HYPOPORT

Hypoport SE annual report for 2020

Berlin, 29 March 2021

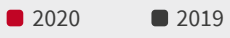
Key performance indicators

Financial performance (million €)	01.01. – 31.12.2020	01.01. – 31.12.2019	Change
Revenue	387.7	337.2	15%
Gross profit	210.5	181.9	16%
Earnings before interest. tax. depreciation and amortisation (EBITDA)	63.8	52.2	22%
Earnings before interest and tax (EBIT)	36.2	33.0	10%
EBIT margin (EBIT as a percentage of gross profit)	17.2%	18.1%	– 5%
Net profit (loss) for the year	27.9	24.4	14%
attributable to Hypoport SE shareholders	27.3	24.4	12%
Earnings per share (€)	4.33	3.90	11%

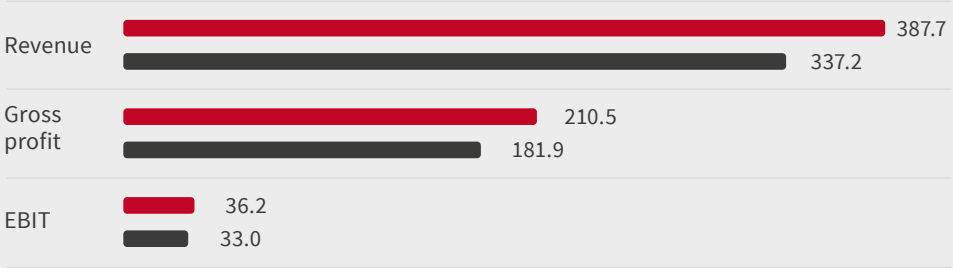
Financial position (million €)	31.12.2020	31.12.2019	Change
Current assets	112.8	87.1	29%
Non-current assets	439.2	304.5	44%
Equity	221.4	178.4	26%
attributable to Hypoport AG shareholders	220.5	178.0	24%
Equity ratio (%)	40.1	45.6	– 12%
Total assets	552.0	391.6	41%

Share performance		
Number of shares	31 December 2020	6,493,376
High in 2020	13 October 2020	€570.00
Low in 2020	18 March 2020	€212.00
Market capitalisation	31 December 2020	€3,344 million
Trading volume	Average per day 2020	€5.2 million

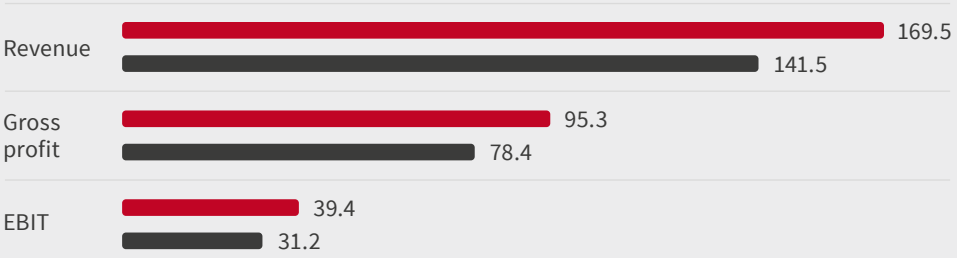
Revenue, Net Revenue and EBIT (million €)



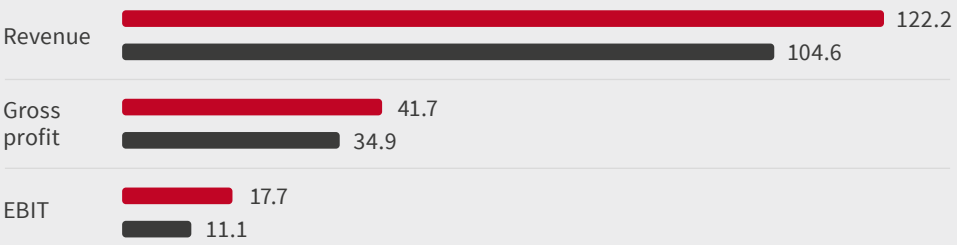
Hypoport Group



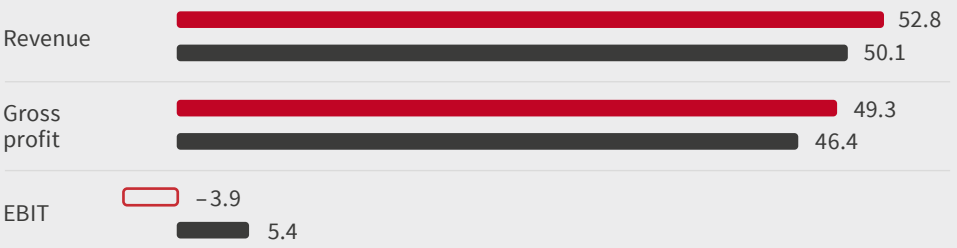
Credit platform



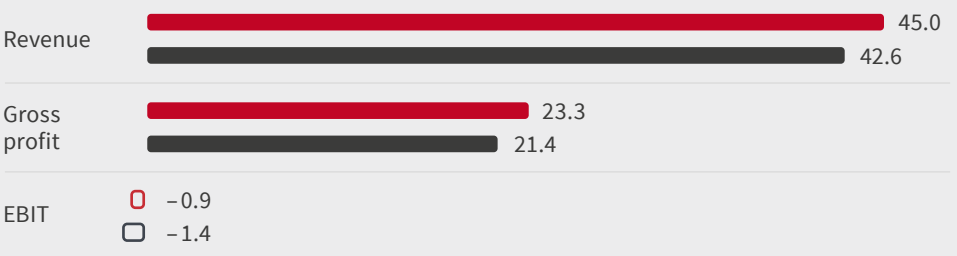
Private Clients



Real Estate platform



Insurance platform



Contents

Letter to the shareholders

Dear shareholder, dear Hypoport employee,

We have all just experienced a year like no other. Since March 2020, the dramatic impact of the social distancing measures imposed in combination with the reduction in consumer spending as a result of the spread of coronavirus (referred to in this report as the 'coronavirus crisis') has had a huge effect on the German economy as a whole and on many individual companies, including some illustrious names.

Despite this deep recession, our Hypoport Group can look back on an extremely successful year. Our revenue growth of 15 per cent was driven by all Hypoport segments and resulted in revenue of €388 million. This double-digit growth in the face of the coronavirus crisis was due to two key factors. Firstly, the markets in which we operate – the German credit, housing and insurance sectors – tend to be fairly immune to short-term economic trends. Secondly, we are a technology company that was able to capture market share from traditional competitors thanks to our much greater level of efficiency. Examples include the use of video chat in Dr. Klein advisors' meetings with consumers and the digital processing of financing applications that are submitted to banks on Europace.

Although we remained almost fully operational throughout the coronavirus crisis thanks to our decentralised organisational structures and the business model of our online platforms, we did experience the effects of the crisis in some areas as a result of delays to rollout projects with new partners, reduced processing productivity among a number of existing partners and a temporary decrease in property valuation activities.

At the same time, we were again able to invest heavily in Hypoport's future growth in 2020. This capital expenditure on new platform technology, the expansion of sales capacity and the exploitation of synergies within the Hypoport Group amounted to approximately €40 million in 2020. The investment in our operating business models was accompanied by further investment at Group level, for example new offices and Hypoport SE's innovation hub. As a result of the robust increase in revenue and an appropriate level of investment during a year dominated by coronavirus, our Hypoport Group reported EBIT of €36.2 million for 2020, which equated to a year-on-year rise of 10 per cent (2019: €33.0 million) and was within the forecast range of €35 million to €40 million. The Hypoport Group therefore continues to generate profitable growth, and we were able to moderately increase the volume of investment.

I would now like to go into more detail about the business performance, revenue and earnings of Hypoport's four operating segments:

The **Credit Platform segment,** which centres around the online B2B lending marketplace Europace, fared extremely well in 2020. Europace increased its transaction volume to €90 billion, up by an impressive 32 per cent compared with 2019. The rapid growth of GENOPACE since 2018 led to an 82 per cent rise to €8 billion in the volume of transactions from cooperative banks. The sub-marketplace for savings banks, FINMAS, also saw its volume of transactions rise to €8 billion, a year-on-year increase of 35 per cent. Considering that the overall market for mortgage finance expanded by only 4 per cent, our market share gains were very substantial in 2020. The growth rates in the two regional banking associations would have been even higher without the aforementioned slight delays to rollout projects with new bank partners. Another contributor to the segment's revenue growth was the increase in revenue from the sales-supporting brokerage pools and from REM Capital, which specialises in corporate finance advice. By contrast, the coronavirus crisis caused revenue to decline in the white-label personal loans business. The segment's total revenue climbed by 20 per cent to €170 million. EBIT advanced at an even stronger rate than revenue, by 26 per cent, to reach €39 million despite continued high levels of investment, thus demonstrating the good scalability of the platforms in this segment. In 2020, the segment's main areas of investment were the next generation of Europace, establishment of the 'fundingport' corporate finance platform, expansion of key account resources for regional banks and closer links with the Real Estate Platform segment.

The **Private Clients segment,** with its main B2C brand Dr. Klein, captured significant market share as a result of using Europace and deploying video conferencing technology for its advisory meetings. The sales volume increased by 24 per cent to a record €9 billion in 2020. Revenue increased by 17 per cent to €122 million in the Private Clients segment. Its EBIT grew by an exceptional 60 per cent to reach €18 million due to the effect of high levels of investment in integrating new regional product partners and digitalising processes in the previous year.

The **Real Estate Platform** segment brings together all of the Hypoport Group's B2B activities relating to property. Revenue from the property sales platform and property management platform fell slightly in 2020 due to the decision to forego individual project business in favour of a scalable platform business model. In operating terms, however, this business performed well due to the gradual increase in new clients. The property valuation platform, which is already closely integrated with the credit platform, also substantially strengthened its number of contractual partners and market position, although the social-distancing measures introduced due to the coronavirus crisis resulted in a slight loss of momentum in the second quarter and, to some extent, in the third and fourth quarters too after business had slowly picked up again. The property financing platform for the housing industry reported a small increase in revenue due to slightly heightened interest-rate volatility in 2020. The Real Estate Platform segment's total revenue went up by 5 per cent to €53 million. EBIT fell sharply to a loss of €4 million owing to the high levels of investment and the decision to scale back individual project business.

Relative to its revenue, the Real Estate Platform segment represented the biggest area of investment within the Hypoport Group in 2020. This investment has enabled us to establish platform-based business models in the segment, which means project business will be insignificant in future. However, our 'platform for housing' will remain a focus of investment in 2021 and offers very promising prospects for growth in the long term.

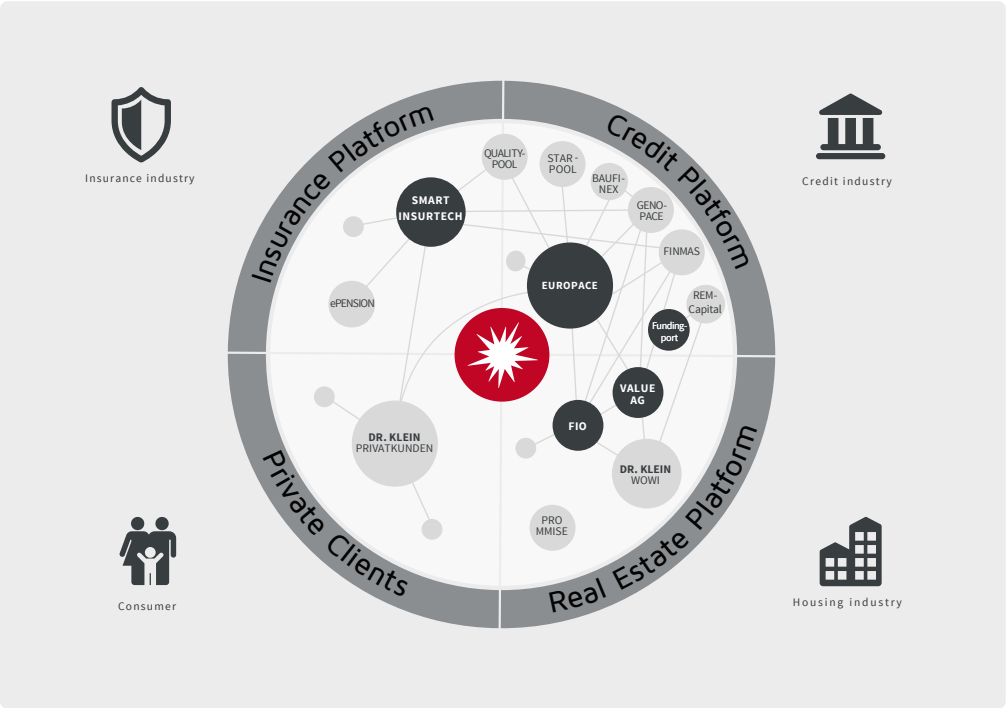
The **Insurance Platform segment,** which is centred around the fully integrated SMART INSUR platform, managed to increase buy-in among the target group of large distribution organisations and brokerage pools by signing up additional small and medium-sized enterprises as clients in 2020, although the rate at which new clients were signed up fell short of our expectations. Revenue increased only slightly, by 6 per cent, to reach €45 million due to the reduction in project business and the focus on recurring revenue streams from the platform business. The start-up losses of this segment declined for the second year in succession, amounting to €1 million in 2020. The segment's investment in 2020 was aimed mainly at enabling the scaling up of acquisitions and the refinement of the SMART INSUR marketplace.

Last year brought many changes for all of us. Hypoport was better prepared for them than most other companies. Our decentralised structure enabled us to respond to the exogenous changes with great agility, thereby ensuring that our Group was fully operational at all times. As well as gaining market share, Hypoport also strengthened its employer brand during the coronavirus crisis. The ability of our more than 2,000 employees to work entirely remotely, flexible working hours to enable employees to look after their children when childcare is unavailable and coronavirus crisis communications are just some of the aspects of the modern, decentralised organisational structure and corporate culture that have been our hallmark for many years. Going forward, this professional approach to crisis management and the further boost to our employer brand compared with our more traditional competitors will help us to attract talented people to work for the Hypoport network. In view of our platform business models and the culture that we offer as an employer, we therefore remain optimistic that we can comfortably get through the coronavirus crisis. Having generated growth of 15 per cent despite the worst global recession for decades, we have already demonstrated that this optimism is not misplaced.

We will remain firmly on this course in 2021. Moreover, we will continue to drive forward the two key areas of investment, the Real Estate Platform and Insurance Platform segments, and increasingly establish our Credit Platform segment's corporate finance platform in the market, reflecting our mission 'the digitalisation of the German credit, property and insurance industries'. As we strive to achieve this, our targets for 2021 are consolidated revenue of €430 million to €460 million and consolidated EBIT of between €40 million and €45 million.

I hope you enjoy reading this report. Stay safe and keep well.
Kind regards,

Ronald Slabke



Group Management Report
Business report

1. Business and economic conditions

Business model and strategy

The companies in the Hypoport Group develop technology platforms for the credit, property and insurance industries (fintech, proptech, insurtech). The Hypoport companies are grouped into four mutually supporting segments: Credit Platform, Private Clients, Real Estate Platform and Insurance Platform. The Group's parent company is Hypoport SE, which is headquartered in Lübeck, Germany. Within the Hypoport Group, Hypoport SE performed the role of a strategic and management holding company and as such provided shared services for the Group in 2020. From 2021, Hypoport SE will focus on its role as a strategic and management holding company. The shared services for the entities in the Hypoport network have been transferred to a separate subsidiary (Hypoport hub SE). Hypoport SE's objectives are the advancement and expansion of its network of subsidiaries along value chains, while making use of synergies.

The Group is managed on the basis of an annual strategy process in which the Group's focus in terms of target markets, positioning, technologies and key financials is decided upon. This strategy process feeds into a qualitative and quantitative four-year plan. Revenue and the earnings generated by operational business activities at Group level (EBIT), which represent the aggregate business performance of the individual operating segments, are the key performance indicators (KPIs) for the Hypoport Group. For Hypoport SE as the strategic and management holding company, the KPIs representing aggregate business performance were revenue and earnings before tax (EBT) in 2020. As the Hypoport SE entity has now become the investor company of the Hypoport Group, revenue no longer appears to be a useful KPI. From 2021, EBT will therefore be the sole KPI of Hypoport SE. It includes the net income (loss) from long-term equity investments in subsidiaries.

The KPIs are reviewed monthly and discussed by senior management. This enables any variances from the targets to be identified at an early stage so that appropriate corrective action can be taken if needed.

Credit Platform segment

The Hypoport Group, through its subsidiaries Hypoport Mortgage Market Ltd. (mortgage loans, building finance) and Europace AG (personal loans, credit insurance), operates Europace, the largest credit platform for the sale of financial products for private clients in Germany. A fully integrated system links more than 750 partners: banks, insurers and financial product distributors. In 2020, several thousand users executed more than 400,000 transactions via Europace. The volume generated during the year was around €90 billion.

In addition to Europace, the Credit Platform segment includes companies specialising in individual user groups that contribute to the further growth of Europace and benefit from the integration with Europace.

GENOPACE GmbH is a joint venture aimed at establishing a financial marketplace within the cooperative banking sector. In addition to the credit cooperatives (Volksbanken) from Düsseldorf/Neuss and Münster, which were its initial partners, all the major cooperative financial network partners are now shareholders: Münchener Hypothekenbank eG, R+V Lebensversicherung AG, DZ Hyp AG and Bausparkasse Schwäbisch Hall AG.

FINMAS GmbH is a joint subsidiary operated in cooperation with Finanz Informatik GmbH & Co. KG (until 2019: Ostdeutscher Sparkassenverband, the association of eastern German savings banks) and signs up partners for the financial marketplace within the Savings Banks Finance Group.

Qualitypool GmbH provides support services via Europace to small and medium-sized financial product distributors in relation to the brokerage of mortgages, building finance solutions and personal loans.

Starpool Finanz GmbH – a joint venture with DSL Bank, part of Deutsche Bank AG – makes the Europace marketplace available to small and medium-sized financial product distributors and offers complementary packaging services.

BAUFINEX GmbH, a subsidiary established in cooperation with Bausparkasse Schwäbisch Hall in 2018, provides a marketplace that is focused exclusively on small-scale mortgage finance brokers from the cooperative financial network.

Dr. Klein Ratenkredit GmbH is a specialist personal loans company that supports its affiliated banking partners in the distribution of white-label consumer loans.

REM Capital AG, which was acquired in 2019, provides specialist advice on the arrangement of complex public-sector development loans for companies and financing for small and medium-sized enterprises in Germany.

At FUNDINGPORT GmbH, which was founded in summer 2019, a corporate finance marketplace is being established. The marketplace's first functions went live in 2020.

Private Clients segment

The companies within the Private Clients segment primarily focus on the brokerage of residential mortgage finance products for consumers. The Hypoport Group is represented in this market by its subsidiaries Dr. Klein Privatkunden AG and Vergleich.de Gesellschaft für Verbraucherinformation mbH. Focusing on the sale of mortgage finance to consumers, the companies in this segment also offer their clients various financial products in the categories of consumer loans, insurance and basic banking products (e.g. instant-access accounts).

Prospective clients are acquired via the internet, while subsequent advice is provided by means of online tools, on the telephone or through the Dr. Klein franchise system of highly qualified financial advisors in face-to-face meetings. In each case, the advisor uses the Group's Europace and SMART INSUR platforms to select the best products for the client from a broad selection of all appropriate banks and insurance companies. This comprehensive advice is independent of product suppliers and provides consumers with benefits in terms of efficiency and the quality of the product range.

Real Estate Platform segment

All property-related activities of the Hypoport Group, with the exception of mortgage finance, are grouped together in the Real Estate Platform segment with the aim of digitalising the sale, valuation, financing and management of properties.

FIO SYSTEMS AG provides a comprehensive platform that enables bank-affiliated estate agents and large independent estate agents in Germany to fully digitalise their business operations.

Operating across Germany, Value AG provides mortgage valuation services to help banks, insurers and building finance associations make their lending decisions. These services in combination with FIO's broker software and the Europace platform create a seamless process for purchasing and valuing private residential property in Germany and arranging the necessary finance.

Dr. Klein Wowi Finanz AG advises mainly municipal and cooperative housing companies on finance and insurance for their rental housing portfolios. Dr. Klein Wowi Digital AG supports companies in the housing industry with the digitalisation of their business, offering industry-specific advisory services and platform solutions for collaboration and portfolio management. In addition, FIO offers software-as-a-service solutions for housing companies' payments processing and for management of insurance claims.

Hypoport B.V., the Group's subsidiary based in Amsterdam, helps banks to analyse and report on securitised mortgage finance portfolios.

Insurance Platform segment

The Insurance Platform segment brings together all of the Hypoport Group's activities relating to insurance technology. To this end, Smart InsurTech AG develops and operates a fully integrated platform for the sale and administration of insurance products, SMART INSUR. This modular platform provides comprehensive support for the sales and management processes typical in this sector, including advisory support, comparison tools and management of in-force business for insurance brokers and non-exclusive agents.

In addition, Qualitypool GmbH (insurance business unit) and further distribution service companies provide support services to small and medium-sized financial product distributors in relation to the brokerage of insurance.

ePension GmbH & Co. KG provides a digital platform for the administration of occupational pension schemes. Together with its wholly owned subsidiary E & P Pensionsmanagement GmbH, it is also a service provider for employers and their staff in the field of occupational retirement pensions.

Holding segment

The non-operational activities of the Hypoport Group are assigned to the Holding segment, which has been reported as a separate segment since 2019. In 2020, this segment essentially consisted of the business activities of the parent company Hypoport SE in its role as a strategic and management holding company that provides shared services for the Group. From 2021, the shared services will be bundled in a separate company, Hypoport hub SE. Hypoport hub SE will continue to be assigned to the Holding segment.

Economic conditions

The particular market environment in which the Hypoport Group operates – the German credit, housing and insurance industries – traditionally benefits from a high level of immunity to fluctuations in the wider economy. Changes in macroeconomic variables, such as gross domestic product (GDP) and inflation, traditionally have only a very indirect influence on consumers' and the housing industry's willingness to take out loans and insurance.

In 2020, the coronavirus outbreak and the necessary countermeasures taken to contain the pandemic had a dramatic impact on the macroeconomic environment. In the ten years to 2019, the German economy had expanded every year, with an average growth rate of 1.9 per cent per year. This was the longest period of growth since German reunification. However, GDP slumped by 5.0 per cent in 2020.

In 2020, consumer prices in Germany went up by just 0.5 per cent (2019: 1.4 per cent), which was well under the inflation target of the European Central Bank (ECB) of "below, but close to, 2.0 per cent". Consequently, the ECB continued to take an expansionary approach in its monetary policy in 2020.

Sectoral performance

The subsidiaries of the Hypoport Group that are involved in operating activities are assigned to its four segments: Credit Platform, Private Clients, Real Estate Platform and Insurance Platform.

The companies within the first two segments (Credit Platform and Private Clients) are primarily involved in the brokerage of financial products for private residential mortgage finance, the development of technology platforms for such brokerage, and related services. The key target sector for these segments is therefore the credit industry for residential property in Germany.

The Real Estate Platform segment is involved in the sale, valuation, financing and management of residential properties. The volume of housing market transactions in Germany is this segment's best possible market benchmark, because it has a bearing on the development of the relevant business processes.

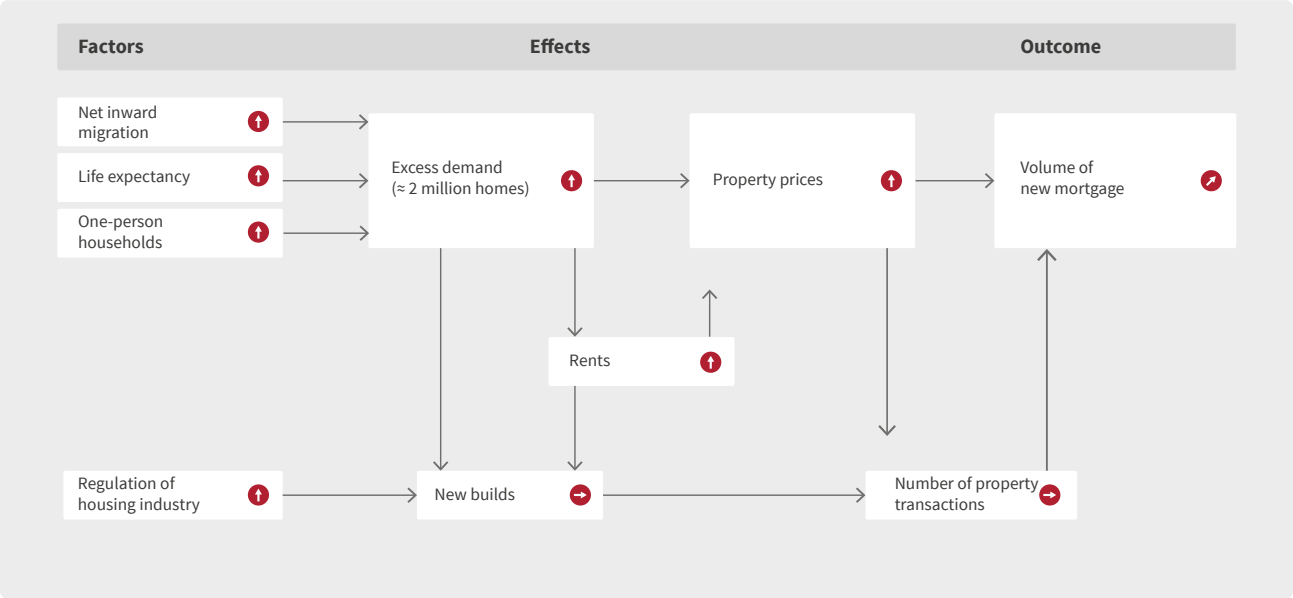
The fourth segment – Insurance Platform – offers software solutions to traditional distribution organisations and B2C insurtech start-ups for the sale and management of insurance and pension products. The German insurance industry therefore constitutes the key market environment for this segment's operations.

Housing market in Germany

The German housing market has been buoyant for years. It is influenced by various long-term factors:

1. Net inward migration to Germany,
2. Higher life expectancy,
3. Growing number of one-person households,
4. Wish to be unaffected by possible rent increases.

The first three of these factors have been pushing up consumer demand for residential property in Germany for many years. On the supply side, the regulation of residential construction and a shortage of building resources mean that only a moderate level of new construction is taking place. These changes in the situation for supply and demand are resulting in excess demand, which different experts put at between one and two million homes and which primarily affects metropolitan areas. The surplus demand, combined with a narrow and heavily regulated rental market, is causing property prices to rise and, in consequence, leading to growth in the volume of housing market transactions (see the 'Volume of housing market transactions' section) and in the volume of private residential mortgage finance (see the 'Market for residential mortgage finance' section).



Volume of housing market transactions (market environment of the Real Estate Platform segment)

Based on Deutsche Bundesbank's data for the market volume of new mortgage finance business, the data obtained from Europace and a study from GEWOS, a property research institution[I], the Hypoport Group estimates that the volume of consumer housing market transactions in Germany was around €220 billion in 2020. The small year-on-year increase of approximately 5 per cent was driven by a rise in property prices, as the number of property transactions was down slightly.

Operational developments in the housing market were overshadowed by the ongoing coronavirus outbreak in 2020. Nevertheless, the long-term trend is intact due to the aforementioned excess demand for residential properties.

In March 2020, housing demand and supply in Germany fell sharply due to the first lockdown (March to May) but soon staged a marked recovery. Having a home of one's own immediately became more important for a significant proportion of the population during this time because many people were working from home and/or looking after their children at home. Consequently, demand for higher-value housing bounced back to reach a record level in the second quarter and remained high for the rest of the year.

I IMA® information on the German property market in 2020, GEWOS.

The supply of housing also began to improve noticeably again in the second quarter. As in recent years, the low level of available homes is limiting the number of completed transactions, which – as was the case in the past – is leading to sharp price rises. This was reflected in Europace's EPX house price index, which rose by 11 per cent from 170 points to 188 points over the course of 2020.

Irrespective of prices, the social distancing measures imposed in order to tackle coronavirus are likely to have resulted in a temporary fall in the number of housing transactions. The adverse effect was limited because, as explained above, it was more than offset by the rise in property prices.

Market for residential mortgage finance (market environment for the Credit Platform and Private Clients segments)

The market for residential mortgage finance in Germany is influenced by various industry-specific factors. The following three factors are the most important:

- Developments in the German housing market (see the 'Housing market in Germany' section),
- Regulatory requirements for brokers and suppliers of residential mortgages,
- Level of interest rates for mortgage finance.

The German financial services market has, for many years, seen a steady increase in European and national regulation aimed at consumer protection. For years, banks and insurance companies in particular have been required to use significant resources to implement laws and directives. As these resources could otherwise have been used to strengthen operations, the overall impact of the regulations has been to inhibit market performance. An example in 2020 was the introduction of loan payment holidays for borrowers during the coronavirus pandemic.

Short-term changes in interest rates play a subordinate role when consumers are deciding whether to buy property. For this group, being able to secure the right property at the right time for an affordable price is more important than the current mortgage rate. Moreover, it can be assumed that there is an inverse correlation between long-term changes in interest rates and the level of property prices, with the effect that they balance each other out over time.

The interaction of these factors caused the volume of new mortgage finance business[II], based on Deutsche Bundesbank statistics (Bundesbank time series BBK01.SUD231), to rise to €273.4 billion in 2020, a year-on-year increase of 4.0 per cent (2019: €262.9 billion).

II Deutsche Bundesbank at https://www.bundesbank.de/dynamic/action/de/statistiken/zeitreihen-datenbanken/zeitreihen-datenbank/723452/723452?tsId=BBK01.SUD231&statisticType=BBK_ITS&tsTab=0.

Insurance market (market environment for the Insurance Platform segment)

Regular income from premiums and the predictable nature of insurance benefit payments as a result of the huge number of individual policies mean that the insurance industry (direct insurance) is not generally subject to rapid or dramatic changes. Nevertheless, sales of life insurance and private health insurance policies have been weak for years owing to the low level of interest rates and regulatory intervention by legislators, and this is holding back the growth of the sector as a whole.

