Scout24

Report of the Management Board regarding agenda item 9

Report on the exclusion of subscription rights where bonds with warrants, convertible bonds, profit participation rights and/or participating bonds (or combinations of such instruments) are issued pursuant to Sections 221 (4) sentence 2, 186 (4) sentence 2 AktG.

The Management Board's authorization resolved upon by the Annual General Meeting on 21 June 2018 under agenda item 10 to issue bonds with warrants, convertible bonds, profit participation rights and/or participating bonds (or a combination of such instruments) will expire on 20 June 2023. The Management Board has not made any use of this authorization. The Management Board is to be granted such authorization anew.

The issuance of bonds with warrants, convertible bonds, profit participation rights and/or participating bonds (or combinations of such instruments) (hereinafter jointly also "**Bonds**") offers attractive financing opportunities. Therefore, the Management Board is to be authorized, with the approval of the Supervisory Board, to issue corresponding Bonds until 21 June 2028. In order to service the option or conversion rights or option or conversion obligations where this authorization is utilized, a new Conditional Capital 2023 and a corresponding addition to Article 4 of the Articles of Association is also to be resolved.

This authorization is to apply along with the Authorised Capital 2020, which is regulated in Article 4 (3) of the company's Articles of Association, which authorizes the Management Board to increase the company's share capital with the approval of the Supervisory Board until 17 June 2025 by issuing up to 32,280,000 new no-par value registered shares against contributions in cash and/or in kind by an amount of up to EUR 32,280,000 in whole or in part, on one or several occasions, and thereby to exclude the shareholders' subscription rights subject to certain requirements. The Management Board will be obliged to take into account a reciprocal offsetting of those shares which are to be issued directly or indirectly on the basis of these authorizations in order to ensure adequate protection against dilution for the shareholders.

In addition to the classical possibilities of raising debt and equity capital, the issuance of Bonds additionally provides Scout24 SE with the possibility of utilizing attractive financing alternatives on the capital market, depending on the market situation, thereby laying the groundwork for future business development. The issuance of Bonds makes it possible to raise debt capital at attractive conditions. The granting of option or conversion rights additionally provides the company with an opportunity to retain all or part of the funds raised through the issuance of Bonds as equity or, depending on the structure, classifying them as equity or equity-like both for credit assessments and for balance sheet purposes even before the option is exercised or the conversion occurs. The individual option or conversion premiums obtained, as well as a possible classification as equity, will benefit the company's capital base. The additional possibility envisaged of combining bonds with warrants, convertible bonds, profit participation rights and/or participating bonds expands the scope for structuring these financing instruments. Since forms of financing are now becoming common in the area of so-called hybrid financing instruments which also provide for an unlimited term, the authorization does not stipulate a term limitation for issuing the Bonds. The authorization further provides the company with the necessary flexibility, depending on the market situation, to utilize the German capital market or, in particular through majority shareholdings, the international capital market.

For the authorization resolution proposed under this agenda item, a distinction must be drawn with regard to the exclusion of subscription rights: First and foremost, the Management Board will be authorized, with the approval of the Supervisory Board, to issue Bonds on one or several occasions up to 21 June 2028 and to attach option or conversion rights to the respective partial Bonds which entitle the acquirers, subject to the more detailed terms and conditions of the Bonds, to subscribe to shares in Scout24 SE with a pro rata amount of the share capital of up to EUR 7,500,000. This authorization will not affect the statutory subscription rights of the shareholders. However, in order to facilitate the procedure, it would be possible to issue the Bonds to one or more banks or the members of a consortium of banks or equivalent companies pursuant to Section 186 (5) sentence 1 AktG, obliging them to offer the Bonds to the shareholders in accordance with their subscription rights (indirect subscription right within the meaning of Section 186 (5) sentence 1 AktG).

The Management Board will also be entitled within the scope of this authorization to exclude the shareholders' statutory right to subscribe to the Bonds in the following cases: firstly, insofar as this is necessary in order to offset any fractional amounts that might arise when determining the subscription ratio or to be able to grant subscription rights to the holders or creditors (hereinafter jointly "**Holders**") of Bonds which have already been issued. Fractional amounts may result from the respective issue volume and the presentation of a practicable subscription ratio. In such cases, excluding the subscription right facilitates the processing of the capital measure with regard to such fractional amounts. This additionally applies in favour of the Holders of Bonds that have already been issued in consideration of the protection against dilution to which they are normally entitled under the terms and conditions of the Bonds. Excluding the subscription right when utilizing this authorisation is an alternative to adjusting the option or conversion price, which might otherwise be necessary. This will enable the company to achieve higher capital inflows overall.

