside the open market for cash, excluding subscription rights. This is subject to the condition that the shares are sold at a price which does not significantly fall below the stock market price of same-category shares of Scout24 at the time of the sale. This authorization makes use of the option to simplify exclusion of subscription rights permitted under Section 71 (1) no. 8 AktG applying Section 186 (3) sentence 4 AktG. To protect shareholders against share dilution, the shares may only be sold at a price which does not fall significantly below the relevant stock market price. The final purchase price for treasury shares will be determined shortly before the sale. The Management Board will ensure that any discount on the stock market price according to the market conditions prevailing at the time of placement is as low as possible.

The authorization is subject to the condition that the shares sold ex subscription rights in accordance with Section 186 (3) sentence 4 AktG may not exceed 10% in total of the share capital. The share capital existing at the time the authorization is granted or – if lower – at the time the authorization is exercised will be relevant. This maximum limit of 10% of the share capital decreases by the proportion of share capital that is accounted for by shares of Scout24 issued for an increase of capital for the duration of this authorization, with subscription rights being excluded, pursuant to Section 186 (3) sentence 4 AktG or that service option and conversion rights or obligations under bonds, provided that the bonds were issued since this authorization was granted analogous to Section 186 (3) sentence 4 AktG. Counting these shares ensures that repurchased treasury shares are not sold ex subscription rights in accordance with Section 186 (3) sentence 4 AktG if this would result in the exclusion of shareholder subscription rights for more than 10% in total of the share capital in direct, analogous or mutatis mutandis application of Section 186 (3) sentence 4 AktG. With this restriction and the fact that stock market prices must be used as a guideline for the issue price, the asset and voting right interests of shareholders are appropriately safeguarded. Shareholders are able in principle to maintain their shareholding by purchasing shares on the open market. The authorization is in the interest of Scout24 as it gains additional flexibility by providing the possibility of short-term funding.

Exclusion of subscription rights for fractional amounts (lit. g) sentence 2)

The Management Board is to be authorized to exclude the subscription rights of shareholders for fractional amounts with the approval of the Supervisory Board in the event of a sale of treasury shares. The purpose of the option to exclude subscription rights for fractional amounts is to ensure a technically practicable subscription ratio. The fractional shares excluded from the shareholders' subscription right will be realized in the manner most advantageous to Scout24 either by way of sale in the open market or otherwise. Owing to the limitation to fractional shares, the potential dilutive effect will be minor.

Authorization of the Supervisory Board (lit. e))

Furthermore, the Supervisory Board is to be authorized to use the treasury shares already held by the company as well as the treasury shares repurchased on the basis of the authorization resolution, excluding shareholder subscription rights, to fulfil the rights of Management Board members to obtain Scout24 shares which the Supervisory Board has granted to these members as part of the arrangements governing Management Board remuneration. The granting of such rights can be stipulated already in the management services agreement, or such rights can be granted by way of a separate agreement, whereby the conclusion of a separate agreement may, from the perspective of the board member, be (wholly or partially) voluntary or compulsory. The management services agreement or board membership has to exist at the time of the offer, award commitment or transfer of the shares of Scout24. The Supervisory Board determines further details on commitments and transmissions, including direct compensation, prerequisites for claims and provisions concerning forfeiture and compensation, especially in special cases like retirement, incapacity for work and death, complying with the prerequisites of Section 87 AktG.

Granting shares to Management Board members may increase their loyalty to Scout24. At the same time, it is possible to create variable remuneration components, with management bonuses not being paid out in cash but in shares, which are then, however, subject to a lock-up during which time the Management Board member concerned cannot sell the shares. By means of such or similar arrangements, the aim of appropriate Management Board remuneration in accordance with Section 87 (1) AktG can be met, requiring not only positive but also negative developments to be reflected in the Management Board remuneration. The granting of shares with a lock-up on selling them over several years or similar arrangements can, in particular, create not only a bonus but also a genuine malus effect in the event of negative developments. This instrument can therefore entail larger economic co-responsibility of the Management Board members, in the interests of both Scout24 and its shareholders.

Exercising the authorizations

The authorizations under lit. d), lit. e) and lit. g) of the authorization resolution may be exercised on one or several occasions, whole or in instalments, individually or jointly, while the authorization under lit. d) of the authorization resolution may also be exercised by entities controlled or majority-owned by Scout24 or by third parties acting for Scout24's account or for the account of entities controlled or majority-owned by Scout24. Furthermore, repurchased treasury shares can be transferred to Scout24's controlled or majority-owned affiliates.

Final remarks

The Supervisory Board may determine in its due discretion that actions of the Management Board under the proposed authorization resolution are subject to its approval pursuant to Section 71 (1) no. 8 AktG.

It is intended that the authorization to purchase treasury shares granted by the Annual General Meeting of 30 June 2022 is to be cancelled upon the new authorization taking effect. On the other hand, this new authorization will not affect the authorizations under the resolution of the Annual General Meeting of 30 June 2022 concerning the use of treasury shares. This is because the authorization to purchase treasury shares granted by the Annual General Meeting of 30 June 2022 has been utilized to a considerable extent. For these shares, the authorizations concerning the use of the shares resolved by the Annual General Meeting of 30 June 2022 are to remain in place.

Considering all the aforementioned facts and circumstances, the Management Board and the Supervisory Board are of the opinion that the possibility to exclude subscription rights in the aforementioned cases and for the said reasons, also considering any potential dilution effect arising from the exercise of the authorizations in question to the disadvantage of the shareholders, are justified and reasonable vis-à-vis shareholders.

The Management Board will be guided solely by the interests of the shareholders and Scout24 in its decisions regarding the use of the company's treasury shares. After any use of the authorization, the Management Board will report to the next Annual General Meeting about such use.