Premiums rose by 1.2 per cent in 2020, which was only marginally lower than the forecast of 1.5 per cent to 2.0 per cent produced by the German Insurance Association (GDV) [III] in January 2020, i.e. before the coronavirus crisis. This increase reaffirms that the German insurance market is resilient to crises in the wider economy. Only consumers' inclination to take out endowment insurance declined temporarily as a result of the coronavirus crisis.

Business performance

Hypoport's consolidated revenue rose by 15 per cent to €387.7 million in the reporting year (2019: €337.2 million). The sharp rise was predominantly due to the robust organic growth of the existing Hypoport companies. Furthermore, ePension GmbH & Co. KG, which was acquired in 2020, made a small contribution to consolidated revenue for the first time, and REM Capital AG, which was acquired in summer 2019, contributed revenue for the full year after being consolidated for only part of 2019. The year-on-year comparison should also be viewed in light of the decision by the two newer segments to deliberately forego (Real Estate Platform segment) or reduce (Insurance Platform segment) individual project business in favour of a scalable platform business model, accepting that this would lead to a decrease in revenue in the short term. Excluding this project business, the Hypoport Group's revenue growth would have been between 15 per cent and 20 per cent.

Despite the healthy level of growth, both organic and as a result of acquisitions, revenue was just below (by 3 per cent) the forecast range of €400 million to €440 million. The reasons for this included a slight delay in recruiting new B2B partners and in rollout projects in the Credit Platform, Real Estate Platform and Insurance Platform segments. Moreover, VALUE AG saw a temporary reduction in property valuation activities during the two lockdown phases. Hypoport believes that all three effects are a temporary consequence of the social-distancing measures imposed due to the coronavirus outbreak in 2020.

III GDV at https://www.gdv.de/de/medien/aktuell/versicherer-blicken--vorsichtig-optimistisch-nach-vorn----mit-leichtem-wachstum-2020--sehr-zufrieden--65340.

Gross profit in the Hypoport Group increased at a similar rate to revenue, rising by 16 per cent to €210.5 million (2019: €181.9 million). The Hypoport Group's earnings before interest and tax (EBIT) advanced from €33.0 million to €36.2 million. This year-on-year increase of 10 per cent was the consequence of the healthy growth of revenue and, at the same time, a high level of investment on projects to deliver future growth. The EBIT forecast of between €35 million and €40 million was therefore achieved. The fact that the Hypoport Group comfortably achieved the EBIT forecast despite just missing the revenue forecast underlines the good scalability of the platform business model and the agility of the entire Hypoport Group during the coronavirus crisis. Moreover, operating costs held steady in many operating units.

The slower pace of earnings growth relative to revenue growth was due to the disparate performance of the individual segments and product groups, some of which presented a mixed picture in terms of profit margins, and due to expenses incurred in connection with the integration of the new companies. The parent company Hypoport SE also spent more on developing its sites and on fostering innovation and closer integration between its subsidiaries through support for a new innovation hub. Details of the performance of the individual segments can be found below.

Explanation of the changes to the segments

Hypoport acquired the company REM CAPITAL AG ('REM') on 1 July 2019. REM advises on commercial finance projects, specialising in the arrangement of complex public-sector development loans. By acquiring REM, the Hypoport Group is extending the range of services in its corporate lending business. The company is included in the Credit Platform segment.

All of the shares in Maklaro GmbH were acquired on 1 August 2019. Maklaro combines traditional estate agent services with cutting-edge technology. This includes offering free online property valuations, producing professional and effective sales brochures and managing prospective buyers and showing them around the properties for sale. By acquiring Maklaro, the Hypoport Group is expanding the range of services associated with the property sales platform of the Real Estate Platform segment.

In December 2019, Hypoport acquired empirica-systeme GmbH and merged it with Hypoport subsidiary Value AG (Real Estate Platform segment). Empirica specialises in the processing, analysis and provision of property market data and related information systems.

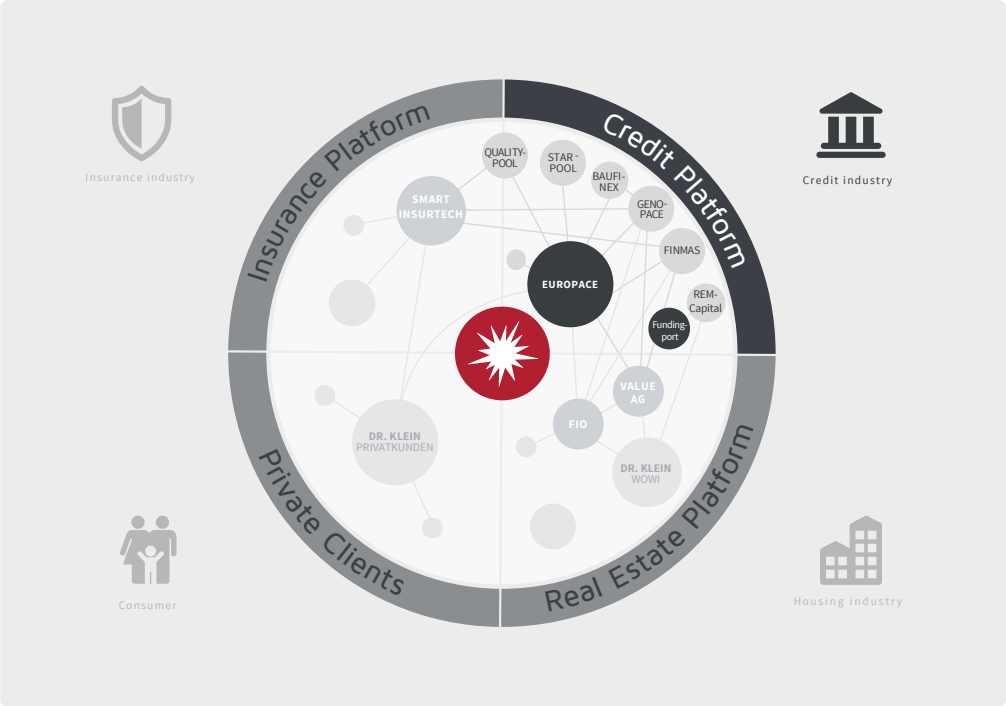
In early March 2020, 49.997 per cent of the shares in AMEXPool AG ('AMEX'), Buggingen, were acquired. AMEX specialises in insurance for businesses, particularly non-life insurance for businesses and motor vehicle insurance. By acquiring AMEX, the Hypoport Group is extending the range of services relating to insurance for businesses. Its activities were allocated to the Insurance Platform segment.

On 4 March 2020, 49 per cent of the shares in ePension GmbH & Co. KG ('ePension'), Hamburg, were acquired, followed by a further 2 per cent on 4 August 2020. The company operates a digital platform for the administration of occupational pension schemes; its wholly owned subsidiary, E & P Pensionsmanagement GmbH, is a distributor of occupational pension products. Their business activities were allocated to the Insurance Platform segment.

The Holding segment has been presented separately in the segment reporting since 2019. As the Holding segment generates little to no external revenue, the detailed disclosures below only cover the four operating segments. The revenue and selling expenses stated below for these four individual segments include revenue with other segments of the Hypoport Group and associated selling expenses. For further information, see 'Segment reporting' in the notes to the consolidated financial statements.

Credit Platform segment

The Credit Platform segment includes the web-based B2B credit platform Europace, which is the largest German marketplace for the sale of mortgage finance, building finance products and personal loans, plus sub-marketplaces and distribution companies that are tailored to individual target groups.



Europace brings together two groups: distribution organisations (non-captive distribution organisations, private commercial banks, savings banks, cooperative banks) and product suppliers (private commercial banks and insurance companies, savings banks and cooperative banks). The volume of transactions processed on Europace in 2020 went up by around 32 per cent to €89.6 billion, compared with €68.0 billion in 2019. There were further gains in market share in all three product groups: mortgage finance, building finance and personal loans. Mortgage finance, which is by far the largest product group, saw its transaction volume grow by 36 per cent year on year to €72.7 billion (2019: €53.5 billion). The second-largest product group, building finance, increased its transaction volume by 21 per cent to €13.4 billion (2019: €11.0 billion). The volume in the smallest product group, personal loans, edged up by 2 per cent to €3.52 billion (2019: €3.46 billion), whereas the overall market contracted sharply.

Europace's market share increased significantly because the product groups outperformed their respective markets. Figures from Deutsche Bundesbank show that, in 2020, the total volume of new mortgage finance business in Germany grew by roughly 4 per cent year on year. The total volume of new building finance agreements fell by a substantial 14 per cent and the total volume of new consumer loans by 7 per cent.

FINMAS, the sub-marketplace for institutions in the savings banks sector, increased its volume of transactions by 35 per cent to more than €8 billion in 2020. In the cooperative banking sector, institutions used the dedicated GENOPACE sub-marketplace to generate a volume that was also above €8 billion, a rise of 82 per cent. The volume of transactions in the cooperative banking sector was in fact larger than that of the savings bank group for the first time in the fourth quarter of 2020.

Alongside these groups of banks, the volumes generated by non-captive financial product distributors and private commercial banks also expanded at a much faster rate than the market, with increases in a range of around 25 per cent to 35 per cent.

The increasing use of Europace, FINMAS and GENOPACE within their respective sectors can also be seen from the number of contractual partners (product suppliers and distributors), which rose by 9 per cent to 770 (31 December 2019: 706). Of this total, 311 contractual partners were attributable to FINMAS (31 December 2019: 277; up by 12 per cent) and 370 to GENOPACE (31 December 2019: 345; up by 7 per cent). It should be noted that signing up new clients was made more difficult by the coronavirus crisis in 2020, particularly for regional banks. The proportion of contractual partners among regional banks is already high (savings banks approx. 80 per cent, cooperative banks approx. 45 per cent), so expanding these business relationships in qualitative terms will be more important in future.

Boosted by the very good performance of the Qualitypool brokerage pool and the corporate finance advisor REM CAPITAL and by the good performance of Starpool, the Credit Platform segment reported significant increases in both revenue and earnings in 2020. Only the white-label personal loans business saw a decline in its business performance as it was dragged down by consumers' reluctance to take out loans and by banks' more restrictive lending.

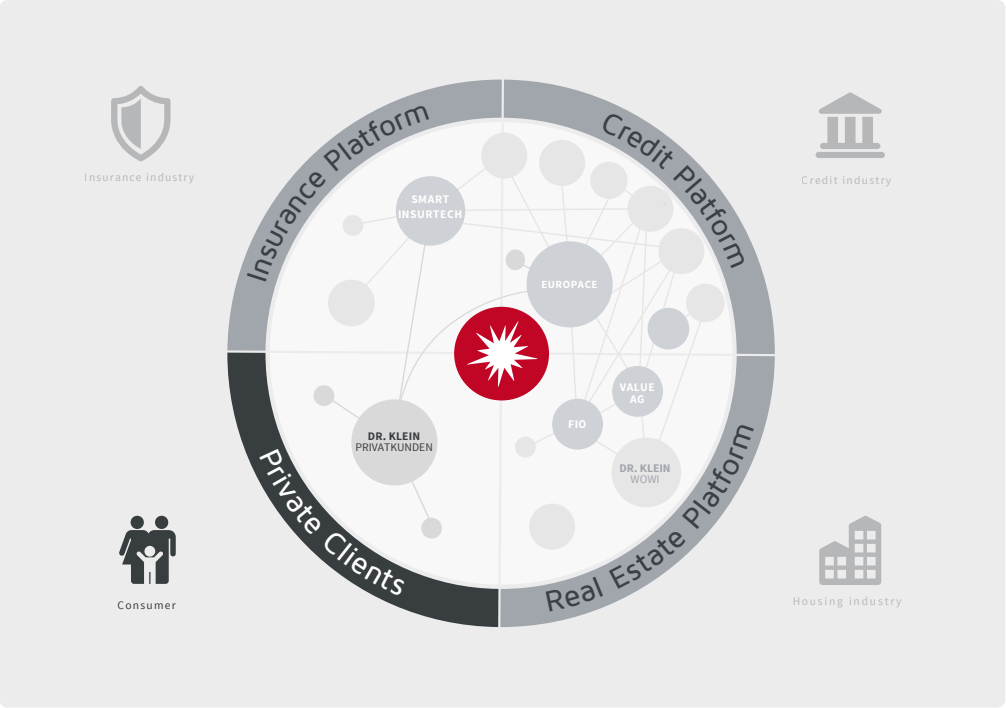
Revenue and earnings

In 2020, revenue in the Credit Platform segment rose by a substantial 20 per cent to €169.5 million (2019: €141.5 million). Gross profit minus selling expenses – which are incurred almost exclusively in connection with the two brokerage pools and the white-label sales of personal loans due to the business model – climbed at a similar rate of 22 per cent to reach €95.3 million (2019: €78.4 million). On the back of this increase, EBIT advanced by 26 per cent to €39.4 million (2019: €31.2 million). The segment's forecast of a sharp rise in revenue and earnings in 2020 was therefore met. The Credit Platform segment's operating performance can be seen from the EBIT margin, which is based on gross profit. At 41 per cent, this margin was up slightly on the previous year (2019: 40 per cent) despite continued high levels of investment in expansion of sales capacity – particularly at the regional banks – and in IT development for new marketplace functions, closer links to the Real Estate Platform segment and establishment of the 'fundingport' corporate finance platform.

Financial figures Credit Platform	2020	2019	Change
Transaction volume (billion €)			
Total	89.6	68.0	32%
thereof Mortgage finance	72.7	53.5	36%
thereof Building finance	13.4	11.0	21%
thereof Personal loan	3.5	3.5	2%
Partners (number)			
Europace (incl. GENOPACE und FINMAS)	770	706	9%
GENOPACE	370	345	7%
FINMAS	311	277	12%
Revenue and earnings (million €)			
Revenue	169.4	141.5	20%
Gross profit	95.3	78.4	22%
EBIT	39.4	31.2	26%

Private Clients segment

The Private Clients segment, made up of the web-based, non-captive financial product distributor Dr. Klein Privatkunden AG and the consumer comparison portal Vergleich.de, brings together all business models aimed at directly advising consumers on mortgage finance, insurance and pension products (B2C business model, or B2B2C including franchisees).



Dr. Klein offers advice on mortgage finance, building finance products and personal loans at approximately 230 locations. At these locations, the advice is mainly provided through a franchise system. Dr. Klein also has eight flagship stores located in large metropolitan areas in Germany. The network of sites has already been optimised in terms of coverage, which means the opening of new locations will not be the main source of growth in future.

Instead, further expansion will largely be determined by the number and performance of the advisors [IV] at the existing locations. As at 31 December 2020, the number of advisors had grown by 16 per cent year on year, taking the total to 578 (31 December 2019: 499). The coronavirus crisis made it harder to recruit new employees in the second quarter, but the situation improved in the second half of the year.

IV Improved definition introduced for 2020 onwards. Only those people whose main occupation is mortgage finance advisor now count as Dr. Klein advisors. Prior-year figures adjusted.

In 2020, the volume of mortgage finance, building finance and personal loan products brokered by Dr. Klein ('volume of new loans brokered') amounted to approximately €9.2 billion (2019: €7.4 billion). This equates to an increase of 24 per cent. As a result, Dr. Klein expanded its share of the overall market, which grew by only 4 per cent, in 2020. This was despite the coronavirus-related difficulties with regard to newly recruited advisors that led to a period of weakness in the second quarter.

The main reason for the increase in market share was that Dr. Klein has been offering advice via video for years, which has proved to be a huge competitive advantage over less tech-savvy advisors in dealing with the social distancing requirements imposed due to the coronavirus outbreak (lockdown). Moreover, consumer demand for financial advice that is not tied to a particular product supplier and is provided by independent advisors has been rising for years, and this trend continued to support the business in 2020.

Revenue and earnings

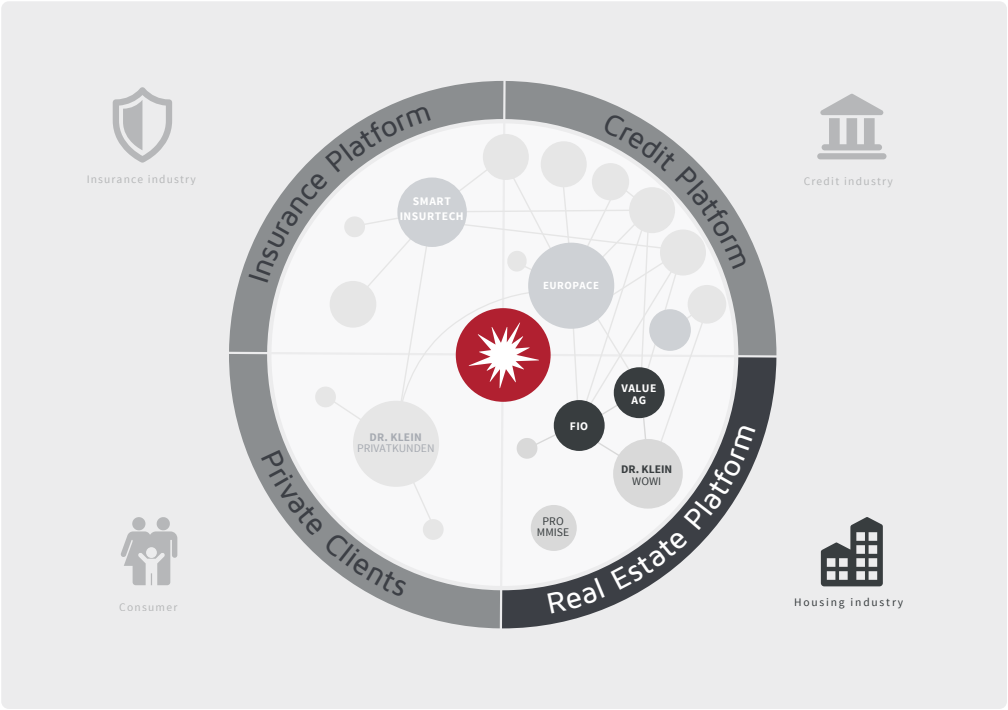
Revenue in the Private Clients segment advanced by 17 per cent to €122.2 million in 2020 (2019: €104.6 million). Commission paid to distribution partners (mainly franchisees) and lead acquisition fees paid to third parties are deducted from the segment's revenue to give the figure for gross profit. This rose by 19 per cent to €41.7 million (2019: €34.9 million). The EBIT of the Private Clients segment jumped by 60 per cent, from €11.1 million to €17.7 million. The disproportionately strong rise in EBIT was due to higher levels of investment in 2019 than in 2020 in improving the contractual integration of a large number of new regional product partners as well as investment in digitalising processes and continuing to build up the workforce. The segment's forecast of a sharp rise in revenue and earnings in 2020 was therefore met.

The operating performance of the Private Clients segment can be seen from the EBIT margin, which is based on gross profit and jumped from 32 per cent in 2019 to 42 per cent in the year under review. It was therefore slightly higher than the long-term level of 35 per cent to 40 per cent.

Financial figures Private Clients	2020	2019	Change
Transaction volume (billion €)			
Financing total	9.16	7.40	24%
Number of franchise advisors (financing)	578	499	16%
Revenue and earnings (million €)			
Revenue	122.2	104.6	17%
Gross profit	41.7	34.9	19%
EBIT	17.7	11.1	60%

Real Estate Platform segment

All property-related activities of the Hypoport Group, with the exception of loan brokerage for private clients, are grouped together in the Real Estate Platform segment with the aim of digitalising the sale, valuation, financing and management of properties. The target groups are estate agents in the credit industry, mortgage lenders and the housing industry.



The segment includes four platforms that have a lot of potential synergies with each other and with the Credit Platform segment: a property sales platform for the credit industry (FIO Systems AG), a property valuation platform for the credit industry (Value AG), a property financing platform for the housing industry (Dr. Klein Wowi Finanz AG) and a property management platform for the housing industry (Dr. Klein Wowi Digital AG, FIO Systems AG and Hypoport B.V. with its PRoMMiSe product).

In 2020, the focus for both the property sales platform and the property management platform was on acquiring new clients and expanding the platform offerings. Despite the already very high market share within the Savings Banks Finance Group, the number of clients using the sales solution increased by 4 per cent to 325 savings banks as at 31 December 2020 (31 December 2019: 314). Market share was therefore over 87 per cent at the end of 2020.

The number of affiliated institutions in the cooperative banking group is smaller for historical reasons and stood at 86 at the end of the reporting year (31 December 2019: 70), which equates to a growth rate of 23 per cent. The market penetration of FIO's property sales platform in the cooperative banking sector is therefore 11 per cent and there is still significant potential for new clients among the other 800 or so cooperative banks that is continually being unlocked. The total value of all properties sold via the platform in 2020 amounted to around €14.7 billion, which is on a par with the prior-year level (2019: €14.8 billion). Although new clients were signed up, there was a sideways trend because of the lower level of selling activity by estate agents in the credit industry due to the coronavirus crisis, particularly in the second quarter of 2020. In the third quarter of 2020, selling activity was almost back to the level seen in the third quarter of 2019; in the fourth quarter, it was in fact slightly higher than in the fourth quarter of 2019.

The number of banking partners using the property valuation platform increased by 22 per cent to 423 as at 31 December 2020 (31 December 2019: 347). The value of the properties valued also rose substantially, by around 36 per cent, from €18.3 billion to €24.8 billion. The growth rate in the second quarter was slightly slower due to the temporary restrictions on inspecting properties as a result of the social distancing measures imposed during the coronavirus crisis. Despite a few banking partners still battling with the coronavirus crisis in their day-to-day operations, the year-on-year growth rate in the second half of 2020 was significantly higher again at 34 per cent.

The volume of new loans brokered on the property financing platform for the housing industry amounted to €1.8 billion in 2020, a small rise of 6 per cent (2019: €1.7 billion). Market conditions (see the 'Sectoral performance' section) brightened briefly due to a slight uptick in interest-rate volatility but will remain challenging in the medium term owing to the politically charged debate about rent increases, which have made the housing industry reluctant to invest. Acquiring new clients was again the focus for the property management platform, which achieved some early successes in 2020. At the end of 2020, a mid-five-digit number of homes were being managed on the platform.

Revenue and earnings

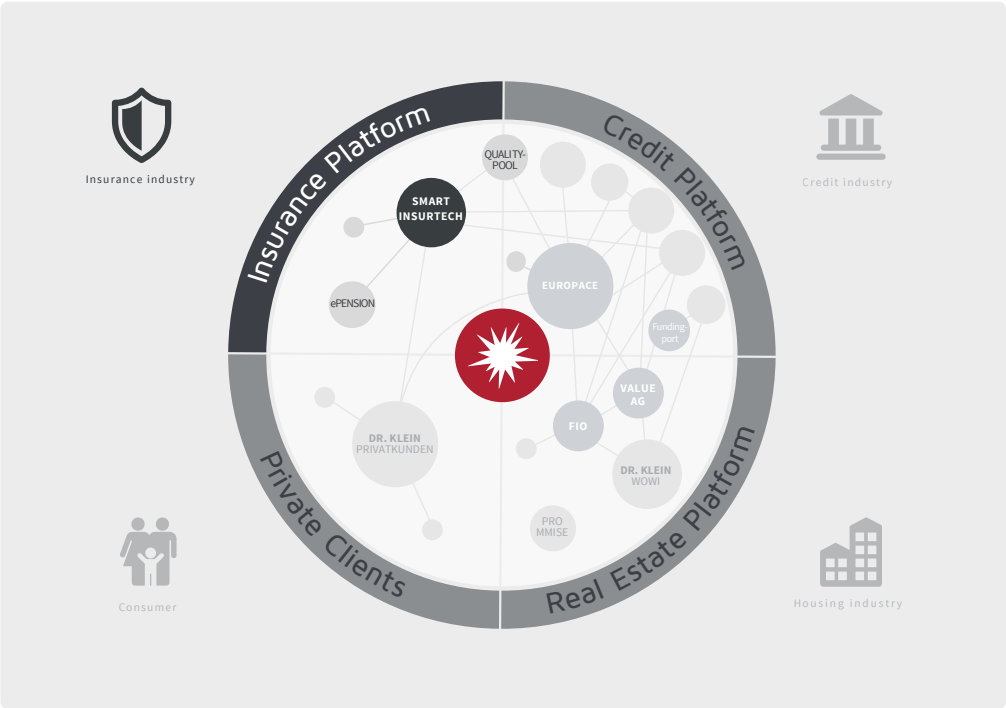
Revenue from the property sales platform and property management platform amounted to €19.1 million (2019: €23.7 million). This decrease in spite of the good operating performance was due to the decision to forego individual project business, which had been particularly strong in the second half of 2019, in favour of a scalable platform business model. Despite reduced momentum in the second quarter, the property valuation platform's revenue jumped by 46 per cent to €20.8 million (2019: €14.2 million). In line with the volume of transactions, revenue from the property financing platform for the housing industry went up slightly, by 6 per cent, to €12.9 million (2019: €12.2 million).

The segment's overall revenue advanced by 5 per cent to €52.8 million (2019: €50.1 million). This only small rise in revenue despite the aforementioned good operating performance should be viewed in the context of the strategic reduction of project business compared with 2019. Following this reduction in 2020, project business will no longer be relevant to the Real Estate Platform segment in future. Gross profit for the segment rose at a similar rate (6 per cent) to reach €49.3 million, up from €46.4 million in the prior year. The Real Estate Platform segment was a focal point of the Hypoport Group's investment in 2020, and the high levels of investment meant that the segment's EBIT fell from €5.4 million to a loss of €3.9 million. The segment's forecast of a sharp rise in revenue was therefore not met, while the forecast of a temporary fall in EBIT was met.

Financial figures Real Estate Platform	2020	2019	Change
Transaction volume of financing platform (billion €)	1.77	1.68	5%
Value properties valued by property valuation platform (billion €)	24.80	18.29	36%
Value properties sold via property sales platform (billion €)	14.74	14.85	–1%
Revenue and earnings (million €)			
Revenue	52.8	50.1	5%
thereof thereof property financing platform	12.9	12.2	6%
thereof property sales platform + property management platform	19.1	23.7	–19%
thereof property valuation platform	20.8	14.2	46%
Gross profit	49.3	46.4	6%
EBIT	–3.9	5.4	-

Insurance Platform business unit

The Insurance Platform segment brings together all of the Hypoport Group's activities relating to insurance technology. To this end, there is a fully integrated platform, SMART INSUR, for the sale and administration of insurance products. In addition, Qualitypool GmbH's insurance business provides support services to small financial product distributors in relation to the brokerage of insurance. At the start of 2020, the Hypoport Group invested in AMEXPool AG, an insurance pool specialising in insurance for businesses. Over the course of the year, it also acquired the majority of the shares in ePension GmbH & Co. KG, a digital platform for the administration of occupational pension schemes.



In 2020, there was a significant improvement in data quality as a result of migrating from local systems to the SMART INSUR platform and this should continue in 2021. Moreover, expansion of existing client relationships and the signing up of additional small and medium-sized enterprises as pilot customers for the platform in 2020 resulted in increased buy-in among the target group of large financial product distributors and brokerage pools. However, the rate at which new clients were signed up fell short of expectations overall owing to the social-distancing requirements during the coronavirus crisis.

Revenue and earnings

As a result of the reduction in project business and the focus on expanding the platform, revenue rose only slightly, by 6 per cent, to €45.0 million in 2020 (2019: €42.6 million). The segment's gross profit climbed by 9 per cent to €23.3 million (2019: €21.4 million). Despite the only small increase in revenue, EBIT improved from a loss of €1.4 million in 2019 to a loss of €0.9 million in 2020.

The segment's forecast of a sharp rise in revenue and earnings was therefore not met with respect to revenue but was met with respect to EBIT.

Financial figures Insurance Platform	2020	2019	Change
Revenue and earnings (million €)			
Revenue	45.0	42.6	6%
Gross profit	23.3	21.4	9%
EBIT	– 0.9	– 1.4	40%

2. Financial performance

Financial performance	2020 €'000	2019 €'000	Change €'000
Revenue	**387,729**	**337,243**	**50,486**
Commissions and lead costs	– 177,204	– 155,315	– 21,889
Gross Profit	**210,525**	**181,928**	**28,597**
Own work capitalised	20,784	16,576	4,208
Other income	6,614	3,028	3,586
Personnel expenses	– 133,877	– 106,637	– 27,240
Other expenses	– 40,475	– 42,064	1,589
Income from companies accounted for using the equity method	276	– 616	892
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**63,847**	**52,215**	**11,632**
Depreciation, amortisation expense and impairment losses	– 27,611	– 19,208	– 8,403
Earnings before interest and tax (EBIT)	**36,236**	**33,007**	**3,229**
Net finance costs	– 2,839	– 1,568	– 1,271
Earnings before tax (EBT)	**33,397**	**31,439**	**1,958**
Current income taxes	– 8,920	– 9,213	293
Deferred taxes	3,384	2,173	1,211
Net profit for the year	**27,861**	**24,399**	**3,462**

Against the backdrop of the operating performance described above, EBITDA increased by a substantial 22 per cent to €63.8 million (2019: €52.2 million) and EBIT rose to €36.2 million (2019: €33.0 million).

Own work capitalised largely relates to the pro rata personnel expenses and operating costs incurred by developing and refining the internally generated platforms. The increase in own work capitalised clearly reflects the expansion of investing activities within the Group. In the reporting year, 55 per cent of total development costs were capitalised (2019: 52 per cent).

The increase in other income was mainly the result of higher income of €2.2 million from the reversal of provisions (2019: €0.7 million), income of €1.9 million from other accounting periods (2019: €0.6 million) and income of €1.4 million from employee contributions to vehicle purchases (2019: €1.2 million). The income from other accounting periods primarily consisted of fee and commission income of €1.3 million (2019: €0.5 million).

Personnel expenses went up because the average number of employees during the period advanced from 1,736 to 2,049, primarily due to hiring in existing Group companies and salary increases.
Other expenses essentially consisted of administrative expenses of €18.8 million (2019: €19.1 million), operating expenses of €11.3 million (2019: €9.6 million) and selling expenses of €5.8 million (2019: €7.9 million).