Furthermore, the subscription right may also be excluded if the Bonds are issued against a non-cash contribution or contributions in kind. One reason for this is to put the Management Board in a position to use the Bonds as acquisition currency so that in individual cases involving mergers, or for the (also indirect) acquisition of assets or claims for the acquisition of assets, including claims against the company or its subsidiaries, it will be able to acquire such non-cash contributions or contributions in kind against the issuance of Bonds. The proposed authorization will enable the Management Board to react quickly and flexibly to advantageous offers or other opportunities that present themselves on the national or international market and to take advantage of opportunities to expand the company by acquiring assets in exchange for the issuance of Bonds in the interest of the company and its shareholders. The Management Board will carefully examine on a case-by-case basis whether it should utilize the authorization to issue the Bonds, excluding subscription rights, should specific opportunities to acquire assets arise. It will exclude shareholders' subscription rights only if this is in the best interests of the company.

With regard to an exclusion of subscription rights beyond that for Bonds with option or conversion rights or option or conversion obligations, use is made of the statutory option set out in Sections 221 (4) sentence 2 and 186 (3) sentence 4 AktG to exclude subscription rights "in those cases in which the capital increase in return for contributions in cash does not exceed 10% of the share capital and the issue price is not significantly lower than the stock market price" (hereinafter also "**Facilitated Exclusion of Subscription Rights"**). The volume of shares attributable to Bonds for which subscription rights can be excluded pursuant to Sections 221 (4) sentence 2 and 186 (3) sentence 4 AktG is to be limited to a share of 10% of the share capital. The company's share capital currently amounts to EUR 75,000,000. Generally, the company's share capital at the time the resolution of the Annual General Meeting is passed on 22 June 2023 will be relevant. Should the share capital decrease – for example, due to a redemption of repurchased treasury shares – the amount of the share capital at the time of the authorization is exercised will be relevant. The authorization volume will be decreased by the proportion of share capital that is accounted for by shares or to which option and/or conversion rights or obligations under Bonds relate that have been issued or sold since the granting of the authorization in direct, analogous or *mutatis mutandis* application of Section 186 (3) sentence 4 AktG. This is meant to ensure that the 10% limit provided for in Section 186 (3) sentence 4 AktG is adhered to, taking all authorizations into account which enable the exclusion of subscription rights pursuant to Section 186 (3) sentence 4 AktG.

Moreover, in cases of Facilitated Exclusion of Subscription Rights, when determining the issue price, the Management Board will not fall substantially below the theoretical market value of the Bond calculated according to accepted financial mathematical methods, thereby ensuring that the requirements set out in Section 186 (3) sentence 4 AktG are complied with.

With the help of the Facilitated Exclusion of Subscription Rights, the Management Board will be put in a position, with the approval of the Supervisory Board, to utilize the capital markets quickly and at short notice to strengthen the capital base and achieve optimal conditions by setting terms close to the market. The placement with a Facilitated Exclusion of Subscription Rights opens up the possibility of realizing higher capital inflows for each Bond than if it had been issued with subscription rights. What is decisive here is that excluding subscription rights gives the company the necessary flexibility to take advantage of favourable stock market situations at short notice. If a subscription right is granted, Section 186 (2) AktG does permit a publication of the subscription price (and thus, in the case of Bonds, their terms and conditions) up to three days before the subscription period expires. However, in view of the volatility on the stock market, there is also a market risk, in particular the risk of price changes, over several days, which can lead to safety margins when determining the terms of the Bonds and thus to less than optimal conditions. Moreover, where subscription rights are granted, due to the uncertainty about the exercise thereof (subscription behaviour) the successful placement with new investors is jeopardized, or in any case associated with additional expenditures. Finally, if it does grant a subscription right, due to the length of the subscription period, the company will not be able to react to favourable or unfavourable market conditions at short notice. Furthermore, such placements, using the Facilitated Exclusion of Subscription Rights, will help attract new investors in Germany and abroad. When allocating the Bonds to one or more investors, the Management Board must base itself solely on the interests of the company.