The depreciation, amortisation expense and impairment losses of €27.7 million (2019: €19.2 million) were largely attributable to a sum of €9.9 million on rental-related right-of-use assets (2019: €5.9 million) and €8.9 million on capitalised development costs (2019: €6.3 million).

The net finance costs mainly comprised interest expense and similar charges of €1.8 million (2019: €1.6 million), which stemmed from bank loans totalling €108.5 million (2019: €92.4 million). The Hypoport Group's average finance costs fell again in 2020.

3. Net assets

The following information on the structure of the Hypoport Group's assets, equity and liabilities as at 31 December 2020 is based on the balance sheet figures aggregated according to liquidity. Receivables and liabilities falling due less than twelve months after the balance sheet date are reported as 'current', while all others – unless shown separately – are reported as 'non-current'.

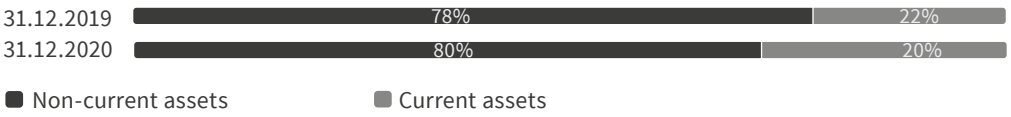
Net assets

Assets	2020 €'000	%	2019 €'000	%	Change €'000
Intangible assets	306,423	55.5	248,241	63.4	58,182
Property plant and equipment	97,655	17.7	34,987	8.9	62,668
Investments accounted for using the equity method	398	0.1	190	0.0	208
Financial assets	15,413	2.8	5,904	1.5	9,509
Trade receivables	5,782	1.0	6,889	1.8	–1,107
Other assets	365	0.1	401	0.1	–36
Deferred tax assets	13,181	2.4	7,838	2.0	5,343
Non-current assets	**439,217**	**79.6**	**304,450**	**77.7**	**134,767**
Inventories	1,509	0.3	1,087	0.3	422
Trade receivables	70,232	12.7	56,181	14.3	14,051
Other current items	6,346	1.1	4,393	1.1	1,953
Income tax assets	1,230	0.2	576	0.1	654
Cash and cash equivalents	33,513	6.1	24,892	6.4	8,621
Current assets	**112,830**	**20.4**	**87,129**	**22.3**	**25,701**
Total assets	**552,047**	**100.0**	**391,579**	**100.0**	**160,468**
Equity and Liabilities					
Subscribed capital	6,493	1.2	6,493	1.7	0
Treasury shares	–194	0.0	–241	–0.1	47
Reserves	214,157	38.8	171,781	43.9	42,376
	220,456	40.0	178,033	45.5	42,423
Non-controlling interest	936	0.1	342	0.1	594
Equity	**221,392**	**40.1**	**178,375**	**45.6**	**43,017**
Financial liabilities	167,524	30.3	98,455	25.1	69,069
Provisions	34	0.0	147	0.0	–113
Other liabilities	43,029	7.8	19,766	5.0	23,263
Deferred tax liabilities	17,614	3.2	13,030	3.3	4,584
Non-current liabilities	**228,201**	**41.3**	**131,398**	**33.6**	**96,803**
Provisions	706	0.1	770	0.2	–64
Financial liabilities	22,139	4.0	16,413	4.2	5,726
Trade payables	47,896	8.7	39,581	10.1	8,315
Current income tax liabilities	3,145	0.6	3,484	0.9	–339
Other liabilities	28,568	5.2	21,558	5.5	7,010
Current liabilities	**102,454**	**18.6**	**81,806**	**20.9**	**20,648**
Total equity and liabilities	**552,047**	**100.0**	**391,579**	**100.0**	**160,468**

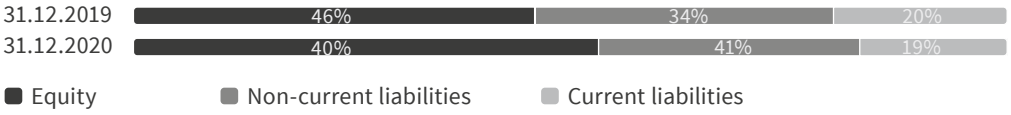
The Hypoport Group's consolidated total assets as at 31 December 2020 amounted to €552.0 million, which was a 41 per cent increase on the total as at 31 December 2019 (€391.6 million).

Balance sheet structure

Assets



Equity and liabilities



Non-current assets totalled €439.2 million (31 December 2019: €304.5 million). They largely consisted of goodwill of €222.0 million (31 December 2019: €186.4 million) and development costs for the financial marketplaces of €62.2 million (31 December 2019: €47.2 million). The increase in goodwill resulted mainly (in an amount of €35.5 million) from the first-time consolidation of ePension GmbH & Co. KG and its wholly owned subsidiary E&P Pensionsmanagement GmbH. The €62.7 million rise in property, plant and equipment to €105.5 million is mainly attributable to the recognition of rental-related right-of-use assets amounting to €57.9 million.

Other current assets essentially comprised advances paid of €3.4 million (31 December 2019: €0.7 million) and prepaid expenses of €2.7 million (31 December 2019: €2.2 million).

The equity attributable to Hypoport SE shareholders increased by €42.4 million, or 23.8 per cent, to €220.5 million as at 31 December 2020, primarily due to the net profit for the year of €27.9 million. The equity ratio decreased from 45.6 per cent to 40.1 per cent, owing to the marked increase in total assets.

The €96.8 million increase in non-current liabilities to €228.2 million stemmed primarily from the €69.1 million rise in non-current financial liabilities, including rental/lease liabilities.

Other non-current liabilities mainly related to purchase price liabilities resulting from three debtor warrants.

Total financial liabilities comprised bank loans of €109.0 million (31 December 2019: €93.1 million) and rental liabilities of €80.7 million (31 December 2019: €21.8 million). Financial liabilities arising from bank loans went up because scheduled repayments of loans amounting to €14.1 million were outweighed by new borrowing of €30.0 million. The increase in liabilities arising from rentals/leases was largely the result of new office leases being signed.

Other current liabilities mainly comprised bonus commitments of €5.5 million (31 December 2019: €4.5 million) and tax liabilities of €4.6 million (31 December 2019: €3.4 million).

4. Financial position

The changes in the Company's liquidity position at the balance sheet date are shown in the table below.

Liquidity position at the balance sheet date	31.12.2020 €'000	31.12.2019 €'000	Change €'000
Current liabilities	102,454	81,806	20,648
Cash and cash equivalents	33,513	24,892	8,621
	68,941	56,914	12,027
Other current assets	79,317	62,237	17,080
Surplus cover	**10,370**	**5,323**	**5,053**

The cover ratio of non-current assets to non-current equity and liabilities is shown in the table below.

Cover ratio	31,12,2020 €'000	31,12,2019 €'000	Change €'000
Non-current assets	439,217	304,450	134,767
Equity	221,392	178,375	43,017
	217,825	126,075	91,750
Non-current liabilities	228,201	131,398	96,803
Surplus cover	**10,376**	**5,323**	**5,053**

110 per cent (31 December 2019: 107 per cent) of the current liabilities of €102.5 million (31 December 2019: €81.8 million) are covered by current assets.

50 per cent (31 December 2019: 59 per cent) of non-current assets are funded by equity.

The year-on-year changes in the key figures from the Company's balance sheet, income statement and cash flow statement are shown below.

	31.12.2020	31.12.2019
Return on investment = EBIT / (equity + non-current liabilities)	8.1%	10.7%
Cash flow (CF) return on equity = CF from operating activities / equity	21.0%	25.9%
EBIT margin = EBIT / gross profit	17.2%	18.1%
Tier-1 liquidity = cash and cash equivalents / current liabilities	32.7%	30.4%
Equity ratio = equity / total equity and liabilities	40.1%	45.6%
Gearing = liabilities / total equity and liabilities	59.9%	54.4%
Tier-1 capital ratio = equity / (Intangible assets + Property, plant and equipment)	54.8%	63.0%

We have used the cash flow statement to show the sources and application of funds and to disclose the changes in the Company's financial position during the year under review. The cash flow statement presented in the consolidated financial statements shows the net cash inflows and outflows broken down by type of activity (operating activities, investing activities and financing activities). Positive amounts denote a net cash inflow, while negative amounts stand for a net cash outflow.

Cash flow during the reporting period rose by €7.6 million to €52.0 million (2019: €44.4 million). The total net cash generated by operating activities in 2020 amounted to €46.6 million (2019: €46.2 million). The cash used for working capital rose by €7.3 million to minus €5.5 million (2019: €1.8 million).

The net cash outflow of €59.5 million for investing activities (2019: €59.9 million) consisted primarily of a total amount of €17.9 million for the long-term equity investment in AMEXPool AG and the acquisitions of ePension GmbH & Co. KG and E&P Pensionsmanagement GmbH, capital expenditure of €27.3 million on non-current intangible assets (2019: €20.1 million) and cash payments of €5.5 million in connection with two debtor warrants (2019: €2.6 million).

The net cash of €21.6 million provided by financing activities (2019: €6.8 million) consisted of an amount of €14.6 million from the sale of treasury shares (2019: €0.0 million), new borrowing from banks of €30.0 million (2019: €23.5 million), the scheduled repayment of bank loans in an amount of €14.1 million (2019: €11.1 million) and the repayment of lease liabilities in an amount of €8.9 million (2019: €5.7 million).

Cash and cash equivalents as at 31 December 2020 totalled €33.5 million, which was €8.6 million higher than at the beginning of the year.

Cash and cash equivalents at the end of the period consisted exclusively of cash on hand and at banks. At the balance sheet date, there were other financial commitments totalling €55.7 million (31 December 2019: €19.1 million) in respect of rentals, leases and maintenance agreements with terms of more than one year. Included in these other financial commitments were commitments of €9.4 million (31 December 2019: €5.2 million) due within one year, €28.2 million (31 December 2019: €11.8 million) due in one to five years and €18.1 million (31 December 2019: €2.1 million) due in more than five years.

Overall statement on the Hypoport Group's economic position:
The operating performance of the Hypoport Group was generally satisfactory and largely met our expectations. The financial performance can be described as very good, particularly in light of the exceptionally strong growth in EBIT. The financial position can be considered stable in view of the equity ratio and level of liquidity. This also takes into account information obtained after the end of the financial year.

5. Capital expenditure and finance

Most of the capital investment in 2020 was spent on the acquisition of ePension GmbH & Co. KG and its wholly owned subsidiary E&P Pensionsmanagement GmbH, the long-term equity investment in AMEXPool AG and the ongoing development of all platforms. There was also further capital expenditure on new advisory systems for consumers and distributors.

Capital expenditure was financed by both operating cash flow and new borrowing.

6. Unrecognised assets

As at 31 December 2020, Hypoport SE held 193,896 treasury shares that, on that date, had a total market value of around €100 million. These shares can be used to service employee share ownership programmes and to fund acquisitions.

One asset that is recognised in our subsidiaries, but only to a minor extent, is internally generated software, e.g. for the processing of loan brokerage transactions or the administration of insurance portfolios.

In the course of their brokerage activities, the subsidiaries obtain information on their clients' assets and income and on the financial products sold to them. This client base and transaction portfolio constitute an unrecognised asset because this information can be used to sell further suitable financial products to the same client in future.

For example, Dr. Klein in particular can also offer advice on the renewal or refinancing of existing mortgage deals well in advance of the end of the original fixed-interest period, for which it may receive another commission from the product supplier.

In the Credit Platform and Insurance Platform segments, the subsidiaries provide several thousand financial advisors with platforms so that they can process their business in mortgages, building finance, personal loans and insurance. These platforms together provide substantial distribution capability, which in turn exerts a considerable appeal for further product suppliers that offer either the same or similar financial products. This potential future extension of the product range enables additional transactions to be processed on the marketplaces and constitutes a significant unrecognised asset. It also makes it easy for affiliated loan brokerage advisors and insurance advisors to participate in renewals, increases in premiums, refinancing or cover changes relating to financial products that have already been brokered on the marketplaces, and allows them to benefit financially in the form of additional agency commission.

In the Private Clients segment, the Dr. Klein Privatkunden AG subsidiary possesses a brand with a positive reputation that is becoming increasingly well-known. Dr. Klein regularly comes top in the product tests and reviews conducted by independent consumer organisations, and the growing number of regional franchisees and advisors is also raising its profile beyond the internet. Many new clients are increasing the brand's recognition by recommending Dr. Klein to others after having received good advice from it. This constitutes a significant unrecognised asset, because a trusted brand provides a valuable competitive advantage in the sale of financial products.

7. Employees

The number of employees in the Hypoport Group rose by 10 per cent compared with the end of 2019 to 2,131 (31 December 2019: 1,941 employees). The average number of people employed in 2020 was 2,049, which was a year-on-year increase of 18 per cent (2019: 1,736 employees).

The table below gives a breakdown of the Company's employees by segment at the balance sheet date.

	31.12.2020		31.12.2019		Change	
Employees	Number	%	Number	%	Number	%
Credit Platform	527	25	469	24	58	12
Private Clients	275	13	285	15	– 10	– 4
Real Estate Platform	765	36	703	36	62	9
Insurance Platform	343	16	306	16	37	12
Holding	221	10	178	9	43	24
	2,131		**1,941**		**190**	**10**

In today's business environment, which is dominated by myriad social and economic changes, a company's workforce is the key competitive factor. The lasting success and ongoing evolution of a company's business are essentially guaranteed by a suitably qualified and highly motivated workforce. The skills, dedication, creativity and motivation of these employees determine Hypoport SE's ability to compete and adapt in future. Human resources management is therefore geared to finding, recruiting, retaining and developing talented people as Hypoport employees. In order to achieve these goals, Hypoport is constantly taking steps to ensure that it provides all members of staff with the necessary training and development opportunities and to enhance its corporate culture.

To this end, Hypoport has defined four groupwide principles to be applied by the Hypoport companies:

- We work as a team!
- We lead as a team!
- We strive to learn and develop on an ongoing basis!
- We work autonomously within a decentralised organisation!

The idea behind these principles is that every Hypoport employee assumes leadership responsibility, continually develops through learning and networking and is focused on maintaining good team spirit. Moreover, the decentralised organisation enables the optimum focus on the needs of the individual Hypoport companies and their clients.

Hypoport uses a number of tools to encourage a performance-driven culture and an entrepreneurial mindset among its workforce. The development and performance dialogues held twice a year provide a setting in which managers and their staff can hold a structured discussion about aspirations, development opportunities and performance incentives. By offering long-term healthcare and sickness-prevention schemes and providing attractive sports and leisure facilities, Hypoport has created the optimum working conditions to ensure that its staff achieve the right work/life balance. To this end, it offers a number of individual and flexible working-time models that include solutions for working at home, childcare at some sites and customised schemes that make it easier for employees to return to work after they have taken parental leave. Hypoport SE's activities and numerous projects in the reporting year placed exceptional demands on our workforce. We would like to take this opportunity to thank all members of staff wholeheartedly for their valuable contribution and their commitment.

8. Marketing

The objective of all our marketing activities is to build and maintain long-term client relationships. The individual elements of our marketing mix are geared to our clients' needs and the target market. In addition to our product-related, pricing and distribution policies, promotional campaigns accounted for a large proportion of these activities. In order to achieve a fully integrated marketing and communications mix, we stepped up all relevant aspects of our public relations, print advertising, print media, direct marketing, sales promotions and trade fair exhibitions.

9. Remuneration report

The overall structure and level of Management Board remuneration are determined by the Supervisory Board, which currently comprises its chairman Dieter Pfeiffenberger, its vice-chairman Roland Adams and Martin Krebs. Both the structure and amount of this remuneration are reviewed regularly by the Supervisory Board and adjusted as necessary.

The main criteria used to assess the appropriateness of remuneration are the functions and responsibilities of each Management Board member and their personal performance. The financial situation, performance and sustainable development of the Company, customary remuneration in a comparable environment and the pay structure in other parts of the Company and other German companies are also taken into account. Furthermore, the level of remuneration is set so as to be competitive in the market for highly qualified executives.

The total remuneration for members of the Management Board in 2020 was composed of a basic salary, variable year-end remuneration and fringe benefits. Fringe benefits are essentially the use of a company car and health insurance cover.

The adjustment of the change in basic salary and the level of variable annual remuneration are determined annually on the basis of consolidated EBIT, three-year EBIT, the three-year EBIT delta and the change in EBIT. Consolidated EBIT is defined as earnings before interest and tax (EBIT) as reported in the Hypoport Group's IFRS consolidated annual financial statements excluding expenses for variable annual remuneration for members of the Management Board of Hypoport SE. Three-year EBIT equals average consolidated EBIT for the three financial years prior to the financial year just ended. It is always at least €5.0 million. The three-year EBIT delta equals half of the percentage change in three-year EBIT compared with three-year EBIT in the previous year. The change in EBIT equals consolidated EBIT less three-year EBIT.

The basic salary is increased or decreased by the three-year EBIT delta each year. It is always at least €204,000.00.

The amount of variable annual remuneration equals a percentage ('bonus rate') of the change in EBIT.

The bonus rate for the next year is increased or decreased each year conversely to the three-year EBIT delta. The level of change equals the three-year EBIT delta as a percentage of the bonus rate.

The variable annual remuneration must be no more than the basic salary for the financial year just ended.

The changes in basic salary and year-end remuneration are determined by the Supervisory Board on the basis of the Company's consolidated annual financial statements. Any changes made apply retrospectively from 1 January of the year concerned.

The Management Board members' service contracts contain no agreements that would apply in the event of a change of control resulting from a takeover bid. No loans or advances had been granted as at 31 December 2020.

The employment contracts of all members of the Management Board include a non-competition clause that applies to the two years after the end of the contract. During the period that the non-competition clause applies, Hypoport SE must pay annual compensation equivalent to half of the average contractually agreed remuneration benefits regularly paid out over the previous three years. There are no service contracts between the Company or one of its subsidiaries and one or more members of the Management Board that include a provision for the payment of benefits at the end of employment.

The Company bears the cost of maintaining a reasonable level of cover under a directors' and officers' liability insurance policy for the members of the Management Board. This policy specifies an excess of at least 10 per cent of the insurance claim up to one-and-a-half times the annual remuneration of the Management Board member concerned.

The remuneration for the Management Board for 2020 totalled €1.337 million and was broken down as follows:

Board of Management Remuneration €'000	Fixed remuneration		Variable remuneration		Fringe benefits		Total remuneration	
	2020	2019	2020	2019	2020	2019	2020	2019
Ronald Slabke	549	519	93	97	24	24	666	640
Stephan Gawarecki	549	519	93	97	29	31	671	647
Total	**1,098**	**1,038**	**186**	**194**	**53**	**55**	**1,337**	**1,287**

The two tables below show the benefits granted (including fringe benefits and the maximum and minimum remuneration achievable for variable remuneration components) and the allocations made to members of the Management Board for 2020 presented in accordance with the German Corporate Governance Code (DCGK).

Remuneration and Benefits Granted €'000	Ronald Slabke Chairmann Joined Dec. 21, 2001				Stephan Gawarecki Boardmember Joined Jun. 1,2010			
	Target value 2019	Target value 2020	Minimum value 2020	Maximum value 2020	Target value 2019	Target value 2020	Minimum value 2020	Maximum value 2020
Fixed remuneration	519	549	549	549	519	549	549	549
Fringe benefits	24	24	24	24	31	29	29	29
Total	**543**	**573**	**573**	**573**	**550**	**578**	**578**	**578**
Variable remuneration	97	93	0	549	97	93	0	549
Total	**640**	**666**	**573**	**1,122**	**647**	**671**	**578**	**1,127**
pension expenses	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Aggregate remuneration	**640**	**666**	**573**	**1,122**	**647**	**671**	**578**	**1,127**

Remuneration and Benefits Granted €'000	Ronald Slabke Chairman Joined Dec. 21, 2001		Stephan Gawarecki Privat Clients Joined Jun. 1, 2010	
	2020	2019	2020	2019
Fixed remuneration	549	519	549	519
Fringe benefits	24	24	29	31
Total	**573**	**543**	**578**	**550**
Variable remuneration	97	96	97	96
Total	**670**	**639**	**675**	**646**
pension expenses	**0**	**0**	**0**	**0**
Aggregate remuneration	**670**	**639**	**675**	**646**

The remuneration for members of the Supervisory Board is stipulated in the Company's statutes and is determined by the Annual Shareholders' Meeting. It was last amended by a resolution adopted by the Annual Shareholders' Meeting on 5 May 2017 and consists of the following components: annual fixed remuneration, special remuneration for the chairman and vice-chairman of the Supervisory Board and reimbursement of Supervisory Board members' out-of-pocket expenses.

Pursuant to section 12 of the Company's statutes, the members of the Supervisory Board receive fixed remuneration of €40,000.00 for every full financial year during which they serve on the Supervisory Board, plus reimbursement of their out-of-pocket expenses. The fixed remuneration is payable at the end of the Annual Shareholders' Meeting that formally approves the acts of management for the previous financial year, unless the Annual Shareholders' Meeting decides otherwise. The chairman of the Supervisory Board receives double the amount of the fixed remuneration, the vice-chairman one and a half times the amount.

Members of the Supervisory Board who have served for less than a full financial year receive pro rata fixed remuneration in proportion to the period for which they have served on the Supervisory Board.

The Company reimburses all members of the Supervisory Board for any value added tax paid in respect of their remuneration and out-of-pocket expenses. The Company bears the cost of maintaining a reasonable level of cover under a directors' and officers' liability insurance policy for the members of the Supervisory Board. No excess has been agreed.

The remuneration for the Supervisory Board for 2020 totalled €185 thousand and was broken down as follows:

Allocation of Remuneration in/for 2019 and 2020 €'000	Fixed remuneration		Fringe benefits		Total remuneration	
	2020	2019	2020	2019	2020	2019
Dieter Pfeiffenberger	80	65	0	0	80	65
Roland Adams	60	60	3	2	63	62
Martin Krebs	40	25	2	0	42	25
Insgesamt	**180**	**150**	**5**	**2**	**185**	**152**

10. Disclosures under German takeover law

The following information is disclosed pursuant to section 315 (4) of the German Commercial Code (HGB).

Composition of subscribed capital

The Company's subscribed capital amounted to €6,493,376.00 at the end of 2020. It is divided into 6,493,376 no-par-value registered shares.

All shares confer the same rights and obligations. Each share confers one vote at the Annual Shareholders' Meeting and determines shareholders' entitlement to the Company's profits. Shareholders' rights and obligations are defined in detail by the provisions of the German Stock Corporation Act (AktG), in particular by sections 12, 53a et seq., 118 et seq. and 186 AktG.

Restrictions on voting rights and the transfer of shares

The Management Board is not aware of any restrictions on voting rights or the transfer of shares.

Shareholdings exceeding 10 per cent of the Company's voting rights

The following shareholding in Hypoport SE was known to us at the time this management report was prepared:

Ronald Slabke, Berlin, holds 34.50 per cent of Hypoport's shares. Of these, the 33.05 per cent of the voting shares held by Revenia GmbH, Berlin, are attributable to him pursuant to section 34 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

There are no further direct or indirect shareholdings exceeding 10 per cent of the Company's voting rights.

Shares with special rights conferring powers of control

There are no shares with special rights conferring powers of control. In particular, there are no powers to appoint Supervisory Board members pursuant to section 101 (2) AktG.

Type of control over voting rights in cases where employees are shareholders in the Company but do not directly exercise their control rights

In cases where employees of Hypoport SE are shareholders in the Company, they directly exercise their control over voting rights.

Statutory regulations and provisions of the statutes concerning the appointment and dismissal of Management Board members and amendments to the statutes

The members of the Management Board are appointed by the Supervisory Board pursuant to sections 84 and 85 AktG and section 5 (2) of the Company's statutes. The Management Board comprises at least two persons pursuant to section 5 (1) of the Company's statutes; the number of Management Board members is determined by the Supervisory Board. If the Management Board is short of a member, this member is appointed by the courts in urgent cases at the request of an interested party pursuant to section 85 AktG.

Section 179 AktG states that amendments to the Company's statutes require a resolution to be passed by the Annual Shareholders' Meeting; section 16 of the statutes states that, unless mandatory legal provisions specify otherwise, amendments to the statutes are adopted by a simple majority of votes cast. The Supervisory Board has the authority to make amendments concerning the wording only pursuant to section 19 of the Company's statutes.

Powers of the Management Board to issue and repurchase shares

The Annual Shareholders' Meeting held on 9 June 2020 voted to set aside the unused authorisation granted on 5 May 2017 and to issue a new authorisation. The Management Board was authorised – subject to the consent of the Supervisory Board – to increase the Company's subscribed capital by up to a total of €2,799,061 by issuing new registered no-par-value shares for cash or non-cash capital contribution on one or more occasions on or before 8 June 2025. The Management Board can decide – subject to the consent of the Supervisory Board – to disapply the shareholders' statutory pre-emption rights.

The Annual Shareholders' Meeting held on 9 June 2020 adopted a resolution authorising the Management Board to purchase treasury shares amounting to a total of up to 10 per cent of the subscribed capital in existence at the time the resolution was adopted. The shares thus purchased, together with other treasury shares that are in the possession of Hypoport SE or are attributable to it pursuant to sections 71d and 71e AktG, must at no time account for more than 10 per cent of the Company's subscribed capital in existence at that time. The authorisation may be utilised either in full or partially, on one or more occasions, in pursuit of one or more objectives by Hypoport SE or by its Group companies or for its or their account by third parties. The authorisation is valid until 8 June 2025. The Management Board may determine whether the shares are purchased through the stock market or by means of a public purchase offer or by means of a public invitation to submit such an offer.

Material agreements by the Company that are conditional upon a change of control resulting from a takeover bid

Hypoport SE has entered into a loan agreement with a bank that gives the lender a right of termination in the event that one or more persons obtain control over Hypoport SE or hold more than 30 per cent of the Company's issued capital, and agreement cannot be reached on continuing the loan, on the same or amended terms and conditions.

The agreement of such a right is customary in the market. If this right under the aforementioned agreement were exercised in the event of a change of control that meets the above criteria, there could be a very small impact on the Company's financial position or financial performance.

Compensation agreements between the Company and Management Board members or employees in the event of a takeover bid

There are no compensation agreements between Hypoport SE and Management Board members or employees in the event of a takeover bid.

11. Corporate governance declaration and non-financial declaration

Hypoport SE has issued the Group declarations required by section 315d (1) and 315b (1) HGB and has made them permanently available to the public on the Company's website at www.hypoport.com/investor-relations/corporate-governance.

Opportunities and risks report

Business activities always entail the assumption of risk and exploitation of opportunities. Consequently, risks and opportunities can have both a negative and positive impact on the Hypoport Group's financial position and financial performance. For Hypoport, risk means the threat of potential losses or opportunity costs. Opportunities are possibilities for increasing total revenue and the Group's earnings from its operating activities (EBIT). Internal or external factors can give rise to risks and opportunities. Hypoport SE's risk and opportunity policy is focused on three primary objectives:

- Continuously and enduringly increasing the value of the Company,
- Achieving the medium-term financial targets, i.e. the forecast for the year (see the 'Outlook' section),
- Safeguarding the Company as a long-term going concern.

Consequently, we see risk and opportunity management first and foremost as an entrepreneurial function that consists of exploiting opportunities in good time, identifying risks as quickly as possible and weighing up both factors in a responsible manner and with shareholder value in mind in order to achieve the three primary objectives of the risk and opportunity policy. The task of the Management Board, managers and all employees is to optimise the likelihood of either of these factors occurring in order to safeguard the Company's interests.

Hypoport has structured risk management and early-warning systems as required by section 91 (2) AktG. The Group's individual organisational units identify and assess risks locally by compiling a risk inventory at least once a year. In this context, experts from all departments analyse and assess material risks using self-assessments, which are divided into a risk potential assessment, for identifying and assessing material risks, and the resulting proposed actions. In order to assess a risk that has been identified, the probability of the risk scenario arising and the potential loss level are determined. Risks that have been identified are managed using appropriate risk control strategies. All risks are also registered, measured and monitored on a quarterly basis. The Hypoport Group's early-warning system for risk is adjusted as soon as possible to reflect changes in the market environment. The risks are shown before the effect of measures taken to mitigate risk (gross presentation).

1. Integrated opportunity and risk management system

Internal monitoring system

The central feature of Hypoport's internal monitoring system is the separation of functions. This is ensured by our organisational structures, job specifications, and processes, which are laid down in the Company's electronic manual and regularly reviewed for compliance. In addition to these provisions and as part of its monitoring role, Group internal audit carries out audits to ensure that the system is effective and functions properly.

The internal audit department carries out audit activities and produces audit reports in consultation with Hypoport SE's Supervisory Board and at its request. Should risks arise, Hypoport SE's internal auditors can also conduct special audits at short notice. As service providers, Group subsidiaries are required to take precautions to ensure the continuity and quality of the processes outsourced by banks and insurance companies. This also means that the Hypoport Group has to comply with the regulatory requirements that apply to its partners and with their duties to provide information, inspection, examination and access rights.

Data protection is a particularly high priority for Hypoport, whose business depends on trust. In addition to the appointment of external data protection officers, it is secured internally by data protection training for employees and by the deployment of employees in the data protection department who have been certified by German product standards regulator TÜV. Other data protection tasks include establishing and monitoring processes that comply with data protection legislation and dealing with requests made by clients, partners and employees.

Financial planning and reporting and control system

With the aid of strategic planning and an internal reporting system, a financial planning and reporting process helps with the early detection of relevant risks and opportunities.

As part of its strategic planning process, Hypoport assesses potential risks and opportunities in advance of key business decisions. This results in the systematic formulation of long-term and short-term business targets and objectives right down to each segment and cost centre.

Alongside the management of risks and opportunities, the market and competitive environment is continually monitored from the different perspectives relevant to Hypoport. The achievement of targets and objectives (plan/actual comparison) is analysed at all managerial levels during regular meetings at which control measures are agreed and their effectiveness is reviewed. The reporting system enables such risks to be monitored in the context of business activities.

Early-warning systems

Information on future developments and trends is exchanged across all levels in the Company in regular meetings, reports and protocols and is assessed by the appropriate unit. This ensures that internal and external information can be analysed on a timely basis for its relevance to risk and that the findings are implemented throughout the Hypoport Group.

From the full range of risks to which the Hypoport Group is exposed, the types of risk considered to be material at present are described below.

2. Types of risk

Macroeconomic risk

Hypoport's business environment is affected by changes in economic and political conditions, so we continuously monitor political, economic, regulatory and business developments in the markets in which we operate (see the 'Sectoral performance' section). When assessing their target markets, management and product distributors constantly use the internal and external information sources available so that they can identify imminent changes in these markets as early as possible and adjust their strategic and operational focus in line with these developments.

The Group's business activities are distributed across a large number of client groups and a wide range of products, which tends to mitigate risk.

Sectoral and industry risks

Sectoral risks to the Hypoport Group largely arise in connection with changes in the markets for housing, loans and insurance. Fiscal and socio-political parameters, the influence of the capital markets and regulatory requirements for intermediaries play a key role.

Any weakening of demand for mortgage finance is an important sectoral risk, because this product group accounts for a significant proportion of the Hypoport Group's activities. The main triggers for such a downturn could be the housing market or long-term interest rates.

The mortgage finance market in Germany is experiencing a growth phase because of ongoing net inward migration, higher life expectancy and an increase in the number of one-person households (see the 'Sectoral performance' section). Purchase prices are being pushed up by huge excess demand for both luxury and basic housing in the urban centres. Home-building – viewed over a period of several years – is increasing at a slow but steady rate throughout Germany. Rising rents are driving the trend for home ownership. These multi-year trends are increasing the volume of mortgage finance, and this will continue to benefit Hypoport.

The interest rates on long-term investments, which serve as the benchmark rate for mortgage finance, could also have a significant impact on the demand for finance and, consequently, on the performance of several Group companies. A sharp rise in long-term interest rates might curb demand for such finance. Given the persistently challenging economic and sovereign debt situation in the eurozone, we currently do not expect interest rates to rise significantly.

If several major product suppliers were to simultaneously withdraw competitive terms and conditions or products from the Hypoport Group, terminate collaborative arrangements or reduce remuneration, or if one or more relevant distribution partners were to restrict or end their relationship with Hypoport, this could result in a contraction in revenue. Given the large number and diversity of its product suppliers and distribution partners, the Hypoport Group's reliance on individual partners is limited and so is the risk to which it is exposed. Overall, the Hypoport Group has a broad range of strong partners. The Group companies broker financial products supplied by more than 800 banks, insurance companies and building finance associations.

The risks associated with the product range are mitigated by working with respected product suppliers with whom we maintain long-lasting relationships. The Hypoport Group carries out extensive market research to identify market trends and client preferences, which it meets by working with its product partners to provide competitive products tailored to clients' requirements. By doing so, we may even face lower margins due to the stiff competition in our markets. Hypoport maintains a constant dialogue with its partners to ensure that its products are competitive and high quality.

Furthermore, competition is becoming fiercer because there are more mortgage finance providers with comparable business models. We maintain a close dialogue with our clients, product suppliers and franchisees in order to highlight the advantages and added value of our business model.

Because the internet is used intensively by financial product distributors to acquire new business and by financial marketplaces to communicate and execute transactions, the Hypoport Group is especially reliant on the fact that the internet continues to be available to and accepted by its clients and partners. Any impairment of its acceptance or technical availability could have serious consequences for the financial performance of several subsidiaries. The occasional recurrence of critical debate about the security of the internet and the data it transmits has not curbed its growing use in recent years. The internet's increasing importance for the entire economy and the high level of capital spending by the telecoms industry in the net's infrastructure mean that we are unlikely to see global technical disruptions to the internet's availability.

Changes to regulatory parameters are accompanied by new requirements and, perhaps, new risks. The Hypoport Group constantly monitors all efforts to introduce far-reaching regulation of the financial services market in Germany, particularly those with the aim of increased investor protection, and it promptly analyses their impact on its business model and strategic positioning in the markets. To comply with more stringent requirements, combined with increasing supervision by the regulatory authorities, Hypoport will take measures such as the systematic expansion of its staff training and development and the enhancement of its risk and compliance management.

Competition for highly qualified financial advisors has also increased. Transparent contractual conditions, competitive pay, the quality of our advisors and our non-captive status mean that we have been in a promising position in the market for years.

Increasingly restrictive legal requirements in respect of financial advisory services, financial products and technological innovations demand that companies operate on an efficient scale. The financial services market is in the process of consolidating and becoming more concentrated. The need to achieve critical mass is currently driving the market in mergers and acquisitions. Given its current shareholder structure, a hostile takeover of the Company would be impossible. Nonetheless, its shareholder structure is constantly and carefully reviewed to detect any changes.

Operational risk

Information technology (IT) is key to all the Hypoport Group's business models. If the platforms were to fail, this would reduce the revenue generated by the transaction-based business models of our subsidiaries and impair the work of our Dr. Klein financial product distribution, and could damage Hypoport SE's general reputation as a technology partner.

The Company therefore pursues a groupwide IT strategy to mitigate its IT risks. When selecting our IT systems and IT service providers we usually opt for standard software packages from reputable suppliers and service providers. Proprietary software developed specifically for Hypoport to supplement standard software solutions undergoes continuous quality control. To ensure that they work properly, we subject all IT systems to rigorous testing before they go live. State-of-the-art data centres with off-site contingency premises, back-up systems and mirror databases are used to protect the data held by the Hypoport Group. Special access and authorisation systems monitored by data protection officers protect the Hypoport Group's IT systems against unauthorised access. Its IT systems are also protected by comprehensive virus protection and effective IT security.

Every year, substantial amounts are spent on upgrading the IT infrastructure and IT application systems to ensure that our IT systems are efficient.

The availability of existing and new expertise is particularly important in a growth company. The Hypoport Group regularly conducts HR planning to ensure that the necessary resources are available either inhouse or from external partners. In addition, it conducts regular staff development and performance appraisal reviews at all levels as a means of staff retention. Staff training and development, career prospects, employee benefits and remuneration models encourage staff loyalty.

Timely and high-quality product development forms the backbone of any company providing services or technology. The Hypoport Group brokers financial products provided by established suppliers, generally banks, insurance companies and building finance associations. During the advisory process, individual products and rates are combined to produce personal solutions tailored to meet clients' particular needs. By constantly monitoring its product portfolio, the Hypoport Group is able to mitigate the risks that arise if individual products lose their appeal or their quality deteriorates. We have also defined clear development-related processes and responsibilities and introduced planning tools that help to ensure that development projects can be completed on schedule and on budget.

Building and enhancing a brand image forms an integral part of any successful product strategy. The names and logos used by Hypoport SE and its subsidiaries are registered trademarks and, as such, are protected against unauthorised use.

Hypoport has taken out insurance policies covering potential liability risks and compensation claims in order to limit and provide cover for the Group's operational risk. The insurance cover is reviewed regularly and amended if general parameters change.

Financial risk

Hypoport SE is exposed to a number of financial risks. Because of its rapid growth, the Company's need for capital is constantly increasing. It meets this demand for capital by working closely with its lenders. Its shareholders help to increase the Company's financial strength and mitigate its financial risks by retaining its profits.

To ensure that it can secure sufficient borrowing, Hypoport SE maintains business relationships with several banks. It discusses its future borrowing requirements with these institutions in a timely fashion. We subject our banking partners to rigorous selection criteria, assessments and ongoing reviews to ensure that they are reliable lenders and suitable partners. In doing so, we reduce the risk that such banks – which are subject to frequent strategic changes – call in their loans at short notice.

Liquidity management is one of the core functions of the Group Finance business unit. Liquidity is managed and surplus liquidity is invested by the Hypoport Group's central cash management unit with the involvement of all of its major Group companies. In addition, the Hypoport Group can draw on credit lines from its partner banks.

Commission is the Hypoport Group's most important source of income and cash flow. Its financial planning and reporting units constantly analyse the impact that potential changes to existing commission models and to regulatory and fiscal parameters would have on the products that are sold.

A further aspect of the Company's financial risk is the credit risk attaching to its receivables. The Management Board centrally approves the credit terms it allows as part of its operating activities and these terms are documented in the Company's electronic manual. Most of the Hypoport Group's accounts receivable are owed by medium-sized and large financial service providers. Credit risk stems primarily from commission receivable from product partners and from advance payments of commission to distribution partners. In brokerage business, product partners can sometimes take several weeks to pay commission, resulting in commission that has been earned but not received occasionally being paid to distribution partners in advance. The Hypoport Group mitigates these risks by means of thorough receivables management and by imposing strict criteria on its selection of counterparties. Appropriate provisions are recognised for receivables when they appear at risk, taking account of the latest information about the credit standing of the debtor, anticipated commission income and the age structure of the receivables.

The Hypoport Group provides for cancellation risk in its insurance business by retaining appropriate amounts of the commission due to agents and by recognising cancellation provisions. The provisioning level is based on the commission income received during the liability period and the claims for reimbursement of commission anticipated on the basis of past experience.

The Group's interest-rate risk stems from non-current interest-bearing liabilities. Floating-rate liabilities expose the Group to interest-related cash flow risks. Under its financial risk policy, the vast majority of liabilities it assumes have to be subject to fixed interest rates.

The Company's transparent financial reporting system and the healthy structure of its balance sheet also help to minimise its financial risks. They are supported by an early-warning system in the form of Group planning across all segments. This enables the Company to discuss its financial requirements with its lenders in a timely manner.

Strategic risk

Strategic risks can arise if the Company's management misjudges significant developments and trends in the financial services sector or fails to identify them at a sufficiently early stage. This can result in key decisions being made which, in terms of the achievement of the Company's long-term objectives and targets, prove with hindsight to be disadvantageous and may be difficult to reverse. Strategic risks also result from unexpected changes in market and macroeconomic conditions that have an adverse impact on earnings.

The management of strategic risk forms part of the overall coordination of the Company and is the responsibility of the Management Board.

The Group Management Board regularly reviews the strategy adopted for the Hypoport Group as part of the long-term planning process. Corporate and divisional strategies form the basis on which the four-year plan and the budget for the following year are compiled. To this end, we continuously monitor the political, economic and legal/regulatory environment and keep our strategic market position under constant review. All of the key value drivers for the Hypoport business model are analysed and managed on an ongoing basis by means of comprehensive financial planning and reporting activities at head office and in the segments. This enables us, where necessary, to respond to changing market conditions by adjusting our business model or processes. When formulating such strategic initiatives, the Management Board liaises closely with the Supervisory Board.

This system enables strategic risk to be identified on a timely basis and preventive action to be taken at a sufficiently early stage.

Impartial advice and financial optimisation for retail and corporate clients are the cornerstones of the Hypoport Group business model. A wide range of products is essential to supplying advice that is tailored to clients' needs. The Hypoport Group constantly reviews the distribution of its product groups across suppliers in order to monitor the risk of losing its operational independence as a result of one product supplier dominating its revenue streams.

Other risks

Reputational risk is the risk arising from damage to the image of the entire sector, the Hypoport Group or one or more of its operational units as perceived by clients, employees, business partners or the general public. We are particularly exposed to the risk that media reporting of a transaction or business practice involving one of our clients could damage public confidence in our Group. We minimise potential advisory risk by ensuring that we provide high-quality advice at all times. The use of IT-based advisory tools is one of the ways in which we ensure that this is the case. Full documentation of client meetings and strict criteria for selecting new product suppliers and products help us to achieve this goal.

The Hypoport Group mitigates legal risk by making use of inhouse legal counsel, but also uses external advisors when required. The Group's legal departments constantly track and assess ongoing legal cases and help the Managing Board and company managers with corporate policy decisions.

Hypoport constantly monitors changes in tax law and analyses any impact they may have on the Group. Internal and external experts review compliance with fiscal legislation in accordance with tax regulations and the administrative instructions issued by the tax authorities.

The types of business carried out by service providers such as the Hypoport Group have little adverse impact on the environment. No material environmental risks arise from the Hypoport Group's operational activities.

In addition to the risks described above, general risks exist which cannot be foreseen and are consequently difficult to manage. They include political changes and risk factors such as natural disasters and terrorist attacks. Such factors may have a negative impact on the economic situation and may indirectly impair the future financial performance of the Hypoport Group.

Aggregate risk

Hypoport maintains a risk management system that enables it to address the risks relevant to our Company in an appropriate manner. We review the structure of the risk management system on an annual basis to ensure we can react promptly to changes in risk positions and to new legislation. All risks currently identified and weighted according to the likelihood of their occurrence have been compensated for by preventive measures and do not present any evident threat to the continued existence of the Company. The most significant risks are sustained disruption to property markets as a result of economic factors and political intervention, restriction of the product range due to product partners' risk aversion regarding approval criteria during the coronavirus crisis and the disappearance of major product suppliers. The cumulative expected value of the ten biggest risks is €15.5 million. At present, we have not identified any additional risks that might jeopardise the Company as a going concern. The risks described, and those of which we are not yet aware or have currently assessed as immaterial, could have a negative impact on the forecasts we expressed in the outlook. Despite the use of a proven risk management system, the possibility cannot be entirely ruled out that risks that are as yet unidentified or classed as immaterial could arise in the future and have a material impact on the Company's financial position and financial performance. The overall assessment of the risk position has not changed significantly compared with 2019, i.e. it is still considered to be low. No significant risks that could have a material effect on the continued existence of Hypoport SE as a going concern have arisen since the balance sheet date.

3. Disclosures pursuant to section 315 (4) HGB

The following description of the material features of the internal control and risk management systems used for the consolidated financial reporting process is required by section 315 (4) HGB.

Main features of the internal control and risk management systems used by Hypoport SE and the Hypoport Group for the financial reporting process

The main features of Hypoport SE's existing internal control system applicable to the (consolidated) financial reporting process are described below.

The internal control system used in the Hypoport Group incorporates all the principles, procedures and measures needed to ensure that its financial reporting is effective, efficient and carried out correctly and to ensure that it complies with the relevant legislation.

The Company and the Group have a clear management and organisational structure in which key interdepartmental functions are managed centrally by the Company while individual companies within the Group enjoy a high degree of independence.

Accounting, financial control and financial reporting – the areas primarily involved in the financial reporting process – have clearly segregated roles in order to prevent fraudulent acts and abuse. Their areas of responsibility have been clearly allocated.

By employing specialists, offering training and continuing professional development and adhering strictly to the double-checking principle in accounting and finance, Hypoport makes it possible to comply with local (HGB and national tax law) and international financial reporting standards (IFRS) in both the separate and the consolidated financial statements.

Centralised key functions that report directly to the Management Board are designed to ensure that there is integrity and accountability in respect of the finance function and financial reporting.

A system of standards and policies (e.g. accounting standards, payment guidelines, travel policy) is in place and constantly updated. Various checklists and descriptions of procedures are also available.

The areas involved in the financial reporting process are equipped with the necessary resources in terms of both quality and quantity.

Specific training and professional development courses generate a high degree of quality awareness among all those involved in the process throughout the Group network.

Incoming and outgoing accounting data is subject to regular random checks to ensure that it is complete and accurate. Software is used to carry out in-built validation checks, for example as part of payment runs.

Controls have been integrated into the important processes relevant to financial reporting (e.g. checking by a second member of staff, analytical checks).

The Company's clearly defined work processes and the way in which it documents and follows up on all matters that have to be posted make it possible for all items to be entered in the bookkeeping system and properly checked in terms of calculation and content.

The Group reporting system is updated and continually enhanced centrally at holding company level, where ongoing contact with the finance directors or chief financial officers at the Group subsidiaries is also maintained. Interim Group reporting in accordance with IFRS, including the reconciliation of intercompany charges in accordance with the HGB, AktG and WpHG, is consolidated on a quarterly basis.

The finance function, which acts as a direct point of contact for financial reporting and Group financial statements for the Management Board and the directors/managing directors of the subsidiaries, prepares and compiles the consolidated financial statements in accordance with IFRS.

The finance function also acts as a central contact point at Group level for special issues in the Group, such as specific accounting questions. Ad hoc analysis requested by the Management Board during the year is also carried out by the finance function.

Because all Group companies are required to report their financial results to the Group parent company in a standard format every month of the year, deviations of actual figures from the budget during the year are identified quickly and it is possible to take appropriate swift action.

Processes connected with financial reporting are regularly reviewed for efficiency and effectiveness. As far as possible, standard software is used for the Company's financial systems.

The IT systems used for financial reporting purposes are protected by special security devices against unauthorised access in order to ensure that accounting-related data cannot be accessed, used or altered by non-approved persons. Access authorisations are issued for specific functions. Only those areas that are responsible for recording the transactions concerned are given write access. Functions that process information use read-only access.

We centrally manage and monitor the relevant IT systems used in our financial reporting process, and we carry out regular system back-ups to prevent any data loss and system malfunctions as far as possible.

The main features of Hypoport SE's existing internal risk management system applicable to the (consolidated) financial reporting process are described below.

The objective of the risk management system is to identify potential risks at an early stage and, where possible, to take appropriate action to counter them as quickly as possible. The Management Board is responsible for setting up and monitoring the system. The risk management system is part of the Group's planning, control and reporting process.

The principles on which the risk management system is based include the responsibility of each employee to prevent losses to the Company, and they lay down certain procedures and aids for fulfilling this responsibility. This applies in particular to financial reporting.

Risk is assessed by comparing the likelihood of risks occurring with the potential losses they may cause, and outcomes of individual risks are collated to form a risk portfolio. Actions to avert or minimise risk are defined and categorised.

Notes on the main features of the internal control and risk management systems used by Hypoport SE and the Hypoport Group for the financial reporting process

Clearly defined areas of responsibility, in both financial reporting itself and in risk management and internal audit, as well as ensuring that the accounting function is adequately equipped with the necessary human and material resources, enable all areas involved in the financial reporting process to work efficiently. Precise statutory and corporate rules and guidelines ensure that the financial reporting process is conducted consistently and properly. Clearly defined checking mechanisms (particularly checking by a second person) within the areas involved in the financial reporting process and the early identification of risk by the risk management function are designed to ensure that financial reports are error free and coherent.

In particular, this ensures that financial reporting at Hypoport SE and across the Hypoport Group is carried out uniformly and in line with statutory requirements, generally accepted accounting principles, international accounting standards and Group policy. It also ensures that transactions are recorded, recognised and evaluated uniformly and accurately in all the Group financial reports that are published, so that the public is provided with complete, accurate information that is reliable and timely.

4. Limitations

The internal control and risk management system makes it possible for the organisational, control and monitoring structures built into the Hypoport Group to record, process and assess all company-related information and for the information to be presented appropriately in the consolidated financial statements.

However, due to the nature of the business, it is not possible to rule out discretionary personal decisions, criminal acts and other circumstances that could impair the effectiveness and reliability of the internal control and risk management systems in use. As a result, even though the system is applied across the Group it is not possible to guarantee with absolute certainty that information in the consolidated financial statements has been recognised correctly, promptly or in full. The statements made relate only to the subsidiaries included in Hypoport SE's consolidated financial statements whose financial and operating policies Hypoport SE is able to influence directly or indirectly in order to benefit from the activities undertaken by these companies.

5. Opportunities

We assess and exploit the opportunities that arise for us and our business activities at all levels of the Group. We monitor trends and developments in our subsidiaries' markets, which enables us to identify operational opportunities. Our decentralised structures shorten our decision-making channels and, thanks to the individual subsidiaries' high level of autonomy, allow us to respond quickly to client preferences and market trends.

The level of excess demand in the German housing market has been rising for a number of years. Higher life expectancy, the trend for small (one-person) households and the now structural net inward migration to Germany over a number of years mean that there will be no let-up in the high level of demand in the years ahead. The low proportion of home ownership (approximately 50 per cent) compared with other countries also creates a large group of prospective clients among current tenants who wish to live rent-free in their old age. Still moderate property prices in Germany compared with other European countries, rising rental prices and attractive lending conditions are also encouraging many tenants to become owners.

Moreover, supply remains too inelastic, both in the rental accommodation market and in terms of the homes available to buy. This is a result of the lack of land for development, lengthy approval processes and capacity shortfalls in the construction industry.

Different experts put the housing shortfall at between one and two million homes. Demand exceeds supply in all categories, from public housing to luxury apartments. This has resulted in rising property prices nationwide, but particularly in metropolitan areas, in recent years. Completions lag so far behind actual demand – particularly in metropolitan areas – that, all other things being equal, satisfying the pent-up demand would take several more years even if the expected rise in construction activity were to materialise. Property prices are therefore likely to continue going up in the years ahead.

In all the individual markets, the Group occupies a promising position from which to benefit from the expected market growth.

Further opportunities for the distribution of mortgage finance products will arise if we manage to increase the number of our advisors and/or enhance their productivity to a greater extent than planned. In recent years, we have made significant improvements in our sales support, particularly with regard to IT systems. We are constantly increasing the digitalisation of our distribution processes using new algorithms and our wealth of data. End-to-end electronic processes along our entire value chain should allow us to continue making our advisors more productive, cut unit costs and enhance our attractiveness as a partner company.

The importance of innovative, professional financial product distributors who offer impartial advice and allow clients to select the best product for them will continue to grow. The successful sale of financial products and services will involve growing levels of complexity for all market participants, which will make it increasingly necessary for them to have automated, technologically advanced platforms like the ones that we offer.

The increasing regulation of the financial services sector – aimed at stabilising the financial system and affording greater protection for investors – provides us with the opportunity to use acquisitions as a means of growth. The highly fragmented market for financial advisors in Germany will continue to consolidate as a result of the minimum standards introduced for training, transparency and record keeping. Small independent brokers, in particular, are finding it increasingly difficult to implement the new requirements in a manner that is commercially viable for them, and are looking for bigger, more efficient and more powerful partners. Thanks to the high quality of our advice and our non-captive status, we remain in a good position in the market.

While continuously monitoring the market and competitive environment from the Company's various perspectives, Hypoport examines the market for potential acquisition targets, including among fintech, insurtech and proptech companies. An acquisition could create opportunities for enhanced revenue potential.

The opportunities described, and those of which we are not yet aware or have currently assessed as immaterial, could result in a positive deviation from the figures provided in our forecast.

Outlook

As explained in the 'Macroeconomic environment' section, trends in the broad macroeconomic environment have only a subordinate and indirect influence on the performance of the Hypoport Group.

The reduction in consumer spending and in companies' inclination to invest as a result of the impact of the coronavirus crisis led to a substantial decrease in GDP of 5.0 per cent in 2020. The leading economic research institutions and government institutions are predicting significant economic growth in the range of 3 per cent to 5 per cent for 2021. In the eurozone, interest rates are likely to remain low in 2021 and beyond in view of the continued weakness of the economy as a result of the coronavirus crisis and the ECB's bond-buying programme.

At the time of preparation of this report, the number of coronavirus cases in Germany was falling slightly and the German government was discussing the easing of measures taken to contain the spread of infection. Nevertheless, a resurgence of coronavirus case numbers as a result of virus mutations or a third wave of cases in autumn 2021 may lead to tighter or renewed restrictions on consumers and business partners. Given our experiences during the first two lockdowns in March to May 2020 and November 2020 to March 2021, however, we do not currently anticipate any tangible constraints for our business processes over the course of 2021 because the B2B platform business models of the Hypoport Group do not involve direct client contact. The only segment with a material number of client meetings is Private Clients, with its brand Dr. Klein Privatkunden. However, it has continued to fully meet consumers' needs by offering advice via video.

Nevertheless, a severe recession in Germany may lead to a temporary dip in consumer demand for housing and for new mortgage finance and insurance policies. On the other hand, Hypoport currently has a significant edge in terms of efficiency over traditional competitors thanks to the use of video in advisory meetings and the digital processing of financing applications on Europace. This has significantly strengthened the Group's position compared with providers that do not use digital technologies to the same extent. It is still too soon to predict whether the Group would be able to mitigate the impact of a fall in consumer demand in 2021, or would in fact be able to more than offset this impact, thanks to its gains in market share.

The industry-specific parameters in the market for residential mortgage finance and in the insurance industry improved in 2020, as did the volume of housing market transactions (see the 'Sectoral performance' section). Hypoport SE's predictions for these in 2021 are set out below:

Assuming that the coronavirus-related restrictions are eased and good progress is made with vaccinations in the spring, the GDV anticipates that premiums will rise by around 2 per cent in 2021. In line with the GDV's estimate, the Hypoport Group expects that the increases in the volume of premiums will be only just above the inflation rate in 2021, based on the assumption that the total number of insurance policies in Germany remains relatively constant and that premiums for the individual policies rise slightly.

The Hypoport Group anticipates that the volume of new mortgage finance business and the volume of housing market transactions will increase by a low- to mid-single-digit percentage amount in 2021. This is primarily because property prices will continue to rise due to excess demand, whereas the number of properties for sale is likely to hold steady – as it has in previous years – or even fall slightly.

In the medium to long term too, the Hypoport Group expects growth in the volume of new mortgage finance business. After the coronavirus crisis, household incomes are expected to rise – in 2021/2022 at the latest – and net inward migration to Germany will increase, once travel restrictions have been eased, due to the predicted healthier economic growth relative to other EU member states. The greater demand for housing resulting from these two medium-term factors – rising household incomes and net inward migration – and the unchanged long-term factors nos. 2 – 4 (see the Sectoral performance' section) will lead to further price rises in the property market.

Based on these macroeconomic and sector-specific expectations, the outlook for the four segments of the Hypoport Group and for the entire Group in 2021 is as follows:

The **Credit Platform segment** is focusing on further increasing its market share, largely through qualitative – but also quantitative – expansion of its base of contractual partners. Besides the expected positive performance of the overall Europace marketplace, which is likely to see a year-on-year increase in the volume of transactions of between 10 per cent and 20 per cent, the sub-marketplaces for the savings bank sector (FINMAS) and the cooperative banking sector (GENOPACE) will play a particularly crucial role. We predict transaction volume growth rates for FINMAS ranging between 30 per cent and 60 per cent. GENOPACE again delivered exceptionally strong growth of 82 per cent in 2020. We anticipate that this expansion will continue at a fast rate of between 70 per cent and 110 per cent in 2021. The volume of transactions attributable to non-captive brokers and private commercial banks using Europace is also expected to grow at a significantly faster pace than that of the market in 2021. Furthermore, as a result of the leveraging of potential synergies with the Real Estate Platform segment, new products and additional services should increase the depth of services provided to individual customers and thus strengthen customer loyalty. The corporate finance business (REM Capital and fundingport) will contribute slightly higher levels of revenue in 2021.

As a result, the Credit Platform segment as a whole is predicted to generate a sharp rise in revenue and a further increase in earnings (EBIT) in 2021.

The **Private Clients segment** is concentrating on signing up clients for financial products. Client demand for loan brokerage from non-captive advisors, not tied to a particular product supplier, has been rising for years, and this trend is set to continue in 2021 and beyond. The advantage of being able to compare multiple products is obvious, and increasing numbers of consumers are exploiting this advantage. Recruiting and training new advisors will be key to the further expansion of the segment, because it will enable this growing demand from consumers to be met. The number of advisors went up by 16 per cent in 2020, giving the segment a strong starting point for 2021.

The Private Clients segment as a whole is predicted to generate further rises in revenue and earnings (EBIT) in 2021.

All property-related activities of the Hypoport Group, with the exception of loan brokerage for private clients, are grouped together in the **Real Estate Platform segment** with the aim of digitalising the sale, valuation, financing and management of properties. The property financing platform business (Dr. Klein Wowi Finanz AG) is the most difficult business to make forecasts about in the Hypoport Group, because its revenue tends to fluctuate significantly. This fluctuation is attributable to the fact that individual loan brokerage transactions for housing companies are usually very large, combined with a high level of dependence on interest-rate trends. Hypoport expects the other three platforms (property sales platform, property valuation platform and property management platform) to perform well. Revenue from the property valuation business, in particular, is expected to increase at a rate that is well into double figures.

Considerable capital expenditure aimed at expanding business activities is planned for 2021 in order to significantly increase the growth rates of all companies in the Real Estate Platform segment. Consequently, we anticipate significant revenue growth, combined with a temporary but sharp drop in profitability (EBIT) for the segment as a whole in 2021.

The **Insurance Platform segment** is striving to become the market standard for the insurance industry, similar to Europace's role in the credit industry, and has invested heavily in achieving this in recent years. In 2021, the Company intends to improve the recording and publication of KPIs on the operating performance of the SMART INSUR platform. A further increase in revenue and an improvement in earnings (EBIT) compared with the previous year are predicted for 2021.

Based on the capital spending decisions that we have already taken and the future projects that we are planning, we anticipate that the Hypoport Group will require financial resources of approximately €40 million in 2021. Most of this has been earmarked for the development and refinement of the platforms, for further digitalisation in individual areas of business in the Real Estate Platform segment and for the expansion of key account resources. It is envisaged that the capital expenditure will be funded from the high level of cash flow and from new borrowing from banks. As at the balance sheet date, the Hypoport Group had sufficient equity and adequate cash and cash equivalents. Our business model is not very capital intensive and generates large cash flows. As a result, Hypoport is largely immune to developments in the capital markets. Rising interest rates or more restrictive bank lending would not have a negative impact on our liquidity or our ability to fund ourselves in 2021. We will essentially use our cash flows to increase the Hypoport Group's financial strength and for capital investment.

Assuming that there is no significant turmoil in the credit, property or insurance markets, we expect the Hypoport Group as a whole to achieve consolidated revenue of between €430 million and €460 million and EBIT of €40 million to €45 million in 2021.

This management report contains statements about economic and political developments as well as the future performance of Hypoport SE and its subsidiaries. These statements are assessments that we have reached on the basis of the information available to us at the present time. If the assumptions underlying these assessments do not prove to be correct or if other risks emerge, the actual results could deviate from the outcome we currently expect.

Lübeck, 16 March 2021

Hypoport SE – The Management Board

Ronald Slabke

Stephan Gawarecki

Responsibility statement

"We assure that, to the best of our knowledge and in accordance with the accounting standards applied, the consolidated financial statements give a fair presentation of the Company's financial position and financial performance, the group management report gives a fair presentation of the Hypoport Group's business, profits and position and that the material opportunities and risks of its expected development are described."