The Facilitated Exclusion of Subscription Rights – along with the limited scope of the authorization – takes the shareholders' need for protection into account by setting an issue price which is not much lower than the market value of the respective Bond. This prevents any significant economic dilution of the value of the company's shares. Whether or not a dilutive effect will occur can be determined by calculating the notional market value of the Bond in accordance with accepted financial mathematical methods, and comparing it with the issue price. If, following due review by the Management Board, this issue price is deemed to be only insignificantly lower than the notional stock market price (market value) at the time of issue of the Bond, a Facilitated Exclusion of Subscription Rights will be permissible in accordance with the intent and purpose of the provision laid down in Sections 221 (4) sentence 2 and 186 (3), sentence 4 AktG. In that case, the value of a subscription right will be practically zero. Consequently, the exclusion of the subscription right will not cause the shareholders to not suffer any significant economic disadvantage. Insofar as the Management Board considers it appropriate to see expert advice in the given situation, it may obtain the assistance of third parties. For example, a bank assisting in the issuance or an expert third party can ensure in a suitable form that a significant dilution in the sense mentioned above is not to be expected. The shareholders will additionally be able to maintain their share of the company's share capital at almost the same conditions by acquiring the necessary shares on the stock exchange.

In addition, a corresponding clause is intended to ensure, in the interest of the shareholders, that the authorizations to exclude subscription rights as discussed above will be limited to a total share volume of 10% of Scout24 SE's share capital, even when all other authorizations to exclude subscription rights are taken into account.

To the extent that profit participation rights or participating bonds are to be issued without option rights/obligations or conversion rights/obligations, the Management Board will be authorized, with the approval of the Supervisory Board, to exclude subscription rights of the shareholders as a whole, if such profit participation rights or participating bonds have obligation-like features, i.e. if no membership rights in the company and no share in the liquidation proceeds are granted thereunder and further provided that the payable interest is not calculated by reference to the net profit, the distributable profit or the dividend. Furthermore, the interest and the issue price of the profit participation rights or the participating bonds must accord with the current market conditions for comparable funding at the time of issue. Where the aforesaid conditions are fulfilled, the shareholders will not suffer any disadvantages from the exclusion of subscription rights, because the profit participation rights or participating bonds grant no membership rights in the company and no share in the liquidation proceeds or in the profit of the company. It may be stipulated that the interest will depend on the existence of a net profit, a distributable profit or a dividend. On the other hand, it would be inadmissible to stipulate that a higher net profit, a higher distributable profit or a higher dividend will lead to a higher interest rate. Consequently, neither the voting rights nor the participation of the shareholders in the company and its profit are changed or diluted by the issuance of the profit participation rights and/or the participating bonds. In addition, due to the market-oriented issue conditions which are prescribed for such exclusions of subscription rights, no significant subscription right value will arise.

The proposed conditional increase of the share capital by up to EUR 7,500,000 by issuing up to 7,500,000 no-par value shares (Conditional Capital 2023) is solely intended to ensure the issuance of the shares of Scout24 SE required upon the exercise of option or conversion rights or the fulfilment of option or conversion obligations, to the extent such shares are necessary and no authorized capital or treasury shares or other forms of fulfilment are used.

The new shares will be issued at the option or conversion price to be determined in accordance with the authorization resolution of the Annual General Meeting of 22 June 2023.

The Management Board additionally undertakes to ensure that the sum of the shares that are issued, can be issued or are to be issued from the Conditional Capital 2023 to service option or conversion rights or to fulfil option or conversion obligations as a result of the issuance of Bonds and the shares issued during the term of this authorization using authorized capital (in particular the Authorized Capital 2020) or in another manner – even if subscription rights are granted to the shareholders upon issuance of the Bonds or shares – will not exceed 50% of the share capital existing at the time the authorization takes effect or, if that amount is lower, of the share capital existing at the time the authorization is exercised (reciprocal offsetting).

Having weighed up all the circumstances described above, the Management Board, in agreement with the Supervisory Board, deems the authorization to exclude subscription rights in the above cases to be objectively justified and appropriate for the reasons stated, even taking into account the potential dilution effect to the detriment of the shareholders if the authorizations in question are utilized.