Lübeck, 16 March 2021

Hypoport SE – The Management Board

Ronald Slabke

Stephan Gawarecki

Shares and investor relations

Share price performance

On Xetra, Hypoport shares gained in value by almost 64 per cent over the course of 2020. The performance of Hypoport shares was therefore significantly better than that of the capital markets in general (DAX 4 per cent, SDAX 18 per cent, TecDAX 7 per cent). The daily volume of Hypoport shares traded on all German stock exchanges averaged €5.2 million, which was more than double the volume of €1.9 million recorded in 2019.

Performance of Hypoport shares (daily closing prices, Xetra, €) in 2020

Membership of the SDAX

Hypoport SE (previously as Hypoport AG) has been in the SDAX continually since December 2015.

In terms of market capitalisation, Hypoport shares were ranked at 79th place in the SDAX in December 2020 owing to their rise in price over recent years. This means that they meet the criteria for admission to the MDAX. Hypoport shares are now positioned in the upper third of the SDAX on the basis of trading volume, having progressively risen from a ranking of 133 in January to 108 in December.

Hypoport expressly welcomed the discussion in the second half of 2020 about expansion of the DAX and changes to the admission rules and has played an active role in Deutsche Börse's ongoing market consultation. Although the outcome is not what Hypoport had hoped for in every regard, it does overall represent a significant improvement to the culture around shares in Germany.

Shareholder structure

There have been four notifiable changes necessitating a voting right notification in 2020.

WA Holdings, Inc. / Wasatch Advisors informed us that its stake in Hypoport AG (now Hypoport SE) had fallen below the 3 per cent threshold on 13 January 2020 and stood at 2.99 per cent on that date.

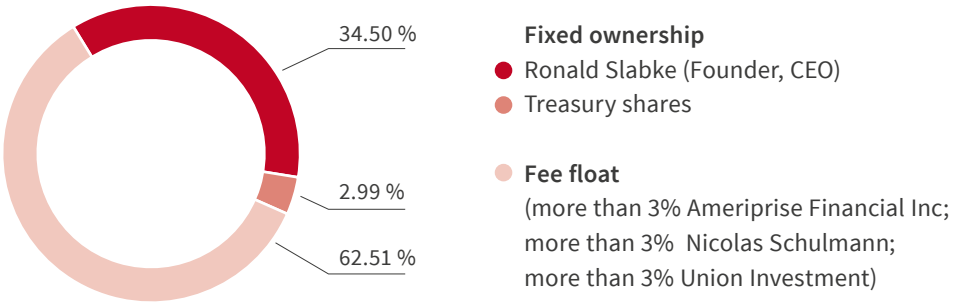
Ameriprise Financial, Inc. informed us that its stake in Hypoport AG (now Hypoport SE) had exceeded the 3 per cent threshold on 25 March 2020 and stood at 3.26 per cent on that date.

The proportion of shares held by Hypoport SE itself decreased to 2.99 per cent on 2 April 2020. This was due to the incremental release of treasury shares to employees in connection with long-service awards and annual bonuses, causing the proportion to fall below the 3 per cent threshold at the beginning of April.

Union Investment informed us that its stake in Hypoport SE had fallen below the 5 per cent threshold on 21 April 2020 and stood at 4.58 per cent on that date.

Ameriprise Financial, Inc. informed us that its stake in Hypoport SE stood at 3.94 per cent on 3 November 2020.

Hypoport SE shareholder structure as at 31 December 2020



Research

Hypoport shares were covered by five professional banking institutions (Bankhaus Metzler, Berenberg, Commerzbank, Pareto Securities and Warburg Research) in 2020. The analysts' latest assessments can be found at https://www.hypoport.com/investor-relations/research.

Activities in the capital markets

At the roadshows and conferences listed below, and during meetings at Hypoport SE's offices, more than 400 face-to-face discussions were held with institutional investors in the reporting year. From March 2020 onward, all meetings were held via digital video chat because investors and Hypoport's CEO and Investor Relations Manager were unable to travel due to the global coronavirus pandemic.

Type of event	Location	Date
Conference (digital)	London	Q4/2020
Conference (digital)	Berlin	Q4/2020
Conference (digital)	Frankfurt	Q4/2020
Roadshow (digital)	Paris	Q4/2020
Roadshow (digital)	USA	Q4/2020
Conference (digital)	Frankfurt	Q3/2020
Conference (digital)	Munich	Q3/2020
Roadshow (digital)	Copenhagen	Q3/2020
Roadshow (digital)	London	Q3/2020
Roadshow (digital)	D-A-CH	Q3/2020
Roadshow (digital)	Edinburgh	Q3/2020
Roadshow (digital)	USA	Q3/2020
Conference (digital)	Canada & USA	Q2/2020
Roadshow (digital)	Canada & USA	Q2/2020
Conference (digital)	Canada & USA	Q2/2020
Roadshow (digital)	D-A-CH	Q2/2020
Roadshow (digital)	United Kingdom	Q2/2020
Conference	London	Q1/2020
Conference	Lyon	Q1/2020

Designated sponsor

Designated sponsors enhance a share's liquidity by quoting binding prices at which they will buy and sell the share. As at 31 December 2020, the designated sponsor for Hypoport SE was ODDO SEYDLER BANK AG, Frankfurt am Main.

Key data on Hypoport's shares

WKN	549 336
ISIN	DE 000 549 3365
Stock exchange symbol	HYQ
Type	No-par-value shares
Number of shares	6,493,376
Subscribed capital	€6,493,376.00
Stock exchanges	XETRA, Frankfurt
Market segment	Regulated market
Transparency level	Prime Standard
Membership of indices	SDAX

Consolidated financial statements

IFRS consolidated income statement for the year ended 31 December 2020

	Notes	2020 €'000	2019 €'000
Revenue	(3.1)	387,729	337,243
Commissions and lead costs	(3.2)	– 177,204	– 155,315
Gross profit		**210,525**	**181,928**
Own work capitalised	(3.3)	20,784	16,576
Other operating income	(3.4)	6,614	3,028
Personnel expenses	(3.5)	– 133,877	– 106,637
Other operating expenses	(3.6)	– 40,475	– 42,064
Income from companies accounted for using the equity method	(3.7)	276	– 616
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**63,847**	**52,215**
Depreciation, amortisation expense and impairment losses	(3.8)	– 27,611	– 19,208
Earnings before interest and tax (EBIT)		**36,236**	**33,007**
Financial income	(3.9)	227	506
Finance costs	(3.9)	– 3,066	– 2,074
Earnings before tax (EBT)		**33,397**	**31,439**
Income taxes and deferred taxes	(3.10)	– 5,536	– 7,040
Net profit for the year		**27,861**	**24,399**
attributable to non–controlling interest	(4.13)	594	18
attributable to Hypoport SE shareholders	**(3.11)**	**27,267**	**24,381**
Earnings per share (€) (basic / diluted)	**(3.11)**	**4.33**	**3.90**

Consilidated statement of comprehensive income for the period 1 January to 31 December 2020

	2020 €'000	2019 €'000
Net profit (loss) for the year	27,861	24,399
Total income and expenses recognized in equity*)	0	0
Total comprehensive income	27,861	24,399
attributable to non-controlling interest	594	18
attributable to Hypoport SE shareholders	27,267	24,381

* There was no income or expense to be recognized directly in equity during the reporting period.

IFRS consolidated balance sheet as at 31 December 2020

Assets	Notes	31.12.2020 €'000	31.12.2019 €'000
Non-current assets			
Intangible assets	(4.1)	306,423	248,241
Property, plant and equipment	(4.1)	97,655	34,987
Financial assets	(4.2)	398	190
Investments accounted for using the equity method	(4.3)	15,413	5,904
Trade receivables	(4.5)	5,782	6,889
Other assets	(4.6)	365	401
Deferred tax assets	(4.7)	13,181	7,838
		439,217	**304,450**
Current assets			
Inventories	(4.4)	1,509	1,087
Trade receivables	(4.5)	69,415	54,749
Trade receivables from joint ventures	(4.5)	817	1,432
Other assets	(4.6)	6,346	4,393
Current income tax assets	(4.6)	1,230	576
Cash and cash equivalents	(4.8)	33,513	24,892
		112,830	**87,129**
		552,047	**391,579**
Equity and Liabilities			
Equity			
Subscribed capital	(4.9)	6,493	6,493
Treasury shares	(4.11)	– 194	– 241
Reserves	(4.12)	214,157	171,781
Equity attributable to non-controlling interests	(4.13)	936	342
		221,392	**178,375**
Non-current liabilities			
Financial liabilities	(4.14)	167,524	98,455
Provisions	(4.16)	34	147
Other liabilities	(4.15)	43,029	19,766
Deferred tax liabilities	(4.7)	17,614	13,030
		228,201	**131,398**
Current liabilities			
Provisions	(4.16)	706	770
Financial liabilities	(4.14)	22,139	16,413
Trade payables		46,939	38,809
Trade payables from joint ventures		957	772
Current income tax liabilities		3,145	3,484
Other liabilities	(4.15)	28,568	21,558
		102,454	**81,806**
		552,047	**391,579**

Consolidated statement of changes in equity for 2019 and 2020

2019 in TEUR	Subscribed capital	Treasury shares	Capital reserves	Retained earnings	Equity attributable to Hypoport SE shareholders	Equity attributable to non-controlling interest	Equity
	(4.9)	(4.11)	(4.12)	(4.12)		(4.13)	
Equity as at 1 Jan 2019	6,493	–246	50,678	96,245	153,170	314	153,484
Sale of own shares	0	5	433	44	482	0	482
Change in scope of consilidation	0	0	0	0	0	10	10
Total comprehensive income	0	0	0	24,381	24,381	18	24,399
Equity as at 31 Dec 2019	**6,493**	**–241**	**51,111**	**120,670**	**178,033**	**342**	**178,375**

2020 in TEUR	Subscribed capital	Treasury shares	Capital reserves	Retained earnings	Equity attributable to Hypoport SE shareholders	Equity attributable to non-controlling interest	Equity
	(4.9)	(4.11)	(4.12)	(4.12)		(4.13)	
Equity as at 1 Jan 2020	6,493	–241	51,111	120,670	178,033	342	178,375
Sale of own shares	0	47	14,662	447	15,156	0	15,156
Change in scope of consilidation	0	0	0	0	0	0	0
Total comprehensive income	0	0	0	27,267	27,267	594	27,861
Equity as at 31 Dec 2020	**6,493**	**–194**	**65,773**	**148,384**	**220,456**	**936**	**221,392**

Consolidated cash flow statement for the period 1 January 2020 to 31 December 2020

	2020 €'000	2019 €'000
Earnings before interest and tax (EBIT)	36,236	33,007
Non–cash income / expense	–3,182	–439
Interest received	227	506
Interest paid	–3,078	–2,074
Income taxes paid	–8,840	–8,686
Change in deferred taxes	3,383	2,173
Income from companies accounted for using the equity method	–276	616
Depreciation and amortisation on non–current assets	27,611	19,208
Profit / loss from the disposal of non–current assets	–45	96
Cash flow	**52,036**	**44,407**
Increase / decrease in current provisions	–64	520
Increase / decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	–7,599	–8,933
Increase / decrease in trade payables and other liabilities not attributable to investing or financing activities	2,182	10,240
Change in working capital	**–5,481**	**1,827**
Cash flows from operating activities	**46,555**	**46,234**
Payments to acquire property, plant and equipment / intangible assets	–36,635	–27,021
Cash outflows for acquisitions less acquired cash	–22,904	–33,035
Proceeds from the disposal of financial assets	51	199
Purchase of financial assets	–17	–24
Cash flows from investing activities	**–59,505**	**–59,881**
Sale of own shares	14,535	0
Repayment of lease liabilities	–8,898	–5,663
Proceeds from the drawdown of financial loans	30,000	23,500
Redemption of bonds and loans	–14,066	–11,059
Cash flows from financing activities	**21,571**	**6,778**
Net change in cash and cash equivalents	8,621	–6,869
Cash and cash equivalents at the beginning of the period	24,892	31,761
Cash and cash equivalents at the end of the period	**33,513**	**24,892**

Notes to the IFRS consolidated financial statements

1. Basis of presentation

1.1 Business background and company-law information

Hypoport SE (referred to below as 'Hypoport'), whose registered office is located in Lübeck, Germany, is entered in the commercial register of the Lübeck local court under HRB 19026 HL. The Company's business address is Hansestrasse 14, 23558 Lübeck, Germany.

As the parent company of the Hypoport Group, Hypoport SE is required by section 290 of the German Commercial Code (HGB) to prepare consolidated financial statements and a group management report. Because the Company's shares are listed in the Prime Standard segment of the Frankfurt Stock Exchange (WKN 549336), this obligation applies irrespective of whether certain minimum size criteria are met. As a parent entity that is listed on a stock exchange, the Company is obliged to prepare its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU). It is required by section 315a (1) HGB to comply with supplementary provisions of the German Commercial Code.

The consolidated financial statements for 2020 have been prepared in accordance with International Financial Reporting Standards, as adopted by the EU. Furthermore, a group management report has been added to the IFRS consolidated financial statements to meet the requirements of the HGB. The IFRS consolidated financial statements comprise the consolidated income statement, the consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, the consolidated cash flow statement and the notes to the consolidated financial statements. The disclosures required by section 315e (1) HGB are presented in the notes to the consolidated financial statements and in the remuneration report, which forms part of the group management report. The consolidated financial statements were completed on 5 March 2021 and are expected to be submitted to the Supervisory Board on 23 March 2021 to be approved for publication.

The consolidated balance sheet is broken down into current and non-current items in accordance with IAS 1.51 et seq.

The consolidated income statement is presented under the nature-of-expense method. The consolidated financial statements and the separate financial statements for the entities included in the IFRS consolidated financial statements have been prepared in euros.

To improve clarity, all figures in the IFRS consolidated financial statements and the group management report are presented in thousands or millions of euros. We wish to point out that the application and aggregation of rounded amounts and percentages and the use of automated calculation methods may give rise to rounding discrepancies.

All figures on the quantities and volumes of financial products sold (e.g. volume of loans brokered, life insurance premiums, or volume of transactions processed on Europace) include cancellations and, consequently, cannot be compared directly with the revenue figures shown, which exclude cancellations. The relevant figures shown in each case are calculated at a cut-off point in the product transaction process that is appropriate for the accrual method of accounting used. The growth of the subsidiaries in the Credit Platform and Private Clients segments can be seen from the volume of loans on the transaction platform. A transaction is included in the volume as soon as the advisor has set its status to 'customer has accepted the offer'. The volume is the volume before cancellations. Cancellations that occur later in this process – e.g. as a result of additional credit checks or health checks performed by product suppliers or the exercise of cancellation rights by consumers – are not taken into account in the relevant figures shown.

The financial year for all consolidated Group companies, including the joint ventures and associates, and the parent company is the same as the calendar year.

The Hypoport Group's presence in the market is based on various business models involving the development and marketing of technology platforms for the credit, property and insurance industries as well as advice on and brokerage of loans, insurance policies and investment products that do not constitute financial instruments pursuant to section 1 (11) of the German Banking Act (KWG).

These consolidated financial statements have been prepared on a going-concern basis.

1.2 Application of IFRS

All pronouncements by the International Accounting Standards Board (IASB) that were required to be applied by 31 December 2020 have been adopted. All the principles of the framework, the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) and the earlier interpretations of the Standing Interpretations Committee (SIC) applicable at the balance sheet date have been applied.

The following revised or new standards issued by the IASB were required to be applied for annual periods beginning on or after 1 January 2020:

- Definition of Material (Amendments to IAS 1 and IAS 8)
- Definition of a Business (Amendments to IFRS 3)
- Interest Rate Benchmark Reform – Phase 1 (Amendments to IFRS 9, IAS 39 and IFRS 7)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16)
- Framework: Amendments to References to the Conceptual Framework in IFRS Standards.

DEFINITION OF MATERIAL (AMENDMENTS TO IAS 1 AND IAS 8)
Materiality is an important concept in the preparation of IFRS financial statements. The amendments tighten the definition of 'material' and clarify how materiality is to be applied. The amendments also ensure that 'material' is defined consistently throughout all of the standards. These amendments have no material impact on Hypoport's consolidated financial statements.

DEFINITION OF A BUSINESS (AMENDMENTS TO IFRS 3)
The amendments to IFRS 3 provide a more precise definition of a 'business' and help companies to determine whether a transaction results in the recognition of a group of assets or the acquisition of a business. Hypoport will examine the interpretation's impact on the consolidated financial statements in due course. These amendments have no impact on Hypoport's consolidated financial statements.

Interest Rate Benchmark Reform – Phase 1 (Amendments to IFRS 9, IAS 39 and IFRS 7)
The amendments relate to reducing the potential effects on companies' financial reporting of the reform of interbank offered rates (IBORs), such as Libor. They are aimed at enabling hedging relationships to be continued despite the replacement of current interest-rate benchmarks. Companies are required to disclose the extent to which their hedging relationships are affected by the replacement of current interest-rate benchmarks. These amendments have no material impact on Hypoport's consolidated financial statements.

COVID-19-Related Rent Concessions (Amendment to IFRS 16)
The amendments published by the IASB on 28 May 2020 provide lessees with an exemption from assessing whether rent concessions granted in connection with the COVID-19 pandemic constitute a lease modification. Lessees that apply the exemption must account for the rent concessions as if they were not lease modifications. The amendments apply to rent concessions that reduce rental payments due on or before 30 June 2021. Hypoport is not making use of this new exemption.

FRAMEWORK: AMENDMENTS TO REFERENCES TO THE CONCEPTUAL FRAMEWORK IN IFRS STANDARDS
The revised Conceptual Framework contains improved definitions for assets and liabilities as well as new guidance on measurement, derecognition, presentation and disclosure. The references to the Conceptual Framework in existing standards are being updated. The revised Conceptual Framework is not subject to the endorsement process. There are no changes for the Hypoport Group.

The initial application of the above IFRS requirement did not give rise to any material impact on the presentation of financial position and financial performance or on the notes to these consolidated financial statements.

Furthermore, the IASB has issued the following standards, interpretations and amendments to existing standards that the Hypoport Group is not yet required to apply to these financial statements:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (effective for annual periods beginning on or after 1 January 2023, not endorsed by the European Commission)
- Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16) (1 January 2022, endorsed)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) (1 January 2022, endorsed)
- Reference to the Conceptual Framework (Amendments to IFRS 3) (1 January 2022, endorsed)
- Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4: Insurance Contracts) (1 January 2021, endorsed)
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (1 January 2021, endorsed)
- IFRS 17: Insurance Contracts (1 January 2023, not endorsed)
- Various improvements to IFRSs (2018–2020) (1 January 2022, not endorsed).

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
The amendments to IAS 1 are designed to clarify the criteria for classifying liabilities as current or non-current. In future, only rights that exist at the end of the reporting period will be relevant to the classification of a liability. Guidance has also been added with regard to the interpretation of the criterion 'right to defer settlement of the liability by at least twelve months'. An explanation of 'settlement' has been added too. On 15 July 2020, the IASB deferred the date of mandatory first-time adoption to 1 January 2023. Hypoport will examine the impact of these amendments in due course. We currently do not expect any material impact.

Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)
The amendments prohibit companies from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, companies must recognise the proceeds from selling such items, and the cost of producing those items, in profit or loss. We currently do not expect any material impact.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
The amendments clarify the costs that companies must consider when assessing whether a contract is onerous. Furthermore, the amendments clarify that the cost of fulfilling a contract comprises the costs that relate directly to the contract, which are either additional costs for fulfilling the contract or an allocation of other costs that relate directly to fulfilling the contract. Hypoport will examine the impact of these amendments in due course. We currently do not expect any material impact.

Reference to the Conceptual Framework (Amendments to IFRS 3)
The amendments update the references to the Conceptual Framework in IFRS 3 without amending the accounting requirements for acquisitions. There are no changes for Hypoport.

Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4: Insurance Contracts) The amendments to IFRS 4 relate to the first-time adoption of IFRS 9 by insurers. These amendments and the new IFRS 17: Insurance Contracts published by the IASB on 18 May 2017 are not relevant to Hypoport.

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
The amendments relate to issues that affect financial reporting when existing interest-rate benchmarks are replaced by alternative interest-rate benchmarks as a result of the IBOR reform. Hypoport does not expect any material impact.

IFRS 17: INSURANCE CONTRACTS
IFRS 17 relates to accounting for insurance contracts and supersedes IFRS 4. On 25 June 2020, the IASB published amendments to IFRS 17 and deferred the date of mandatory first-time adoption of the standard to 1 January 2023. Amendments were also made to address challenges relating to implementation of IFRS 17 that were identified after it was published. IFRS 17 is not relevant to Hypoport.

Various improvements to IFRSs (2018–2020)
The amendments resulting from the 2018–2020 annual improvements project consist of minor changes to IFRS 1, IFRS 9 and IAS 41 and to the illustrative examples for IFRS 16. There are no material changes for the Hypoport Group.

Hypoport does not intend to adopt these standards and interpretations, or the amendments resulting from them, on a voluntary basis before their effective dates.

1.3 Basis of consolidation

In addition to the parent company, Hypoport SE, the IFRS consolidated financial statements include 42 (2019: 38) domestic and international subsidiaries in which the Company directly or indirectly holds the majority of voting rights, five (2019: three) joint ventures and three (2019: three) associates.

The following table shows the entities included in the consolidated financial statements in addition to Hypoport SE.

Subsidiary	Holding in %
1blick GmbH, Heidelberg	100.00
asseQ GmbH, Lübeck	100.00
Basler Service GmbH, Bayreuth	70.00
Bayreuth Am Pfaffenfleck 15 Objektgesellschaft mbH, Bayreuth	100.00
Dr. Klein Finance S.L.U., Santa Ponça (Spain)	100.00
Dr. Klein Wowi Finanz AG, Lübeck	100.00
Dr. Klein Privatkunden AG, Lübeck	100.00
Dr. Klein Ratenkredit GmbH, Lübeck	100.00
Dr. Klein Wowi Digital AG, Berlin	100.00
ePension GmbH & Co. KG, Hamburg	51.00
ePension Verwaltungs-GmbH, Hamburg	51.00
ePension Holding GmbH, Berlin	51.00
E&P Pensionsmanagement GmbH, Hamburg	51.00
Europace AG, Berlin	100.00
FIO SYSTEMS AG, Leipzig	100.00
FIO SYSTEMS Bulgaria EOOD, Sofia (Bulgaria)	100.00
FM InsurTech GmbH, Berlin	100.00
FUNDINGPORT GmbH, Hamburg	100.00
Fundingport Sofia EOOD, Sofia (Bulgaria)	100.00
GENOPACE GmbH, Berlin	45.025
Growth Real Estate EOOD, Sofia (Bulgaria)	100.00
helber innomaxx GmbH, Stuttgart	100.00
Hypoport B.V., Amsterdam (Netherlands)	100.00
Hypoport Holding GmbH, Berlin	100.00
Hypoport Grundstücksmanagement GmbH, Berlin	100.00
Hypoport Mortgage Market Ltd., Westport (Ireland)	100.00
Hypoport Sofia EOOD, Sofia (Bulgarien)	100.00
Hypoport Systems GmbH, Berlin	100.00
Maklaro GmbH, Hamburg	100.00
Primstal – Alte Eiweiler Straße 38 Objektgesellschaft mbH, Nonnweiler	100.00
Qualitypool GmbH, Lübeck	100.00
REM CAPITAL AG, Stuttgart	100.00
Smart BancAssurance GmbH, Berlin (formerly Kartenhaus Software GmbH, Berlin)	100.00
Smart InsurTech AG, Berlin	100.00
source.kitchen GmbH, Leipzig	100.00
Starpool Finanz GmbH, Berlin	50.025
Value AG the valuation group, Berlin	100.00
Vergleich.de Gesellschaft für Verbraucherinformation mbH, Berlin	100.00
Vergleich.de Versicherungsservice GmbH, Lübeck	100.00
VS Direkt Versicherungsmakler GmbH, Bayreuth	100.00
Volz Vertriebsservice GmbH i.L., Ulm	100.00
Winzer – Kneippstraße 7 Objektgesellschaft mbH, Berlin	100.00

Joint ventures	Holding in %
AMEXPool AG, Buggingen	49.997
BAUFINEX Service GmbH, Berlin	50.00
FINMAS GmbH, Berlin	50.00
Hypoport on-geo GmbH i. L., Berlin	50.00
LBL Data Services B.V., Amsterdam (Netherlands)	50.00

Associated company	
BAUFINEX GmbH, Schwäbisch Hall	30.00
finconomy AG, Munich	25.00
IMMO CHECK Gesellschaft für Informationsservice mbH i.L., Bochum	33.33

Despite a shareholding of less than 50 per cent, GENOPACE GmbH remains fully consolidated because it continues to have a control and profit-and-loss transfer agreement with Hypoport SE.

With the exception of the aforementioned joint ventures and associates (all accounted for under the equity method owing to lack of control), all major Hypoport Group companies are fully consolidated.

1.4 Principles of consolidation

The separate financial statements for the entities included in the Hypoport IFRS consolidated financial statements and the separate financial statements for the parent are prepared to the same balance sheet date using uniform accounting policies.

The consolidated financial statements include Hypoport SE and the subsidiaries over which it exerts direct or indirect control. Control is generally deemed to be exerted by the entity that holds a majority of voting rights. Subsidiaries are fully consolidated from the date of acquisition, i.e. the date on which the Group acquires control. They are deconsolidated as soon as control by the parent comes to an end.

Subsidiaries are consolidated in accordance with IFRS 3. This involves recognising all of the subsidiaries' assets and liabilities at fair value at the acquisition date. The pro rata equity calculated in this way is compared with the carrying amount of the investment concerned. Any positive differences that are attributable to separately identifiable intangible assets acquired as part of the business combination are shown separately from goodwill. If a useful life can be determined for these assets, they are amortised over their estimated useful life. Intangible assets with an indefinite useful life are tested for impairment annually and, where necessary, an impairment loss is recognised. Any remaining positive differences are recognised as goodwill and tested for impairment annually in accordance with IAS 36. The option of recognising any non-controlling interests at fair value (full-goodwill method) has not been utilised. As required by IFRS 3.19, these interests are recognised at their proportionate share of the identi-

fiable net assets. When the acquisition costs incurred in business combinations are being determined, conditional purchase price components are recognised at their fair value at the date of first-time consolidation. Subsequent deviations from this value are recognised in profit or loss. Transaction costs are expensed as incurred in accordance with IFRS 3. Any negative differences or negative goodwill arising on consolidation are immediately recognised in profit or loss.

The Hypoport Group consolidates its investments in joint ventures using the equity method. The carrying amount for long-term equity investments accounted for under the equity method in the consolidated financial statements will be increased or decreased annually to reflect any changes in the proportion of equity held by Hypoport. When equity-accounted investments are included for the first time, differences arising from first-time consolidation are treated in accordance with the principles of full consolidation. Changes in the proportion of equity, including write-downs on goodwill, are recognised in profit (loss) from equity-accounted long-term equity investments. If the Group's share in a loss relating to a joint venture is equivalent to or exceeds its original interest in the entity (including other unsecured receivables), no further losses are reported. Further losses are only reported if obligations have been assumed for the joint venture or payments have been made on its behalf.

Long-term equity investments that have a minor impact on the Group's financial position and financial performance individually and whose impact is immaterial overall, are included in the consolidated financial statements at acquisition cost minus impairment losses.

The basis rollover method is used to recognise common control transactions.

The assets and liabilities in step acquisitions are recognised at their fair value at the acquisition date. Existing investments are measured at fair value through profit or loss. Goodwill is determined at the acquisition date. Differences arising from the acquisition or sale of investments in affiliated companies without any acquisition or loss of control are recognised in other comprehensive income.

Trade receivables, loans and other receivables are fully offset against the corresponding liabilities and provisions as part of the elimination of intercompany balances between the subsidiaries included in consolidation.

Income and expenses resulting from goods supplied or services rendered within the Hypoport Group are eliminated. Material intercompany profits and losses resulting from goods supplied or services rendered within the Hypoport Group are fully eliminated; such profits and losses are eliminated on a pro rata basis in cases where the equity method of consolidation is used.

Non-controlling interests in the equity and profit or loss of companies controlled by the parent company are shown separately in the consolidated financial statements. The necessary deferred taxes are recognised on consolidation.

1.5 Currency translation

In the separate financial statements for the companies in the Group, monetary positions – such as receivables and payables – that are denominated in a currency other than the Group's functional currency are measured using the mid rate on the balance sheet date. Where, in the case of receivables, the closing rate is lower or, in the case of payables, the closing rate is higher, the foreign currency value translated at the closing rate is reported. Any exchange differences arising as a result are recognised in consolidated income.

1.6 Use of assumptions and estimates

The preparation of the consolidated financial statements in accordance with IFRS requires that the Company make some assumptions and estimates with regard to the recognition and measurement of assets and liabilities, income and expense, and contingent liabilities. The assumptions and estimates relate for the most part to the definition of useful lives, the recognition and measurement of intangible assets, receivables and provisions, and the realisation of future tax relief. In individual cases, the actual values may differ from the assumptions and estimates. Any changes as a result of new information, more experience or subsequent developments are recognised immediately in income in accordance with IAS 8.

Other relevant assumptions and estimates relate to the measurement of the financial liability for the variable consideration for the acquisition of ePension, measurement of the ePension assets acquired and calculation of the recoverable amounts in the context of impairment tests, taking particular account of the impact of the COVID-19 pandemic.

Furthermore, there are material discretionary decisions relating to the assessment of the accounting treatment of the acquisition of ePension, in particular in relation to the inclusion of variable consideration in the consideration transferred.

Material discretionary decisions largely relate to the capitalisation of development costs and the determination of their useful life as well as to the assumptions underlying the impairment test for goodwill.

1.7 Changes to the basis of consolidation; acquisitions

The Hypoport Group carried out the following significant corporate transactions in 2020.

On 4 March 2020, 49 per cent of the shares in ePension GmbH & Co. KG ('ePension'), Hamburg, were acquired, followed by a further 2 per cent on 4 August 2020. ePension provides a digital platform for the administration of occupational pension schemes. Together with its wholly owned subsidiary E&P Pensionsmanagement GmbH, it is also a service provider for employers and their staff in the field of occupational retirement pensions. By incorporating products for the administration of retirement pensions from ePension, the Hypoport Group is expanding its fully integrated digital insurance platform.

The purchase of the remaining 49 per cent has been agreed for 31 December 2023. During the overall assessment of the contractual arrangements, Hypoport decided to apply the acquisition method at the acquisition date for the remaining 49 per cent of the shares to be acquired in 2023. Full consolidation will therefore take place without recognising non-controlling interests. The purchase price for all of ePension's shares is approximately €42 million, including €12.8 million that was paid in 2020 and an amount of €9.2 million that will be due for payment at the end of 31 December 2023. This amount is considered to be an interest-bearing loan until the payment is made on 31 December 2023. In addition, variable consideration has also been agreed that is dependent on ePension's earnings performance in 2023. The total amount that will be payable is currently estimated to be no more than €20.0 million. A financial liability has been recognised for the purchase consideration components to be paid in 2023. Although this subsequent payment of the purchase consideration will not be made until 2023, Hypoport has decided against discounting in view of the current level of interest rates. The purchase consideration was largely attributable to an insurance portfolio, software and goodwill.

Because there was no contingent consideration agreement, under which the payments would automatically be forfeited if the employment contract ended (IFRS 3.B55(a)), and because the purchase consideration (taking account of the fixed element) is not already at the upper end of the range of possible enterprise values, the purchase of ePension was accounted for as an acquisition under IFRS 3.

ePension holds all shares in E&P Pensionsmanagement GmbH, Hamburg. The company's subscribed capital amounts to €25 thousand and is fully paid-up. The object of the company is to advise on and manage occupational pension schemes. The acquisitions were accounted for using the acquisition method. ePension and its subsidiary were included in the consolidated financial statements with effect from 1 August 2020. Their activities were allocated to the Insurance Platform segment. Since the date of acquisition, ePension has contributed €2.5 million to revenue and €1.1 million to net profit for the year. If the business combination had taken place at the start of the year, consolidated revenue would have amounted to €390.3 million and net profit for the year to €28.9 million.

The fair values of the identifiable assets and liabilities were as follows as at the acquisition date:

ePension (incl. subsidiaries) initial consolidation	Fair value recognises on acquisition €'000
Assets	
Intangible assets	8,469
Property, plant and equipment	1,719
Financial assets	239
Trade receivables	6,932
Other current items	1,406
Cash and cash equivalents	308
	19,073
Liabilities	
Financial liabilities	(1,606)
Trade payables	(3,177)
Other liabilities	(4,929)
Deferred tax liabilities	(2,624)
	(12,336)
Total identifiable net assets at fair value	6,737
Fair value of the stake held previously	22,172
Purchase consideration transferred	20,000
Goodwill arising on acquisition	**35,435**

Analysis of cash flows on acquisition:	
Net cash acquired with the subsidiary (included in Cashflow from investing activities)	308
Cash paid	(12,864)
Net cash outflow	**12,556**

The purchase price allocation was carried out by an external auditing firm and can be considered final. The measurement technique used to determine the fair values of the acquired and as-yet unrecognised intangible assets (software €6.5 million, insurance portfolio €1.2 million and client relationships €0.2 million) was the multi-period excess earnings method (MEEM). A useful life of ten years was assumed for all three intangible assets.

The fair value and the gross amount of the trade receivables each amounted to €6.932 million. The total contractually agreed amounts are likely to be recoverable.

The Group measured the lease liabilities assumed at the present value of the remaining lease payments as at the acquisition date. The right-of-use assets were measured at the same amount as the lease liabilities (€1.606 million).

ePension Verwaltungs-GmbH, the general partner of ePension, did not have any notable assets of its own and therefore effectively served solely to limit liability. It does not have any business operations of its own. It has therefore been disregarded in the purchase price allocation for reasons of materiality. The same applies to ePension Holding GmbH, which was used as an acquisition company.

The goodwill recognised is primarily the result of expected synergies, revenue growth, future market developments and the skills and expertise of the acquired entity's existing employees. These advantages are not recognised separately from goodwill because they do not satisfy the recognition requirements for intangible assets. The goodwill recognised is non-deductible for tax purposes.

The Group incurred total costs of €0.1 million for legal advice and due diligence in connection with the acquisitions. These costs are shown under administrative expenses in the income statement and under cash flows from operating activities in the cash flow statement.

In early March 2020, 49.997 per cent of the shares in AMEXPool AG ('AMEX'), Buggingen, were acquired. AMEX specialises in insurance for businesses, particularly non-life insurance for businesses and motor vehicle insurance. By acquiring AMEX, the Hypoport Group is extending the range of services relating to insurance for businesses. Its activities were allocated to the Insurance Platform segment. In addition to the acquisition of 49.997 per cent of the shares in AMEX, the parties agreed an option for Hypoport to acquire the remaining 50.003 per cent of the shares by no later than December 2022.

In the reporting period, two cash payments for debtor warrants of €5.5 million were made in connection with the acquisitions of ASC Assekuranz-Service Center GmbH and REM Capital AG. Other corporate transactions had no material impact, either individually or collectively, on the Group's financial position or financial performance.

2. Accounting policies

2.1 Intangible assets

Goodwill arising on the consolidation of subsidiaries, capitalised development costs in connection with the development and refinement of transaction platforms, patents, software, licences and similar rights are reported under intangible assets. Any intangible assets acquired are reported at cost at the date of acquisition.

All intangible assets, with the exception of goodwill, have a finite useful life. They are amortised on a straight-line basis over the period of their use. The useful lives applied to these assets vary between three and 15 years. If there are any indications of impairment, amortisable intangible assets are subjected to an impairment test and, where required, an impairment loss is recognised to ensure that the carrying amount of the asset is reduced to the recoverable amount in accordance with IAS 36.
All amortisation expense and impairment losses on intangible assets are reported in the income statement under depreciation, amortisation expense and impairment losses.

Goodwill is not amortised. Instead, an impairment test is carried out in accordance with IAS 36 once a year (or in the intervening period if there are indications of impairment) and, where required, an impairment loss is recognised to ensure that the carrying amount of the asset is reduced to its recoverable amount (impairment-only approach).

An impairment loss is recognised in income if the recoverable amount for the asset is below the carrying amount. The recoverable amount is based on the fair value less costs to sell. The fair value equals the value in use and is calculated using the discounted cash flow method. The cash flows are derived from the Company's four-year strategic plan. This plan is based on expertise gained in the past, the latest financial results, and the strategic plan adopted. It takes appropriate account of sectoral and macroeconomic trends (such as developments in the housing market, movements in interest rates, regulation of the financial markets, changes in state pension and healthcare systems, etc.) as well as historical developments. The annual plans are based on certain bottom-up assumptions for the entire Hypoport Group. Certain cash flow parameters (such as depreciation, amortisation, impairment and taxes) are determined on the basis of defined criteria. The annuity method with a growth rate of zero per cent is used to calculate cash flows for post-planning periods. The cash flows are then discounted back to the balance sheet date using a discount rate that reflects the risks specific to the asset. The discount rate is based on the weighted average cost of capital (WACC). This interest rate reflects current market assessments of the effect of the time value of money as well as the risks specific to the cash-generating unit. As required by IAS 36, the Company determines the applicable WACC by using market information that is based on a peer group of Hypoport. This market information consists of beta factors, gearing levels, and market interest rates on loans.

In order to calculate the WACC, the Company also performs sensitivity analysis in which it makes assumptions that differ from its original estimates; Hypoport considers these assumptions to be improbable but still possible. In doing so, the Company factors in uncertainty in the form of estimates and carries out additional impairment tests for scenarios that are less favourable than estimated. These scenarios verified the recoverability of goodwill in particular in each case. The continued validity of the parameters used was monitored by the Management Board between the end of the reporting year and the date on which the consolidated financial statements were prepared.

If impairment is identified, an impairment loss is first recognised for any available goodwill in the cash-generating unit concerned. Any residual amount is then allocated pro rata to the other assets in the cash-generating unit concerned on the basis of the residual carrying amount of each individual asset at the balance sheet date. If the reasons for a previously recognised impairment loss no longer exist, the impairment loss is reversed (except in the case of goodwill), but the reversal cannot result in a carrying amount that is higher than the amortised carrying amount that would have applied if the impairment loss had never been recognised.

Provided they meet the preconditions of IAS 38, development costs are capitalised at cost if the costs can be clearly attributed and it is certain that the product is technically feasible and can be brought to market. Furthermore, there must be a sufficient probability that the development activity will generate future economic benefits. If the criteria for capitalisation are not satisfied, the costs are expensed as incurred.

The capitalised development costs comprise all costs directly attributable to the development process plus an appropriate portion of development-related overheads. Finance costs are capitalised. Software platforms are amortised on a straight-line basis from the point at which they come into operation over an estimated useful life of ten years if they are being used for the first time or five years in the case of enhancements. Capitalised development costs that are not yet amortised are tested for impairment annually in accordance with IAS 36.

2.2 Property, plant and equipment

Property, plant and equipment is recognised at cost and reduced by depreciation and any impairment losses. Property, plant and equipment is depreciated on a straight-line basis over its estimated useful life. Useful lives of between three and 15 years are applied to these assets.

If there are any indications of impairment, an impairment test is carried out. If the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognised to reduce the carrying amount to the recoverable amount in accordance with IAS 36. If the reason for a previously recognised impairment loss no longer exists, the impairment loss is reversed such that the carrying amount of the asset is restored to the amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years.

2.3 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out method. In the case of manufactured goods, their cost includes the directly attributable production costs and an appropriate share of the production overheads at normal operating capacity.

2.4 Inventories

Borrowing costs that are directly allocable to the acquisition, construction or manufacture of a qualifying asset are capitalised as part of acquisition and manufacturing costs. All other borrowing costs are expensed as incurred.

2.5 Financial assets

Financial assets include receivables from financial services, trade receivables, receivables from banks, cash on hand, marketable securities, financial investments and other long-term equity investments.

Financial assets, such as equities or interest-bearing securities, are classified as held-for-trading if they are acquired with the intention of selling them in the short term. Gains and losses on held-for-trading financial assets are recognised in income.

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments, such as trade receivables. In accordance with IFRS 9, once they have been initially recognised, loans and receivables are measured at amortised cost under the effective interest method, net of any impairment losses. Gains and losses are recognised in the net profit (loss) for the year if the loans and receivables are derecognised or impaired. The interest rate effects of using the effective interest method are also taken to income.

Dividends are taken to income as soon as a legal entitlement to payment arises.

Other long-term equity investments comprise investments in associates unless they are recognised under the equity method. These investments are carried at their fair value on the consolidated balance sheet. Where possible, the fair value is determined on the basis of market prices. If the fair value cannot be derived from comparable transactions during the period concerned and it has been decided not to base the investments' measurement on discounted future cash flows because these cash flows cannot be reliably determined, the carrying amount used is the acquisition cost minus impairment losses.

2.6 Financial assets

At each balance sheet date, the carrying amounts of financial assets are tested to see whether there is objective evidence of any impairment; such evidence could be serious financial difficulties on the part of the borrower or significant changes in the technological, economic, legal or market environment of the borrower. In the case of equity instruments, a sustained or significant fall in their fair value would constitute objective evidence that they may be impaired.

Loans and receivables: The amount of impairment on loans and receivables is the difference between the asset's carrying amount and the present value of its anticipated future cash flows, which are discounted using the financial asset's original effective interest rate. The impairment is recognised in income.

If the amount of the impairment loss decreases in a subsequent reporting period and if this decrease can be objectively attributed to an event that occurred after the impairment was recognised, the previously recognised impairment loss is reversed and taken to income.

Most impairment losses on loans and receivables (e.g. trade receivables) are charged to impairment accounts. The decision as to whether a credit risk is recognised through an impairment account or by a direct impairment loss on the receivable depends on how high the probability of default is estimated to be. If receivables are classified as irrecoverable, the respective impaired asset is derecognised.

2.7 Impairment of deferred tax assets

The Company reviews its deferred tax assets at each reporting date to identify any impairment. This assessment requires the senior management team to make assumptions about the level of future taxable profit as well as further positive and negative influencing factors. The actual utilisation of deferred tax assets depends on the Company's ability to generate the necessary taxable profit in future so that it can take advantage of tax loss carryforwards and tax allowances before they expire. Although loss carryforwards can still be carried forward indefinitely in Germany, annual utilisation in Germany is restricted by minimum taxation requirements.

In the year under review, the existing limit on offsetting losses imposed by the minimum taxation requirement meant that capitalisation restrictions for deferred taxes relating to losses were taken into account when offsetting deferred tax assets against deferred tax liabilities.

Having conducted this review, the Group recognised deferred tax assets worth €13.181 million as at 31 December 2020 (31 December 2019: €7.838 million). Because of the minimum taxation stipulations in Germany, no deferred tax assets were recognised in 2020, as had also been the case in 2019.

The total amount of deferred tax assets recognised might be reduced if future taxable profit or income turns out to be lower than expected or if amendments to tax legislation limit the utilisation of tax loss carryforwards or tax allowances in terms of their timing or amount. Conversely, the total amount of deferred tax assets recognised would have to be increased if future taxable profit or income turned out to be higher than expected.

2.8 Leases

The IFRS 16 standard on leases includes a uniform lease accounting model for lessees, in which assets for the right to use an underlying asset and the corresponding lease liabilities have to be recognised. Lessees do not have to distinguish between operating leases, for which assets and liabilities are not recognised, and finance leases. IFRS 16 gives the option of an exemption from the requirement to recognise short-term leases and leases for low-value leased assets. Lessors have to distinguish between operating leases and finance leases. The Hypoport Group does not currently have any significant leases that, as lessor, it would have to classify and recognise as finance leases. According to IFRS 16, subleases have to be classified by reference to the right-of-use asset arising from the head lease.

Lease liabilities are recognised under financial liabilities in the amount of the present value of the remaining payment obligation. They are subsequently recognised using the effective interest method. To determine their present value, the lease payments are discounted using an incremental borrowing rate of interest with similar risk and a similar term if it is not possible to determine the implicit interest rate. The short-term component of the lease liability, which has to be recognised separately on the balance sheet, is determined using the repayment portion for the next twelve months contained in the lease payments.

The initial value of the liability is also the basis for determining the cost of the right-of-use asset, which is shown under property, plant and equipment on Hypoport SE's balance sheet. The cost of the right-of-use asset also takes account of any initial direct costs and costs expected in connection with restoration obligations, provided the costs do not relate to property, plant and equipment. Prepayments increase the initial value, while any lease incentives received reduce it. Hypoport SE measures all right-of-use assets at amortised cost. The assets are depreciated under the straight-line method over the shorter of the lease term and the useful life of the identified asset. If events or changes in circumstances suggest that the assets might be impaired, they are tested for impairment in accordance with IAS 36.

When entering into leasing arrangements, Hypoport SE draws on extension and termination options to ensure the necessary flexibility for its business. The accounting treatment of a lease largely depends on the estimated lease term. Lease terms are determined using all facts and circumstances that create an economic incentive to exercise existing options. The estimated term therefore also includes periods covered by extension options, provided the exercise of these options is reasonably certain. A change to the term is taken into account if there is a change in whether it is reasonably certain that an existing option will be exercised or not.

Hypoport SE regularly enters into property leases and vehicle leases as a lessee. To ensure it has the necessary flexibility for its business, it agrees extension and termination options, particularly in the case of property leases. If the exercise of these options is reasonably certain, their exercise is factored into the determination of the lease term. Prescribed end dates for lease terms are taken into account in the case of vehicle leases. All material cash outflows are therefore taken into account in the measurement of the lease liability, corresponding to the right-of-use assets. Variable lease payments occur, and only on a small scale, in connection with property leases and take the form of index-linked lease instalments; Hypoport SE

does not provide any residual value guarantees. There were no material leasing arrangements that had been contractually agreed but where the lease had not yet commenced. The existing financial liabilities include covenants linked to financial key figures. The accounting treatment of leasing arrangements under the right-of-use asset model therefore affects the covenants, which are adjusted for the relevant effects resulting from IFRS 16.

The following amounts were incurred in connection with Hypoport SE's leasing activities in 2020:

Nature of amount (€ million)	2020	2019
Depreciation for the right-of-use asset, according to the class of the underlying asset	9.9	5.9
Thereof properties	7.8	4.2
Thereof vehicles	1.9	1.7
Thereof IT	0.2	0.0
Interest expenses for lease liabilities	1.1	0.4
Expense for short-term lease liabilities	8.9	5.7
Expense for lease liabilities involving low-value assets (contained in operating expences)	0.3	0.2
Total cash outflows for leases	10.4	6.7
Additions to right-of-use assets	67.8	27.3
Carrying amount after depreciation, impairment, and any reversals of impairment losses and after remeasurements and modifications	79.4	21.4
Thereof properties	76.0	18.9
Thereof vehicles	2.9	2.5
Thereof IT	0.5	0.0

As at 31 December 2020, there were right-of-use assets amounting to €79.4 million (31 December 2019: €21.4 million) and, on the other side of the balance sheet, lease liabilities with a present value of €80.6 million (31 December 2019: €21.7 million). The short-term component of the lease liability stood at €8.1 million (31 December 2019: €4.8 million). The payment obligations were due as follows as at the reporting date:

	Minimum lease payments (without discounting)		Included interest component		Present values	
€ million	2020	2019	2020	2019	2020	2019
Due in <= 1 year	9.6	5.2	1.5	0.3	8.1	4.8
Due in > 1 year and <= 5 years	31.6	12.3	4.5	0.8	27.1	11.6
Due in > 5 years	49.2	5.6	3.8	0.3	45.4	5.3
Total	90.4	23.1	9.8	1.4	80.6	21.7

2.9 Trade receivables and other assets

Trade receivables and other assets are recognised at the lower of amortised cost and market value. Appropriate impairment losses are recognised to account for any identifiable risks. These impairment losses are reversed if the reasons for previously recognised write-downs no longer apply. Irrecoverable receivables are derecognised. Payments subsequently received for amounts that have already been derecognised are taken to income and offset against the impairment losses on trade receivables reported in the income statement.

All receivables due for payment in more than one year are classified in the Group as non-current.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash, demand deposits and overdraft facilities. Utilised overdraft facilities are shown on the balance sheet as liabilities to banks under current financial liabilities.

Cash is measured at nominal value.

2.11 Treasury shares

Treasury shares in the parent purchased within the Group are deducted from equity at cost. Income or expense related to the purchase, sale, issue or recall of treasury shares is recognised directly in equity under reserves.

2.12 Provisions

A provision is recognised when an entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at their expected settlement value in accordance with IAS 37 or, where appropriate, in accordance with IAS 19. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation. Estimates of the outcome and financial impact of the obligation depend on management's assessment as well as empirical values obtained from similar transactions and, where necessary, appraisals provided by independent experts (such as lawyers). The underlying information includes information obtained as a result of events that occur between the end of the reporting period and the date on which the consolidated financial statements are prepared. Where the provision being measured involves a large population of events, the obligation is estimated by weighting all possible outcomes by their associated probabilities. Where there is a continuous range of possible outcomes, and each point in that range is as likely as any other, the mid-point of the range is used.

In cases where an obligation is expected to result in an outflow of resources after more than one year and if the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When estimating the future outflow of economic benefits, the Company factors in inflation assumptions where appropriate. Provisions for onerous contracts are measured at the lower of the expected cost of performing the contract and the expected cost of terminating it. Additions to provisions are recognised in profit or loss.

Accruals are reported under other liabilities. Claims for reimbursements from third parties are recognised separately from provisions if their recovery is virtually certain.

If the amount of the obligation is reduced as a result of a change in assessments, the provision is reversed pro rata and recognised as income.

2.13 Financial liabilities

Financial liabilities include trade payables, liabilities to banks, bonds and other liabilities.

Financial liabilities recognised at amortised cost: Once they have been initially recognised, financial liabilities are measured at amortised cost under the effective interest method.

2.14 Trade payables and other liabilities

Liabilities are recognised if it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation and this amount can be reliably determined.

Other current liabilities are recognised at their repayment or settlement value. Non-current liabilities are generally recognised at amortised cost using the effective interest method. Liabilities are classified as non-current if the agreement concerned does not require repayment within twelve months.

2.15 Contingent liabilities

In accordance with IAS 37.27, contingent liabilities are not recognised on the balance sheet. However, contingent liabilities are disclosed in the notes unless the possibility of an outflow of resources embodying economic benefits is remote.

2.16 Employee benefits

The employees in the Group are for the most part insured under the mandatory statutory pension insurance scheme and therefore pay into a government defined-contribution plan. The Group does not have any legal or constructive obligation under this pension entitlement to make any contributions over and above those required by the scheme. Contributions to defined-contribution plans are made in the year in which employees perform the work with which the contributions are earned. The Company also pays contributions to private pension insurance providers in line with statutory or contractual requirements or on a voluntary basis under a defined-contribution pension plan. Once the Company has paid these contributions it is not obliged to provide any further benefits. The regular contribution payments are recognised as an expense for the respective year within EBIT.

2.17 Recognition of revenue and expense

Provided that persuasive evidence of an arrangement exists, revenue is recognised to the extent that it is sufficiently probable that future economic benefits will flow to Hypoport and the amount of revenue can be measured reliably. This is the procedure irrespective of when payment is received. If the inflow of economic benefits is deemed to be improbable owing to customer-related credit risks, revenue is recognised to the extent that the customer has already made irrevocable payments. Revenue is measured at the fair value of the consideration received or receivable minus any rebates or discounts granted and excluding any taxes or levies payable.

Hypoport recognises revenue (commissions) from the brokerage of loans when the relevant loan agreement is signed, irrespective of when payment is received. Special volume-related commissions are generally recognised when the relevant target figure is achieved.

Hypoport recognises revenue (commissions) from the brokerage of insurance contracts when the policy is issued. The Company recognises adequate provisions to cover its obligation to repay part of the commissions it has received in the event that brokered insurance contracts are terminated before they mature; these provisions for such cancellation risks are based on empirical values. Regular chargebacks arising from the cancellation of commissions are recognised as selling expenses.

Revenue arising on service transactions is recognised in proportion to the transaction's percentage of completion at the balance sheet date, provided that the amount of income, the percentage of completion at the balance sheet date, the costs already incurred in the transaction and the expected costs to complete can be reliably measured and it is sufficiently probable that the transaction will lead to an inflow of resources embodying economic benefits. In the case of fixed-price contracts, revenue is recognised pro rata according to the proportion of the total services that have actually been rendered by the end of the reporting period. This is determined on the basis of the actual number of hours worked relative to the total number of hours expected to be worked. If the contract provides for a fixed hourly rate, the revenue is recognised in the amount that Hypoport is entitled to invoice. Customers are invoiced monthly, and the invoices are payable on receipt.

We recognise software revenue over the period of time during which the services are rendered. If our performance obligations include the granting of a right to continual access to our software and to the use of such software over a particular period, we recognise the revenue pro rata according to the time that has elapsed, i.e. in instalments over this period. As a rule, software support revenue is recognised pro rata according to the time that has elapsed and in instalments over the term of the support agreement. Hypoport recognises software service revenue over a particular period of time. In the case of services that are available at all times, Hypoport recognises the revenue pro rata according to the time that has elapsed, i.e. in instalments over the period of service provision.

Operating expenses are recognised when a service is used or at the point the expense is incurred. Interest income and expense are recognised under the effective interest method.

Dividends on long-term equity investments are recognised in profit or loss as soon as a legal entitlement arises.

Income taxes are recognised by the company concerned in accordance with local legislation.

2.18 Income taxes and deferred taxes

Current income taxes are calculated on the basis of the taxable income determined by the Company using the tax rates applicable at the balance sheet date.

Deferred taxes are determined using the liability method in accordance with IAS 12. Deferred income taxes represent the net tax expense/income in respect of temporary differences between the carrying amount of an asset or liability on the balance sheet and its tax base. Deferred taxes are recognised to account for timing differences between the carrying amount of assets and liabilities on the IFRS consolidated balance sheet and the corresponding balance sheet for tax purposes as a result of consolidation processes (with the exception of goodwill) and for recoverable loss carryforwards.

The accounting treatment of deferred tax assets on loss carryforwards still takes account of the minimum taxation requirement in circumstances where, in the absence of the expectation of future taxable earnings, deferred tax assets are only recognised in the amount of any surplus deferred tax liabilities.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. At each balance sheet date, the Group reviews the carrying amount of deferred tax assets and reassesses unrecognised deferred tax assets; the amounts are remeasured, where required.

Hitherto unrecognised deferred tax assets are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered. On the other hand, the carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the deductible temporary difference can be utilised, either as a whole or in part.

In accordance with IAS 12, deferred taxes are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. The impact on deferred taxes of changes to tax legislation is recognised in income in the period in which the relevant tax law comes into force. Currently, the German companies in the Group are subject to an overall tax rate of 30 per cent, comprising the corporation tax rate, solidarity surcharge and an average trade tax rate. Non-German subsidiaries are currently subject to tax rates of between 10.0 per cent and 25.5 per cent.

Where there is any uncertainty concerning the tax circumstances of individual companies in the Group, deferred taxes on as yet unused tax loss carryforwards are determined on the basis of a limited planning horizon of four years. Tax provisions that limit the use of loss carryforwards in individual companies are also taken into account.

3. Disclosures for individual items on the income statement

3.1 Revenue

Revenue for the most part comprises commissions received, special commissions and fees in respect of services. The breakdown by segment is as follows:

Revenue	2020 € million	2019 € million
Financial figures Credit Platform	168.0	139.7
Financial figures Private Clients	121.8	104.4
Financial figures Real Estate Platform	52.4	50.1
Financial figures Insurance Platform	44.5	42.1
Holding	1.0	0.9
	387.7	**337.2**

The breakdown of revenue is the same as the breakdown used in the segment reporting.

3.2 Commissions and lead costs

The table below shows the breakdown of commissions and lead costs.

Selling expenses	2020 €'000	2019 €'000
Commissions	167,191	145,376
Lead costs	10,013	9,939
	177,204	**155,315**

Commission expenses include write-offs of €32 thousand relating to insurance commission receivable (2019: €61 thousand).

3.3 Own work capitalised

Own work capitalised of €20.784 million (2019: €16.576 million) comprises work on the development and enhancement of internally generated financial marketplaces. Of the total development costs of €37.988 million reported for 2020 (2019: €32.046 million), €17.204 million was therefore expensed as incurred (2019: €15.470 million).

3.4 Other income

Other operating income mainly comprised income of €2.245 million from the reversal of provisions (2019: €662 thousand), income of €1.948 million from other accounting periods (2019: €557 thousand) and income of €1.417 million from employee contributions to vehicle purchases (2019: €1.246 million).

3.5 Personnel expenses

Personnel expenses are broken down as follows:

Personnel expenses	2020 €'000	2019 €'000
Wages and salaries	114,220	91,117
Social security contributions	19,083	14,948
Post-employment and other employee benefits	574	572
	133,877	**106,637**

The cost of defined-contribution pension plans amounted to €8.842 million (2019: €6.868 million).

3.6 Other expenses

The breakdown of other operating expenses is shown in the table below.

Other expenses	2020 €'000	2019 €'000
Operating expenses	11,341	9,641
Other selling expenses	5,824	7,900
Administrative expenses	18,770	19,113
Other personnel expenses	1,913	2,224
Other expenses	2,627	3,186
	40,475	**42,064**

The operating expenses consisted mainly of servicing and IT maintenance costs of €5.905 million (2019: €24.927 million) and vehicle-related costs of €2.171 million (2019: €1.921 million). Selling expenses related to advertising costs and travel expenses of €5.824 million (2019: €7.900 million). The administrative expenses largely comprised IT-related costs of €8.276 million (2019: €8.784 million) and legal and consultancy expenses of €5.164 million (2019: €4.215 million). The other personnel expenses mainly consisted of training costs of €1.442 million (2019: €1.622 million).

3.7 Profit (loss) from equity-accounted long-term equity investments

Profit (loss) from equity-accounted long-term equity investments relates to the pro-rata net profit (loss) for the year of the five joint ventures FINMAS GmbH, LBL Data Services B.V., Hypoport on-geo GmbH i.L., AMEXPool AG and BAUFINEX Service GmbH, the associates BAUFINEX GmbH, finconomy AG and IMMO Check Gesellschaft für Informationsservice mbH i.L. and the four former joint ventures ePension GmbH & Co. KG, ePension Verwaltungs-GmbH, ePension Holding GmbH, Berlin, and E&P Pensionsmanagement GmbH. As had also been the case in 2019, no impairment losses were recognised in the share of profit (loss) of equity-accounted investments.

Further disclosures regarding equity-accounted long-term equity investments can be found in note 4.3 Equity-accounted long-term investments.

3.8 Depreciation, amortisation expense and impairment losses

Of the depreciation, amortisation expense and impairment losses of €27.611 million (2019: €19.208 million), €12.894 million (2019: €9.517 million) was attributable to intangible assets and €14.717 million (2019: €9.691 million) to property, plant and equipment.

3.9 Net finance costs

The breakdown of net finance costs is as follows:

Net finance costs	2020 €'000	2019 €'000	Change €'000
Financial income			
Other interest and similar income	199	389	–190
Income from other securities and lending of financial assets	28	52	–24
Income from investments	0	65	–65
	227	**506**	**–279**
Finance costs			
Interest expense and similar charges	3,034	2,074	960
Loss from investments	32	0	32
	3,066	**2,074**	**992**
	–2,839	**–1,568**	**–1,271**

The finance costs mainly comprise interest expense and similar charges of €1.840 million (2019: €1.594 million) incurred by the drawdown of loans and use of credit lines. Other interest and similar income largely consists of the unwinding of discounts on non-current receivables and other non-current assets totalling €113 thousand (2019: €323 thousand).

3.10 Income taxes and deferred taxes

This item includes current and deferred tax income and expense in the following amounts:

Income taxes and deferred taxes	2020 €'000	2019 €'000
Income taxes and deferred taxes	5,536	7,040
current income taxes	8,920	9,213
deferred taxes	– 3,384	– 2,173
in respect of timing differences	1,752	956
in respect of tax loss carryforwards	– 5,136	– 3,129

A current income tax benefit of €181 thousand (2019: €0 thousand) relates to tax income from previous years. Taxes are determined on the basis of the relevant tax legislation for the individual companies.

The total losses carried forward for corporation tax and trade tax purposes at the reporting date amounted to €48.046 million (2019: €33.943 million) and €46.852 million (2019: €32.972 million) respectively. The loss carryforwards can be carried forward indefinitely in Germany. In 2020, no deferred tax assets were recognised on the losses carried forward for corporation tax and trade tax purposes. These losses amounted to €7.768 million (2019: €7.371 million) and €6.811 million (2019: €6.742 million) respectively.

The tax rates computed on the basis of current legislation are unchanged year on year at 30.0 per cent for companies in Germany and between 10.0 per cent and 25.5 per cent for subsidiaries outside Germany.

Any payment of dividends to the parent companies' shareholders has no impact on income taxes.

The table below reconciles the tax expense anticipated for 2019 and 2020 to the tax expense actually reported for those years.

Reconciliation of Expected to Actual Income Tax Expense	2020 €'000	2019 €'000
Earnings before tax	33,397	31,439
Tax rate to be applied	30.0%	30.0%
Expected tax expense	– 10,019	– 9,432
Effect of non-deductible expenses	– 860	– 615
Effect of differing tax rates	5,958	3,812
Effect of using the equity method	83	– 185
Tax expense / income for previous years	– 496	73
Tax-related effect of loss carryforwards not previously recognised	– 200	– 800
Other tax-related effects	– 2	107
Current tax expense	– 5,536	– 7,040
Tax rate for the Group	16.6%	22.4%

3.11 Earnings per share

The figure for earnings per share is determined in accordance with IAS 33. Basic earnings (loss) per share is calculated by dividing the net profit (loss) for the year attributable to the shareholders of Hypoport SE by the weighted average number of outstanding shares. Diluted earnings (loss) per share is calculated by dividing the net profit (loss) for the year by the total weighted average number of outstanding shares, adjusted for the dilutive effect of potential new shares. The figure for the earnings (loss) per share becomes diluted if the average number of shares is increased as a result of adding in the issue of potential shares in connection with options.

There was no dilutive effect in the current reporting period or in the previous year. The weighted number of outstanding shares is calculated on the basis of a daily balance.

Earnings Per Share	2020	2019
Net income for the year (€'000)	27,861	24,399
of which attributable to Hypoport SE stockholders	27,267	24,381
Basic weighted number of outstanding shares ('000)	6,295	6,251
Earnings per share (€) diluted / non diluted	**4.33**	**3.90**

As a result of the release of treasury shares, the number of shares in issue rose by 46,795, from 6,252,685 as at 31 December 2019 to 6,299,480 as at 31 December 2020.

4. Disclosures for individual items on the balance sheet

4.1 Intangible assets and property, plant and equipment

For information on the change in intangible assets and property, plant and equipment in the year under review, please see the consolidated statement of changes in non-current assets on the final page of these notes.

The additions to internally generated financial marketplaces include €45 thousand (31 December 2019: €23 thousand) in borrowing costs at an average funding rate of 1.61 per cent (31 December 2019: 1.78 per cent). Most of the intangible assets – with a carrying amount of €62.2 million (31 December 2019: €47.2 million) – related to internally generated financial marketplaces (development costs), including the advances paid. Their remaining useful lives amounted to between one and ten years.

The carrying amounts for goodwill as at 31 December 2020 related to goodwill arising on the first-time consolidation of subsidiaries. The increase resulted mainly from the first-time consolidation of ePension GmbH & Co. KG and its wholly owned subsidiary E&P Pensionsmanagement GmbH. For the purposes of impairment testing, the goodwill has been assigned to the following cash-generating units, which reflect the segments in the Group:

Acquired goodwill €'000	Credit Platform	Private Clients	Real Estate Platform	Insurance Platform	Holding	Group
Cost of acquisitions as at 1 January 2020	41,984	7,305	90,882	46,269	0	186,440
Additions	89	0	0	35,435	0	35,524
Cost of acquisitions as at 31 December 2020	42,073	7,305	90,882	81,704	0	221,964

In accordance with level two of the measurement hierarchy specified by IFRS 13, the fair value of the segments is calculated as the present value of future cash inflows and outflows. These cash flows are discounted using an interest rate prevailing at the balance sheet date.

The external revenue growth rates for the detailed planning period 2021 to 2024 used in the discounted cash flow calculations were between 10.1 per cent and 16.5 per cent for the Credit Platform segment (2019: between 10.2 per cent and 29.0 per cent), between 9.6 per cent and 13.3 per cent for the Private Clients segment (2019: between 9.8 per cent and 17.4 per cent), between 9.5 per cent and 19.5 per cent for the Real Estate Platform segment (2019: between 1.2 per cent and 20.7 per cent) and between 11.7 per cent and 30.6 per cent for the Insurance Platform segment (2019: between 11.4 per cent and 22.2 per cent). The growth rates for segment earnings before interest and tax (EBIT) for the detailed planning period 2021 to 2024 used in the discounted cash flow calculations were between 3.1 per cent and 16.2 per cent for the Credit Platform segment (2019: between 12.1 per cent and 15.9 per cent), between 5.5 per cent

and 20.8 per cent for the Private Clients segment (2019: between 16.8 per cent and 25.7 per cent), between minus 2.8 per cent and 1,809.6 per cent for the Real Estate Platform segment (2019: between 3.5 per cent and 97.8 per cent) and between minus 57.2 per cent and 313.1 per cent for the Insurance Platform segment (2019: between 47.7 per cent and 279.7 per cent). A growth rate of zero per cent was used for cash flows beyond the planning period. The standard discount rate used to reflect the risks specific to the asset in 2020 was 4.32 per cent (2019: 4.79 per cent).
When the expected cash flows in the detailed planning period were determined, it was assumed that there would be no tangible constraints on the business models of the CGUs in the Hypoport Group over the course of 2021, partly because the B2B platform business models of the Hypoport Group do not involve any direct client contact. The only exception is the Private Clients segment. The planning was therefore based on a temporary slowdown in consumer demand for residential property, although this does not give rise to any recoverability effects.

The sensitivity analysis we conducted revealed that there was no need for any impairment charges on goodwill even if our key underlying assumptions varied within a realistic range. This sensitivity analysis assumed a 10 per cent reduction in future segment EBIT and a 1 percentage point increase in the weighted cost of capital, as variances of this magnitude are realistically possible. In our experience, greater variances than this are unlikely.

The impairment tests carried out gave no indication of any impairment.

4.2 Financial assets

The table below gives a breakdown of non-current financial assets.

Financial Assets	2020 €'000	2019 €'000
Loans to third parties	364	114
Loan to employees	22	62
Other shareholdings	12	14
Loans to third parties Loans to companies with which an investment relationship exists	0	0
	398	**190**

Because the above parties have been granted the option of making unscheduled repayments on the loans at any time, the carrying amounts of these loans at the balance sheet date do not differ significantly from their fair values.

No specific write-downs have been recognised. There are no material overdue receivables.

4.3 Equity-accounted investments

In the consolidated financial statements, five joint ventures (2019: three) and three associates (2019: three) are accounted for using the equity method. They are FINMAS GmbH, Berlin (Hypoport's interest: 50 per cent), Hypoport on-geo GmbH i.L., Berlin (Hypoport's interest: 50 per cent), LBL Data Services B.V., Amsterdam, Netherlands (Hypoport's interest: 50 per cent), AMEXPool AG, Buggingen (Hypoport's interest: 49.997 per cent), BAUFINEX Service GmbH, Berlin (Hypoport's interest: 50 per cent), BAUFINEX GmbH, Schwäbisch Hall (Hypoport's interest: 30 per cent), finconomy AG, Munich (Hypoport's interest: 25 per cent) and IMMO Check Gesellschaft für Informationsservice mbH i.L., Bochum (Hypoport's interest: 33.33 per cent). All of these interests are held directly by the Group.

Investments accounted for using the equity method	2020 in TEUR	2019 in TEUR
Investments accounted for using the equity method as of the beginning of the year	5,904	6,500
Additions	31,393	0
Disposals	–1	20
Reclassification	–22,159	0
Proportional net income	276	–576
Investments accounted for using the equity method as of the end of the year	**15,413**	**5,904**

The additions and reclassifications relate to AMEXPool AG, Baufinex Service GmbH and ePension GmbH & Co. KG with its subsidiary E&P Pensionsmanagement GmbH, which was accounted for as a joint venture for the period 1 March 2020 to 31 July 2020 and as a subsidiary from 1 August 2020. There are no obligations or contingent liabilities relating to the investments in joint ventures.

The following table shows the aggregate income statement data and balance sheet data for the equity-accounted investments. The income statement data for ePension was therefore only included for the period 1 March 2020 to 31 July 2020.

Financial information on companies for using the equity method (Hypoport stake)	2020 €'000	2019 €'000
Income statement information		
Revenue	27,676	10,645
Selling expenses	– 20,307	– 8,251
Personnel expenses	– 4,333	– 1,359
Other operating expenses	– 2,340	– 1,479
Net income	276	– 616
Balance sheet information		
Noncurrent assets	3,905	3,479
There of property, plant and equipment	92	8
Current assets	6,403	3,524
Thereof cash and cash equivalents	3,483	2,196
Total assets	**10,308**	**7,003**
Equity	6,179	4,461
Noncurrent liabilities	250	250
Current liabilities	3,879	2,292
Thereof financial liabilities	0	0
Total equity and liabilities	**10,308**	**7,003**

4.4 Inventories

Inventories	2020 €'000	2019 €'000
Unfinished products	1,509	1,087
	1,509	**1,087**

The work in progress mainly consisted of property valuations in an amount of €822 thousand (31 December 2019: €722 thousand).

4.5 Trade receivables

Current trade receivables	2020 €'000	2019 €'000
Trade receivables from	69,415	54,749
joint ventures	817	1,432
third parties	**70,232**	**56,181**

In the case of trade receivables it is assumed that their carrying amount (net of any impairment losses) corresponds to their fair value.

The table below shows impairment losses on receivables.

Impairments of Trade Receivables	2020 €'000	2019 €'000
Balance as at 1 January	308	369
Addition to impairment of receivables	111	112
Irrecoverable receivables written off	122	173
Balance as at 31 December	**297**	**308**

Impairment charges of €296 thousand (31 December 2019: €445 thousand) were directly recognised. The measurement of receivables in accordance with IFRS 9 did not identify any increase in risk as a result of COVID-19.

The Hypoport Group usually grants its clients a credit period of 30 days, although some companies grant up to 90 days. The table below gives a breakdown of its overdue, but not impaired, receivables by age.

Past-Due Trade Receivables	2020 €'000	2019 €'000
1 to 90 days	2,431	898
90 to 180 days	590	496
180 to 360 days	2,032	941
More than 360 days	1,188	566
Total	**6,241**	**2,901**

4.6 Current income tax assets and other assets

The breakdown of current income tax assets and other assets is as follows:

Current other assets	2020 €'000	2019 €'000
Financial assets		
Advance payment for company acquisition	1,482	0
Trade secutities	78	78
	1,560	78
Non-financial assets		
Prepaid expenses	2,673	2,214
Current income tax assets	1,230	576
Advance payment of commissions	216	507
Advances	281	327
Claims on employees	183	273
VAT credits	424	212
Other	1,009	782
	6,016	4,891
	7,576	**4,969**

The following asset amounts are only recoverable after one year and are therefore reported as non-current assets:

Non-current other assets	2020 €'000	2019 €'000
Advance payment of commissions	216	203
Rent deposits	149	198
	365	**401**

Specific write-downs of €994 thousand (2019: €817 thousand) were recognised. There are no material overdue receivables.

4.7 Deferred tax assets and deferred tax liabilities

The breakdown of deferred tax assets and deferred tax liabilities (including comparison with prior-year figures) is as follows:

Deferred tax assets	2020 €'000	2019 €'000
Deferred tax assets		
In respect of tax loss carryforwards	12,023	6,887
Rental and lease obligations	55	20
other temporary differences	598	162
Consolidation	1,158	951
Offsetting	653	182
	13,181	**7,838**

Deferred tax liabilities	2020 €'000	2019 €'000
Deferred tax liabilities		
Intangible assets	14,748	9,720
Property, plant and equipment	3	6
Receivables	2,885	3,005
Other temporary differences	631	481
Offsetting	653	182
	17,614	**13,030**

4.8 Cash and cash equivalents

The breakdown of cash and cash equivalents (including comparison with prior-year figures) is as follows:

Cash and cash equivalents	2020 €'000	2019 €'000
Cash at banks	33,506	24,883
Cash on hand	7	9
Balance sheet = Financial resources according to cash flow statement	**33,513**	**24,892**

4.9 Subscribed capital

The Company's subscribed capital as at 31 December 2020 was unchanged at €6,493,376.00 (31 December 2019: €6,493,376.00) and was divided into 6,493,376 (31 December 2019: 6,493,376) fully paid-up registered no-par-value shares.

The Annual Shareholders' Meeting held on 9 June 2020 voted to carry forward Hypoport SE's distributable profit of €93,301,000.07 to the next accounting period.

4.10 Authorised capital

The Annual Shareholders' Meeting held on 9 June 2020 voted to set aside the unused authorisation granted on 5 May 2017 and to issue a new authorisation. The Management Board was authorised – subject to the consent of the Supervisory Board – to increase the Company's subscribed capital by up to a total of €2,799,061 by issuing new registered no-par-value shares for cash or non-cash capital contribution on one or more occasions on or before 8 June 2025. The Management Board can decide – subject to the consent of the Supervisory Board – to disapply the shareholders' statutory pre-emption rights.

4.11 Treasury shares

Hypoport held 193,896 treasury shares as at 31 December 2020 (equivalent to €193,896.00, or 3.0 per cent, of the subscribed capital of Hypoport SE), which are intended to be issued to employees or used to purchase companies. The change in the balance of treasury shares and the main data relating to transactions in 2020 are shown in the following table:

Change in the balance of treasury shares in 2020	Number of shares	Amount of share capital €	Proportion of subscribed capital %	Cost of purchase €	Sale price €	Gain or loss on sale €
Opening balance as at 1 January 2020	**240,691**		**3.707**	**9,783,132.76**		
Dissemination in January 2020	30,722	30,722.00	0.473	301,863.37	9,777,090.36	9,475,226.99
Dissemination in February 2020	15,127	15,127.00	0.233	179,785.33	5,032,771.20	4,852,985.87
Dissemination in March 2020	0	0.00	0.000	0.00	0.00	0.00
Dissemination in April 2020	419	419.00	0.006	5,023.81	122,942.00	117,918.19
Dissemination in May 2020	79	79.00	0.001	947.21	31,244.50	30,297.29
Dissemination in July 2020	114	114.00	0.002	1,366.86	39,861.00	38,494.14
Dissemination in October 2020	104	104.00	0.002	1,246.96	52,991.00	51,744.04
Dissemination in November 2020	78	78.00	0.001	935.22	23,673.00	22,737.78
Dissemination in December 2020	152	152.00	0.002	1,823.48	74,868.00	73,044.52
Balance as at 31 Dec 2020	**193,896**	**46,795.00**	**2.986**	**9,290,140.52**	**15,155,441.06**	**14,662,448.82**

The release of treasury shares was recognised directly in equity and offset against retained earnings.

The table below shows the transactions in previous years.

date	Number of shares	Reason
Q4 2010	12,920	share buy back
Q1 2011	– 10,250	share baesed payment to employees
Q2 2011	– 1,027	share baesed payment to employees
Q3 2011	– 248	share baesed payment to employees
Q4 2011	– 349	share baesed payment to employees
Q1 2012	– 5	share baesed payment to employees
Q2 2012	37,490	share buy back
Q3 2012	22,510	share buy back
Q4 2012	– 385	share baesed payment to employees
Q1 2013	– 20	share baesed payment to employees
Q2 2013	– 3.378	share baesed payment to employees
Q3 2013	– 258	share baesed payment to employees
Q4 2013	– 425	share baesed payment to employees
Q1 2014	– 10	share baesed payment to employees
Q2 2014	– 3,302	share baesed payment to employees
Q3 2014	13,009	share buy back
Q4 2014	– 225	share baesed payment to employees
Q4 2014	13,036	share buy back
Q1 2015	– 7,648	share baesed payment to employees
Q1 2015	33,655	share buy back
Q2 2015	– 722	share baesed payment to employees
Q3 2015	– 190	share baesed payment to employees
Q3 2015	44,019	share buy back
Q4 2015	– 845	share baesed payment to employees
Q4 2015	8,448	share buy back
Q1 2016	– 350	share baesed payment to employees
Q1 2016	16,626	share buy back
Q2 2016	– 2,697	share baesed payment to employees
Q2 2016	15,736	share buy back
Q3 2016	– 178	share baesed payment to employees
Q4 2016	– 770	share baesed payment to employees
Q4 2016	68,948	share buy back
Q1 2017	– 147	share baesed payment to employees
Q2 2017	– 1,976	share baesed payment to employees
Q3 2017	– 38	share baesed payment to employees

date	Number of shares	Reason
Q4 2017	– 2,382	share baesed payment to employees
Q1 2018	– 1,723	share baesed payment to employees
Q2 2018	– 94	share baesed payment to employees
Q2 2018	298,418	capital increase
Q2 2018	– 298,418	business acquisition
Q3 2018	– 458	share baesed payment to employees
Q4 2018	– 891	share baesed payment to employees
31.12.18	245,406	
Q1 2019	– 1,766	share baesed payment to employees
Q2 2019	– 2,419	share baesed payment to employees
Q3 2019	– 263	share baesed payment to employees
Q4 2019	– 267	share baesed payment to employees
31.12.19	**240,691**	
Q1 2020	**– 849**	share baesed payment to employees
Q1 2020	– 45,000	sale of own shares
Q2 2020	– 498	share baesed payment to employees
Q3 2020	– 114	share baesed payment to employees
Q4 2020	– 334	share baesed payment to employees
31 Dec 2020	**193,896**	

4.12 Reserves

The breakdown of reserves can be found in the attached consolidated statement of changes in equity.

Capital reserves include the premium from the capital increase carried out in 2001 (€400 thousand), the premium from the issuance of shares under the 2002–2004 employee share ownership programme from 2006 to 2009 (€1.187 million), amounts equivalent to the par value of the treasury shares recalled in 2006 (€99 thousand), an amount equivalent to the imputed share of subscribed capital for the treasury shares recalled in 2007 (€247 thousand), the premium from the issuance of new shares in 2018 (€46.9 million), income from the sale of shares (€14.062 million, of which €14.062 million relates to 2020) and income from the transfer of shares to employees (€2.867 million, of which €600 thousand relates to 2020).

Retained earnings include the profits generated by the entities included in the consolidated financial statements prior to the first-time consolidation on 1 January 2004, the capital gains on the sale of treasury shares, the losses on the recall of treasury shares and three negative goodwill amounts arising from business combinations. These negative goodwill amounts are reported under retained earnings, because profits had been retained after the acquisition but before the date of first-time consolidation.

All the remaining adjustments made under the first-time adoption of IFRS on 1 January 2004 and recognised directly in equity, together with a statutory reserve of €7 thousand (2019: €7 thousand), are also reported under this item.

4.13 Non-controlling interests and financial information for non-controlling interests in subsidiaries

Total non-controlling interests amounted to €936 thousand as at 31 December 2020 (31 December 2019: €342 thousand), of which €288 thousand (31 December 2019: €231 thousand) related to the non-controlling interest in the equity of Starpool Finanz GmbH (non-controlling interest of 49.975 per cent), €110 thousand (31 December 2019: €110 thousand) to GENOPACE GmbH (non-controlling interest of 54.975 per cent), €1 thousand (31 December 2019: €1 thousand) to Basler Service GmbH (non-controlling interest of 30.0 per cent), €437 thousand (31 December 2019: €0 thousand) to ePension GmbH & Co. KG, Hamburg (non-controlling interest of 49 per cent), €0 thousand (31 December 2019: €0 thousand) to ePension Verwaltungs-GmbH, Hamburg (non-controlling interest of 49 per cent), €56 thousand (31 December 2019: €0 thousand) to ePension Holding GmbH, Berlin (non-controlling interest of 49 per cent) and €44 thousand (31 December 2019: €0 thousand) to E&P Pensionsmanagement GmbH, Hamburg (non-controlling interest of 49 per cent).

There is a control and profit-and-loss transfer agreement between Hypoport SE and GENOPACE GmbH, as a result of which the entire net loss for 2020 of GENOPACE GmbH amounting to €813 thousand (2019: loss of €682 thousand) remained within the Group.

The aggregate financial information for Starpool Finanz GmbH, the main packager providing sales support for the Group's platform partners on an earnings-neutral basis, is presented below.

Summarides cash flow statement Starpool Finanz GmbH	2020 €'000	2019 €'000
Cash flow	497	348
Change in working capital	(754)	(4,714)
Cash flows from operating activities	(257)	(4,366)
Cash flows from investing activities	(319)	(53)
Cash flows from financing activities	0	0
Net change in cash and cash equivalents	(576)	(4,419)
Cash and cash equivalents at the beginning of the period	2,573	6,992
Cash and cash equivalents at the end of the period	1,997	2,573

Summarised statement of comprehensive income Starpool Finanz GmbH	2020 €'000	2019 €'000
Revenue	45,341	40,669
Pre-tax profit	234	56
Income tax expense	(119)	(21)
Post-tax profit	115	35
Other comprehensive income	0	0
Total comprehensive income	115	35
Total comprehensive income attributable to non-controlling interest	58	18
Dividends received attributable to non-controlling interest	0	0

Summarised balance sheet Starpool Finanz GmbH	2020 €'000	2019 €'000
Current		
Assets	20,349	17,013
Liabilities	(20,079)	(16,925)
Total current assets	270	88
Non-current		
Assets	354	417
Liabilities	(45)	(42)
Total non-current liabilities	309	375
Net assets	579	463

The information listed above relates to amounts before the elimination of intercompany profits and losses.

4.14 Financial liabilities

The table below gives a breakdown of financial liabilities.

Financial liabilities	2020 €'000	2019 €'000
Non-current		
Liabilities to banks		
Loans	94,308	80,840
Mortgage	659	706
Rental and lease obligations	72,557	16,909
	167,524	98,455
Current		
Liabilities to banks		
Loans	13,969	11,469
Mortgage	47	47
Rental and lease obligations	8,123	4,897
	22,139	16,413
	189,663	114,868

Some of the financial liabilities are subject to fixed interest rates. Others are subject to variable interest linked to the Euribor rate plus a bank margin. The interest rates varied between 0.95 per cent and 2.60 per cent (2019: between 1.65 per cent and 2.60 per cent). These interest rates are the normal market rates for the financial liabilities and the companies concerned.

The table below shows the cash changes to financial liabilities at the balance sheet date.

Reconciliation of financial liabilities (€'000)	2019	Cash changes	Non-cash-changes			2020
			Acquisitions	Changes in fair value	Reclassification maturities	
Non-current loans	80,840	30,000	0	0	–16,532	94,308
Mortgage	706	0	0	0	–47	659
Other non-current financial liabilities	16,909	–9	0	55,657	0	72,557
Current loans	11,469	–14,032	0	0	16,532	13,969
Current account	47	–47	0	0	47	47
Other current financial liabilities	4,897	0	0	3,226	0	8,123
	114,868	**15,912**	**0**	**58,883**	**0**	**189,663**

The Hypoport Group has various credit lines with domestic banks. The table below shows all overdraft facilities and the amounts utilised at the relevant balance sheet dates.

Credit line	2020 €'000	2019 €'000
Credit line	1,500	1,500
Amount utilised	0	0
Credit line available	**1,500**	**1,500**

The table below shows the interest-rate risk and agreed interest refix dates associated with financial liabilities at the balance sheet date.

Maturities of contractual cash flows from financial liabilities	2020 €'000	2019 €'000
6 months or less	7,008	5,758
6 to 12 months	7,008	5,758
1 to 5 years	56,247	44,308
More than 5 years	38,720	37,238
	108,983	**93,062**

The table below gives a breakdown of the residual maturities of non-current financial liabilities.

Maturities of non-current financial liabilities	2020 €'000	2019 €'000
Between 1 and 2 years	20,981	17,081
Between 2 and 5 years	62,441	38,872
More than 5 years	84,102	42,502
	167,524	**98,455**

The carrying amounts and fair values of non-current financial liabilities are shown below.

Carrying amounts and fair values of non-current financial liabilities	Carrying amount		Fair value	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Liabilities to banks	94,967	81,546	96,099	86,983
Rental and lease obligations	72,557	16,909	72,557	16,909
	167,524	**98,455**	**168,656**	**103,892**

The fair values of non-current financial liabilities are based on discounted cash flows, which were calculated using interbank swap rates plus a risk and liquidity margin.

The stated carrying amounts of current financial liabilities are roughly the same as their fair values.

4.15 Other liabilities

The breakdown of other liabilities is as follows:

Current other liabilities	2020 €'000	2019 €'000
Tax liabilities		
Value-added tax	2,222	1,544
Wage tax and church tax	2,395	1,865
	4,617	**3,409**
Personnel		
Financial assets		
Bonuses	5,523	4,505
Outstanding holiday entitlements	1,389	1,251
Wages and salaries	1,260	1,206
Non-financial assets		
Employers' liability insurance association	473	364
Disabled persons levy	165	124
Social security contributions	114	172
Partial retirement	474	529
	9,398	**8,151**
Other		
Financial assets		
Outstanding invoices	1,229	1,080
Commissions to be passed on	128	145
Year-end costs	282	270
Share repurchase	10,217	5,949
Non-financial assets		
Advance payment of commissions	151	371
Deferred income	1,034	1,233
Other	1,512	950
	14,553	**9,998**
	28,568	**21,558**

The following liability amounts are only recoverable after one year and are therefore reported as non-current liabilities:

Non-current other liabilities	2020 €'000	2019 €'000
Rent deposits	43,029	19,766
	43,029	**19,766**

The non-current purchase price liabilities relate to two earlier earn-out liabilities, whose valuations have not changed, and the new earn-out liability resulting from the acquisition of ePension.

4.16 Provisions

The changes in provisions in the year under review were as follows:

Provisions	01.01.2020 €'000	Utilisation €'000	Additions €'000	31.12.2020 €'000
Non-current provisions				
Cancellations	147	147	34	34
	147	**147**	**34**	**34**
Current provisions				
Litigation	49	49	45	45
Cancellations	186	186	91	91
Guarantee	535	535	570	570
	770	**770**	**706**	**706**

The provisions for guarantees relate to software development. The provisions for cancellations relate to the probable repayment of commissions to insurers owing to policyholders' withdrawal.

5. Cash flow statement disclosures

Cash flows from investing and financing activities are determined directly on the basis of the cash inflows and outflows. In contrast, cash flow from operating activities is determined indirectly from the net profit (loss) for the year. This indirect method of determining the cash flows takes into account changes in the balance sheet items in connection with operating activities and adjusts them for the effect of currency translation and changes to the entities included in the consolidation.

Apart from income tax payments, interest receipts and payments are also assigned to the cash flows from operating activities because they are primarily used to finance operating activities. Investing activities include additions to property, plant and equipment, financial assets and intangible assets, as well as additions in respect of the capitalisation of development costs.

Cash and cash equivalents, as reported in the cash flow statement, comprises all liquid funds recognised on the balance sheet, i.e. cash on hand and at banks. The composition and reconciliation of cash and cash equivalents with the balance sheet is explained in note 4.8.

6. Segment reporting

The Hypoport Group prepares its segment reporting by segment in line with its internal organisational and reporting structure. This organisational structure breaks the Group down into four target-group-oriented segments (Credit Platform, Private Clients, Real Estate Platform and Insurance Platform) and one function-oriented segment (Administration). The target-group-oriented segments bring together different business lines with similar opportunities and risks.

The Credit Platform segment focuses on financial product distributors and product suppliers. The core product in this segment is the Europace marketplace, which was originally introduced in 1999. Independent distributors use Europace to process their financing transactions with the product suppliers they represent.

The Private Clients segment offers mortgage finance, personal loans, insurance, current accounts and deposit accounts through two distribution channels (online and site-based sales).

All property-related activities of the Hypoport Group, with the exception of loan brokerage for private clients, are grouped together in the Real Estate Platform segment with the aim of digitalising the sale, valuation and management of properties. This segment also supports issuers with the provision of information technology and a range of services.

The Insurance Platform segment brings together all of the Hypoport Group's activities relating to insurance technology. It includes firms whose technology provides solutions for certain aspects of the insurance platform or that, as providers of processing services, promote business on the insurance platform.

The holding company's expenses for management, administration, accounting and human resources are aggregated in the Holding segment.

Consolidation effects are shown under Reconciliation.

The disclosures for the individual segments are all based on the same standard accounting policies applicable to the consolidated amounts in the consolidated financial statements.

Earnings at segment level (EBIT) and total revenue, which represent the aggregate business performance of the individual operating segments, are the key performance indicators.

Where a segment comprises several companies, the effects of intercompany transactions are eliminated in the course of consolidation. The supply of goods and services between segments is always invoiced at market prices. In cost transfers within the Group, the direct costs actually incurred are transferred between the relevant entities.

The segment disclosures are derived directly from the internal reporting used by the top level of operating decision-makers in the Company for management purposes. Financial liabilities and the corresponding interest expense and similar charges are not determined for individual segments for internal control purposes. Financial liabilities and the corresponding interest expense and similar charges are shown in the reconciliation table.

Segment assets are deemed to comprise direct operating receivables and non-current assets used for the relevant segment's operating activities.

Segment liabilities comprise the trade payables and provisions attributable to the operating activities concerned.

The following table shows revenue from contracts with customers, broken down by the timing of revenue recognition.

Time reference of revenue recognition (€'000)	Credit platform		Private Clients		Real Estate platform		Insurance platform	
	2020	2019	2020	2019	2020	2019	2020	2019
Goods and services transferred at a given time	168,024	139,719	121,822	104,373	40,614	32,565	30,108	29,041
Goods and services transferred over a period of time	0	0	0	0	11,776	17,544	14,445	13,098
Total	**168,024**	**139,719**	**121,822**	**104,373**	**52,390**	**50,109**	**44,553**	**42,139**

Time reference of revenue recognition (€'000)	Holding		Reconciliation		Group	
	2020	2019	2020	2019	2020	2019
Goods and services transferred at a given time	940	903	0	0	361,508	306,601
Goods and services transferred over a period of time	0	0	0	0	26,221	30,642
Total	**940**	**903**	**0**	**0**	**387,729**	**337,243**

The reported revenue of €387.7 million (2019: €337.2 million) included €6.6 million (2019: €5.7 million) generated by customers domiciled in European countries other than Germany, and the remaining revenue was generated by customers in Germany.

In the Group, revenue of €57.8 million was earned with one product partner (2019: €61.2 million earned with one product partner).

In the Credit Platform operating segment, one product partner generated revenue of €51.3 million (2019: one product partner generated €45.7 million). In the Private Clients operating segment, three product partners generated revenue of €23.7 million, €16.0 million and €15.7 million respectively (2019: two product partners generated €15.4 million and €13.0 million respectively). In the Real Estate Platform operating segment, one product partner had generated revenue of €8.0 million in 2019. The external revenue in the Holding segment mainly related to income from services provided for joint ventures and associates.

The segment breakdown of business performance in 2020 was as follows:

2020 (€'000)	Credit Platform	Private Clients	Real Estate Platform	Insurance Platform	Holding	Reconcili-dation	Group
Segment revenue in respect of third parties	**168,024**	**121,822**	**52,390**	**44,553**	**940**	**0**	**387,729**
2019	139,719	104,373	50,109	42,139	903	0	337,243
Segment revenue in respect of other segments	**1,517**	**387**	**444**	**465**	**25,885**	**–28,698**	**0**
2019	1,736	215	0	473	19,714	–22,138	0
Total segment revenue	**169,541**	**122,209**	**52,834**	**45,018**	**26,825**	**–28,698**	**387,729**
2019	141,455	104,588	50,109	42,612	20,617	–22,138	337,243
Gross profit	**95,326**	**41,720**	**49,289**	**23,250**	**26,825**	**–25,885**	**210,525**
2019	78,433	34,938	46,411	21,358	20,502	–19,714	181,928
Segment earnings before interest, tax, depreciation and amortisa-tion (EBITDA)	**46,910**	**18,338**	**1,721**	**2,281**	–5,403	**0**	**63,847**
2019	36,298	11,931	10,066	1,307	**–7,383**	–4	52,215
Segment earnings before interest and tax (EBIT)	**39,387**	**17,708**	**–3,940**	**–858**	**–16,061**	**0**	**36,236**
2019	31,242	11,058	5,434	–1,442	–13,281	–4	33,007
Segment assets	**128,681**	**30,577**	**148,323**	**146,111**	**98,355**	**0**	**552,047**
2019	108,153	20,141	150,376	77,514	35,395	0	391,579
Segment liabilities	**38,134**	**10,909**	**16,793**	**69,822**	**194,997**	**0**	**330,655**
2019	27,681	10,411	10,877	40,715	123,520	0	213,204
Segment capital expenditure	**15,960**	**1,125**	**9,011**	**5,996**	**4,812**	**0**	**36,904**
2019	12,353	1,412	6,606	6,143	2,820	0	29,334
Segment depreciation/amortisa-tion expense, impairment losses	**7,523**	**630**	**5,661**	**3,139**	**10,658**	**0**	**27,611**
2019	5,056	873	4,632	2,749	5,898	0	19,208
Significant non-cash expenses	**2,506**	**2,235**	**3,747**	**1,109**	**2,374**	**0**	**11,971**
2019	1,875	1,975	3,666	1,304	1,945	0	10,765

Of the total non-current assets of €439.217 million (31 December 2019: €304.450 million), €34.020 million (31 December 2019: €25.975 million) was located in European countries other than Germany, €30.405 million (31 December 2019: €24.374 million) of which was located in Ireland. Non-current assets located in Germany totalled €405.197 million (31 December 2019: €278.475 million).

The carrying amounts of equity-accounted joint ventures in the Credit Platform segment totalled €1.097 million (31 December 2019: €1.034 million) and their contribution to profits amounted to €50 thousand (2019: loss of €1.008 million). In the Real Estate Platform segment, equity-accounted joint ventures had a carrying amount of €1.171 million (31 December 2019: €1.063 million) and contributed €108 thousand (2019: €199 thousand) to profits. In the Insurance Platform segment, the carrying amounts of equity-accounted joint ventures stood at €13.145 million (31 December 2019: €3.807 million) and they contributed €118 thousand (2019: €193 thousand) to profits.

7. Other disclosures

7.1 Other financial commitments

At the balance sheet date, there were other financial commitments totalling €55.671 million (31 December 2019: €19.125 million) in respect of non-cancellable rentals, leases and maintenance agreements covering several years. Included in these other financial commitments were commitments of €9.413 million (31 December 2019: €5.238 million) due within one year, €28.174 million (31 December 2019: €11.812 million) due in one to five years and €18.084 million (31 December 2019: €2.075 million) due in more than five years. The cost of rentals and leases (minimum leases) amounted to €11.058 million in 2020 (2019: €7.296 million). Rental income of €58 thousand (2019: €108 thousand) was generated by subleases. Rental income of around €100 thousand is expected to be generated by subleases in 2021.

The Group has options to extend its main office leases for five years.

7.2 Legal disputes

Neither Hypoport SE nor its subsidiaries are involved in, or were involved in, any legal or arbitration proceedings that could have had a significant impact on the Group's financial position as at 31 December 2020 and no proceedings of this type are foreseen.

As in previous years, appropriate provisions were recognised by each Group company for all potential financial charges arising from legal or arbitration proceedings. Overall, charges of this type are not expected to have any material impact on the Group's future financial position.

7.3 Related parties

IAS 24 requires disclosure of the names of persons or entities that control, or are controlled by, Hypoport SE. Transactions between Hypoport SE and its subsidiaries are eliminated during consolidation and therefore do not have to be reported in this note.

IAS 24 also requires disclosure of the names of persons who can exercise significant influence over the Company.

The parties covered by the requirements also include key management personnel, their close family members and other entities via which a named person exercises control or significant influence over Hypoport SE. The parties covered by this requirement during the reporting period were the members of the Group Management Board and Supervisory Board of Hypoport SE and their close family members.

Related party transactions are conducted on an arm's-length basis.

The total remuneration for the members of the Group Management Board in 2020 amounted to €1.337 million (2019: €1.287 million); the total remuneration for the members of the Supervisory Board came to €185 thousand (2019: €152 thousand). In all cases, all the benefits were due for payment within one year.

The table below shows the number of shares in Hypoport SE directly or indirectly held by the members of the Group Management Board and Supervisory Board as at 31 December 2020.

	Shares (number) 31 Dec 2020	Shares (number) 31 Dec 2019
Group Management Board		
Ronald Slabke	2,240,381	2,248,381
Stephan Gawarecki	101,800	142,800
Supervisory Board		
Dieter Pfeiffenberger	1,000	1,000
Roland Adams	0	0
Martin Krebs	115	115

Ronald Slabke, Berlin, holds 34.50 per cent of Hypoport's shares. Of these, the 33.17 per cent of the voting shares held by Revenia GmbH, Berlin, are attributable to him pursuant to section 34 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG). All the shares in Revenia GmbH are held by Ronald Slabke, the Chief Executive Officer of Hypoport SE.

Stephan Gawarecki, Preetz, holds 1.57 per cent of Hypoport's shares. Of these, the 1.57 per cent of the voting shares held by Gawarecki GmbH, Schlesen, are attributable to him pursuant to section 34 (1) sentence 1 no. 1 WpHG.

The companies in the Hypoport Group have not carried out any further disclosable transactions with members of either the Supervisory Board or the Group Management Board or with companies on whose management or supervisory bodies these persons are represented. This also applies to close family members related to these persons.

Revenue of €999 thousand was generated by joint ventures in 2020 (2019: €903 thousand). As at 31 December 2020, receivables from joint ventures amounted to €817 thousand (31 December 2019: €1.432 million) and liabilities to such companies amounted to €957 thousand (31 December 2019: €772 thousand).

7.4 Management Board

The members of the Management Board were as follows:

- Ronald Slabke (Chief Executive Officer), graduate in business administration, Berlin, responsible for the Credit Platform and Real Estate Platform segments and for IT, new markets and strategic investments, member of the supervisory boards of Dr. Klein Privatkunden AG, Dr. Klein Wowi Finanz AG, Europace AG, FIO SYSTEMS AG, Dr. Klein Wowi Digital AG, REM CAPITAL AG and Value AG

- Stephan Gawarecki, graduate in business administration, Preetz, responsible for the Private Clients and Insurance Platform segments and for human resources, finance and administration, member of the supervisory boards of Dr. Klein Privatkunden AG, Dr. Klein Wowi Finanz AG and SmIT AG, member of the Board of Directors of Hypoport hub SE.

The total remuneration for the members of the Management Board in 2020 amounted to €1.337 million (2019: €1.287 million); for further information, please refer to the remuneration report in the group management report (I.9).

7.5 Supervisory Board

The following persons were members of the Company's Supervisory Board in 2020:

- Dieter Pfeiffenberger (chairman of the Supervisory Board), management consultant, Barsbüttel

- Roland Adams (vice-chairman of the Supervisory Board), management consultant, Dusseldorf, member of the supervisory board of Kretschmar Familienstiftung, Berlin, deputy chairman of the board of directors of Mind Institute SE, Berlin

- Martin Krebs, management consultant, Hofheim.

The total remuneration for the members of the Supervisory Board in 2020 amounted to €185 thousand (2019: €152 thousand); for further information, please refer to the remuneration report in the group management report (I.9).

7.6 Investments pursuant to section 33 (1) WpHG (until 2 January 2018: section 21 (1) WpHG)

Pursuant to section 21 (1a) WpHG, Mr Ronald Slabke, Lübeck, Germany, informed us on 1 November 2007 that his voting share in our Company stood at 36.03 per cent on 26 October 2007 (2,177,433 voting rights). Of these, 35.17 per cent of the voting shares held by Revenia GmbH (2,125,825 voting rights) are attributable to him pursuant to section 22 (1) sentence 1 no. 1 WpHG. Pursuant to section 21 (1) WpHG, Deutsche Bank AG, Frankfurt am Main, Germany informed us on 8 April 2016 that its voting share in Hypoport AG, Berlin, Germany had fallen below the 5 per cent threshold on 29 March 2016 and stood at 3.034 per cent (187,983 voting rights) on that date. All the voting rights are fully attributable to Deutsche Bank AG via its direct subsidiary Deutsche Postbank AG pursuant to section 22 (1) sentence 1 no. 1.

Pursuant to section 21 (1) WpHG, Deutsche Postbank AG, Bonn, Germany informed us on 6 April 2017 that its voting share in Hypoport AG, Berlin, Germany had fallen below the 3 per cent threshold on 4 April 2017 and stood at 2.93 per cent (181,600 voting rights) on that date.

Pursuant to section 21 (1) WpHG, Mr Stephan Gawarecki, Preetz, Germany, informed us on 4 August 2016 that his voting share in our Company had fallen below the 3 per cent threshold on 2 August 2016 and that he had a total of 2.31 per cent (142,800 voting rights) at his disposal. These voting rights are fully attributable to him via Gawarecki GmbH pursuant to section 22 (1) sentence 1 no. 1 WpHG.

Pursuant to section 33 (1) WpHG, Mr Nicolas Schulmann, Leipzig, Germany, informed us on 28 May 2018 that his voting share in our Company stood at 4.595 per cent on 22 May 2018 (298,418 voting rights). Of these, 4.299 per cent of the voting shares held by Exformer GmbH (279,203 voting rights) are attributable to him pursuant to section 34 (1) sentence 1 no. 1 WpHG.

Pursuant to section 33 (1) WpHG, Union Investment Privatfonds GmbH, Frankfurt am Main, Germany informed us on 23 April 2020 that its voting share in Hypoport AG, Berlin, Germany had fallen below the 5 per cent threshold on 21 April 2020 and stood at 4.58 per cent (297,451 voting rights) on that date.

Pursuant to section 21 (1) WpHG, Hypoport AG, Berlin, Germany informed us on 16 November 2016 that its voting share in Hypoport AG, Berlin, Germany had exceeded the 3 per cent threshold on 9 November 2016 and stood at 3.01 per cent (186,253 voting rights) on that date.

Pursuant to section 21 (1) WpHG, Sparta AG, Hamburg informed us on 27 April 2015 that its voting share in Hypoport AG, Berlin, Germany had fallen below the 3 per cent threshold on 22 April 2015 and stood at 2.99 per cent (equivalent to 185,000 voting rights) on that date.

Pursuant to section 21 (1) WpHG, Kretschmar Familienstiftung, Berlin, whose Chief Executive Officer is Professor Thomas Kretschmar, informed us on 9 December 2015 that its voting share in Hypoport AG, Berlin, Germany had fallen below the 3 per cent threshold on 9 December 2015 and stood at 2.863 per cent (equivalent to 177,366 voting rights) on that date.

Pursuant to section 21 (1) WpHG, Wallberg Invest S.A., Luxembourg, Luxembourg informed us on 5 October 2015 that its voting share in Hypoport AG, Berlin, Germany had fallen below the 3 per cent threshold on 30 September 2015 and stood at 2.47 per cent (equivalent to 152,921 voting rights) on that date. Pursuant to section 21 (1) WpHG, FAS S.A., Luxembourg, Luxembourg informed us on 7 October 2015 that its voting share in Hypoport AG, Berlin, Germany had fallen below the 3 per cent threshold on 30 September 2015 and stood at 2.47 per cent (equivalent to 152,921 voting rights) on that date. The 2.47 per cent (equivalent to 152,921 voting rights) is attributable to the company pursuant to section 22 (1) sentence 1 no. 1 WpHG. Pursuant to section 21 (1) WpHG, Mr Marcel Ernzer, Luxembourg also informed us on 7 October 2015 that his voting share in Hypoport AG, Berlin, Germany had fallen below the 3 per cent threshold on 30 September 2015 and stood at 2.47 per cent (equivalent to 152,921 voting rights) on that date. The 2.47 per cent of the voting rights (equivalent to 152,921 voting rights) are attributable to Mr Ernzer pursuant to section 22 (1) sentence 1 no. 1 WpHG.

Pursuant to section 21 (1) WpHG, Deutsche Balaton Aktiengesellschaft, Heidelberg, Germany informed us on 10 June 2015 that its voting share in Hypoport AG, Berlin, Germany had fallen below the 3 per cent threshold on 9 June 2015 and stood at 2.98 per cent (equivalent to 184,844 voting rights) on that date. Pursuant to section 21 (1) WpHG, VV Beteiligungen Aktiengesellschaft, Heidelberg, Germany also informed us on 10 June 2015 that its voting share in Hypoport AG, Berlin, Germany had fallen below the 3 per cent threshold on 9 June 2015 and stood at 2.98 per cent (equivalent to 184,844 voting rights) on that date. The 2.98 per cent of the voting rights (equivalent to 184,844 voting rights) are attributable to the company pursuant to section 22 (1) sentence 1 no. 1 WpHG. Pursuant to section 21 (1) WpHG, Delphi Unternehmensberatung Aktiengesellschaft, Heidelberg, Germany also informed us on 10 June 2015 that its voting share in Hypoport AG, Berlin, Germany had fallen below the 3 per cent threshold on 9 June 2015 and stood at 2.98 per cent (equivalent to 184,844 voting rights) on that date. The 2.98 per cent of the voting rights (equivalent to 184,844 voting rights) are attributable to the company pursuant to section 22 (1) sentence 1 no. 1 WpHG. Pursuant to section 21 (1) WpHG, Mr Wilhelm Konrad Thomas Zours, Germany also informed us on 10 June 2015 that his voting share in Hypoport AG, Berlin, Germany had fallen below the 3 per cent threshold on 9 June 2015 and stood at 2.98 per cent (equivalent to 184,844 voting rights) on that date. The 2.98 per cent of these voting rights (equivalent to 184,844 voting rights) are attributable to Mr Zours pursuant to section 22 (1) sentence 1 no. 1 WpHG.

Pursuant to section 33 (1) WpHG, KBC Asset Management NV, Brussels, Belgium informed us on 25 April 2018 that its voting share in Hypoport AG, Berlin, Germany had fallen below the 3 per cent threshold on 20 April 2018 and stood at 2.98 per cent (184,670 voting rights) on that date.

Pursuant to section 33 (1) WpHG, Wasatch Advisors Holdings, Inc., Salt Lake City, Utah, United States of America informed us on 16 January 2020 that its voting share in Hypoport AG, Berlin, Germany had fallen below the 3 per cent threshold on 13 January 2020 and stood at 2.99 per cent (194,089 voting rights) on that date.

Pursuant to section 33 (1) WpHG, Ameriprise Financial, Inc., Wilmington, Delaware, United States of America informed us on 6 November 2020 that its voting share in Hypoport SE, Berlin, Germany stood at 3.94 per cent on 2 November 2020 (255,601 voting rights).
Pursuant to section 33 (1) WpHG, Ameriprise Financial, Inc., Wilmington, Delaware, United States of America voluntarily informed us on 7 November 2020 that, following a change to the company structure, its voting share in Hypoport SE, Berlin, Germany stood at 3.94 per cent on 3 November 2020 (255,601 voting rights).

This information was taken from the most recent notification received by the Company from each party subject to disclosure requirements. All published notifications from investors in the reporting year and other years are available on the Hypoport Group's website at https://www.hypoport.com/investor-relations/corporate-governance/. It should be noted that the details of shareholding percentages and number of voting rights may now be out of date.

7.7 Share-based payment

The Company's employees receive a certain number of shares in Hypoport SE that is determined by their period of service as well as shares amounting to €360.00 if the Company achieves certain targets. The total related expense recognised in 2020 was €0 thousand (2019: €37 thousand). Total liabilities in relation to share-based remuneration amounted to €342 thousand (2019: €698 thousand).

7.8 Auditors' fees and services

The total fee incurred for services rendered by the auditors BDO AG Wirtschaftsprüfungsgesellschaft in 2020 amounted to €165 thousand (2019: €135 thousand) and comprised €141 thousand for audits of financial statements (2019: €107 thousand) and €24 thousand for other attestation services (2019: €28 thousand).

7.9 Average number of persons employed during the financial year

In 2020, the Company employed an average of 2,049 (2019: 1,736) people in addition to the members of the Management Board.

The table below gives a breakdown of the average numbers of employees by segment.

Average number of persons employed during the financial year	31 Dec 2020 Number	%	31 Dec 2019 Number	%	Change Number	%
Credit Platform	513	25	433	25	80	18
Private Clients	271	13	276	16	– 5	– 2
Real Estate Platform	738	36	583	33	155	27
Insurance Platform	318	16	294	17	24	8
Holding	209	10	150	9	59	39
	2,049		**1,736**		**313**	**18**

7.10 Financial risk management

As a result of its business activities, the Hypoport Group is exposed to various financial risks; these include market risk, credit risk, liquidity risk and interest-related cash flow risk. It does not use any derivative financial instruments to hedge against specific risks.

The Hypoport Group is exposed to only a very limited currency risk because only very small amounts of its assets and liabilities are denominated in currencies other than the Company's functional currency.

If the exchange rate of the euro to the US dollar had been 10 per cent higher or lower on 31 December 2020, and assuming that all other variables had remained constant, the Hypoport Group's net profit (loss) for the year would have been €0 thousand (31 December 2019: €0 thousand) higher or lower.

If the exchange rate of the euro to the pound sterling had been 10 per cent higher or lower on 31 December 2020, and assuming that all other variables had remained constant, the Hypoport Group's net profit (loss) for the year would have been €0 thousand (31 December 2019: €0 thousand) higher or lower.

The Hypoport Group's credit risk stems primarily from its trade receivables, advance commissions, and other financial assets. In 2020, it recognised impairment losses of €693 thousand (2019: €621 thousand) to cover the probability of irrecoverable receivables. Such receivables are estimated by the management of the Hypoport Group on the basis of past experience and current economic conditions.

The credit risk relating to cash and cash equivalents is limited because these are all held at investment-grade banks.

There is no significant concentration of credit risk in the Group because this risk is spread across a large number of counterparties and clients.

The maximum credit risk is shown by the carrying amount of each financial asset reported on the balance sheet.

The main source of liquidity risk lies in the rapid expansion of the Group. The risks associated with the expansion of the Group are monitored by the Management Board and currently are not material given the high level of liquidity and excellent equity ratio in the Group.

The table below gives a breakdown of the contractual residual maturities of the Hypoport Group's financial liabilities. It shows the non-discounted cash flows of financial liabilities based on the earliest date on which the Hypoport Group can be obliged to pay. The table contains payments of both interest and principal.

€'000	Maturities					
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Fixed-rate financial liabilities	155	3,786	11,737	60,415	39,358	**115,451**
2019	150	3,194	9,785	48,731	37,987	**99,847**
Rental and lease obligations	676	1,353	6,093	27,177	45,381	**80,680**
2019	408	815	3,674	11,602	5,307	**21,806**
2020	831	5,139	17,830	87,592	84,739	**196,131**
2019	558	4,009	13,459	60,333	43,294	**121,653**

Because the Hypoport Group does not hold any significant interest-bearing assets, its net profit (loss) for the year and its operating cash flow are largely immune to changes in market interest rates.

The Group's interest-rate risk stems from non-current, interest-bearing liabilities. Floating-rate liabilities expose the Group to interest-related cash flow risks. Its financial risk policy requires that the vast majority of liabilities it assumes be subject to fixed interest rates. In 2020 and 2019, only its unutilised credit lines carried floating interest rates.

7.11 Additional information on financial instruments

In the Hypoport Group, financial instruments are assigned to the following IFRS 9 categories: amortised cost, other financial commitments and fair value through profit or loss (FVTPL). The OCI option is not exercised.

Exposures subject to the expected credit loss model pursuant to IFRS 9 do not exist in the Group.

The Hypoport Group now has only one insignificant other long-term equity investment (acquisition cost: €13 thousand); all other long-term equity investments are fully consolidated or accounted for under the equity method.

The table below shows the carrying amounts and fair values of individual financial assets and liabilities for each category of financial instrument and reconciles these amounts to the corresponding balance sheet items. Because the balance sheet items 'Other receivables' and 'Other liabilities' contain financial instruments as well as non-financial assets and non-financial liabilities, these amounts are reconciled in the column 'Non-financial assets/liabilities'.

Financial instruments 2020 €'000	Measured at amortised cost		Measured at fair value	Non-financial assets/liabilities	
	Carrying amount on balance sheet at 31 Dec 2020	Pro forma: fair value	Carrying amount	Carrying amount	Carrying amount on balance sheet
Trade receivables	70,232	-	-	-	70,232
Loans and receivables	70,232	70,232	-	-	70,232
Financial assets	398	-	-	-	398
Loans and receivables	398	398	-	-	398
Other assets	1,560	-	-	6,165	7,725
Loans and receivables	1,560	1,560	-		1,560
Non-financial assets				6,165	6,165
Cash and cash equivalents	33,513	-	-	-	33,513
Loans and receivables	33,513	33,513	-	-	33,513
Total financial assets	**-**	**-**	**-**	**-**	**105,703**
Thereof: loans and receivables	-	-	-	-	105,703
Financial liabilities	189,663	-	-	-	189,663
Measured at amortised cost	189,663	190,795	-	-	189,663
Trade payables	46,939	-	-	-	46,939
Measured at amortised cost	46,939	46,939	-	-	46,939
Other liabilities	9,811	-	-	8,540	18,351
Measured at amortised cost	9,811	9,811	-	-	9,811
Measured at fair value	-	-	53,246	-	53,246
Non-financial liabilities	-	-	-	8,540	8,540
Total financial liabilities		**-**	**-**	**-**	**299,659**
Measured at amortised cost	-	-	-	-	246,413
Measured at fair value	-	-	-	-	53,246

Financial instruments 2019 €'000	Measured at amortised cost		Measured at fair value	Non-financial assets/liabilities	
	Carrying amount on balance sheet at 31 Dec 2019	Pro forma: fair value	Carrying amount	Carrying amount	Carrying amount on balance sheet
Trade receivables	56,181	-	-	-	56,181
Loans and recewwivables	56,181	56,181	-	-	56,181
Financial assets	190	-	-	-	190
Loans and receivables	190	190	-	-	190
Other assets	78	-	-	4,785	4,863
Loans and receivables	78	78	-		78
Non-financial assets				4,785	4,785
Cash and cash equivalents	24,892	-	-	-	24,892
Loans and receivables	24,892	24,892	-	-	24,892
Total financial assets	**-**	**-**	**-**	**-**	**81,341**
Thereof: loans and receivables	-	-	-	-	81,341
Financial liabilities	114,868	-	-	-	114,868
Measured at amortised cost	114,868	120,305	-	-	114,868
Trade payables	38,809	-	-	-	38,809
Measured at amortised cost	38,809	38,809	-	-	38,809
Other liabilities	8,457	-	-	7,152	15,609
Measured at amortised cost	8,457	8,457	-	-	8,457
Measured at fair value	-	-	25,715	-	25,715
Non-financial liabilities	-	-	-	7,152	7,152
Total financial liabilities	**-**	**-**	**-**	**-**	**187,849**
Measured at amortised cost	-	-	-	-	162,134
Measured at fair value	-	-	-	-	25,715

In accordance with level two of the measurement hierarchy specified by IFRS 13, the fair value of financial liabilities is calculated as the present value of future cash inflows and outflows. These cash flows are discounted using an interest rate prevailing at the balance sheet date and factor in the respective maturities of the liabilities as well as the credit rating of Hypoport SE. In accordance with level three of the measurement hierarchy specified by IFRS 13, the fair value of receivables, loans and primary liabilities (with the exception of financial liabilities) is assumed to be the same as their carrying amount; the fair value of cash and cash equivalents is assumed to be the same as their nominal value. If a market value or market price is available, this is recognised as the fair value. Because most trade receivables, trade payables, other receivables, other liabilities, and cash and cash equivalents have short maturities, their carrying amounts at the balance sheet date do not differ significantly from their fair values.

The table below breaks down the income, expenses, gains and losses resulting from financial instruments into the following categories:

Financial instruments 2020 €'000	Loans and receivables	Held-to-maturity investments	Fair value/ held for trading	Liabilities measured at amortised cost	2020
Interest and similar income	199	–	–	–	199
Interest expense and similar charges	–	–	–	–3,034	–3,034
Impairment losses	–693	–	–	–	–693
Net result	**–494**	**0**	**0**	**–3,034**	**–3,528**

Financial instruments 2019 €'000	Loans and receivables	Held-to-maturity investments	Fair value/ held for trading	Liabilities measured at amortised cost	2019
Interest and similar income	389	–	–	–	389
Interest expense and similar charges	–	–	–	–2,074	–2,074
Impairment losses	–621	–	–	–	–621
Net result	**–232**	**0**	**0**	**–2,074**	**–2,306**

7.12 Capital risk management

Hypoport SE's statutes do not specify any capital requirements. The Hypoport Group pursues two main objectives in terms of its capital management: firstly, to ensure that the Company continues to operate as a going concern so that it can continue to generate returns for its shareholders and provide its other stakeholders with the services they require; and secondly, to maintain the optimum capital structure so that it can lower its cost of capital and meet the minimum capital requirements resulting from its borrowings. The financial covenants agreed for a loan were complied with.

The Hypoport Group monitors its capital in terms of its level of gearing, which is the ratio of net debt to equity. Net debt consists of total financial liabilities minus cash and cash equivalents. Equity comprises the total shares in issue plus reserves.

The table below shows the Company's gearing as at 31 December 2020 and 31 December 2019:

Company's gearing	2020 €'000	2019 €'000
Financial liabilities	189,663	114,868
Minus cash and cash equivalents	33,513	24,892
Net debt	156,150	89,976
Equity	221,392	178,375
Gearing	71%	50%

7.13 Exemption from disclosure requirements under section 264 (3) HGB

The fully consolidated German subsidiaries listed below have met the conditions specified by section 264 (3) HGB and are therefore exempted from the requirements to disclose their separate financial statements documentation, undergo an audit and prepare a management report:

- asseQ GmbH, Lübeck, Germany
- Bayreuth Am Pfaffenfleck 15 Objektgesellschaft mbH, Bayreuth, Germany
- BAUFINEX Service GmbH, Berlin, Germany
- 1blick GmbH, Heidelberg, Germany
- Dr. Klein Wowi Finanz AG, Lübeck, Germany
- Dr. Klein Privatkunden AG, Lübeck, Germany
- Dr. Klein Ratenkredit GmbH, Lübeck, Germany
- Dr. Klein Wowi Digital AG, Berlin, Germany
- Europace AG, Berlin, Germany
- FIO SYSTEMS AG, Leipzig, Germany
- FM Insur Tech GmbH, Berlin, Germany
- Fundingport GmbH, Hamburg, Germany
- GENOPACE GmbH, Berlin, Germany
- helber innomaxx GmbH, Stuttgart, Germany
- Hypoport Grundstücksmanagement GmbH, Berlin, Germany
- Hypoport Holding GmbH, Berlin, Germany
- Hypoport Hub SE, Berlin, Germany
- Hypoport Systems GmbH, Berlin, Germany
- Maklaro GmbH, Hamburg
- Primstal - Alte Eiweiler Straße 38 Objektgesellschaft mbH, Nonnweiler, Germany
- Qualitypool GmbH, Lübeck, Germany
- REM CAPITAL AG, Stuttgart, Germany

- Smart BansAssurance GmbH, Berlin (ehemals Kartenhaus Software GmbH, Berlin), Germany
- Smart InsurTech AG, Berlin, Germany
- Value AG the valuation group, Berlin, Germany
- Vergleich.de Gesellschaft für Verbraucherinformation mbH, Berlin, Germany
- Vergleich.de Versicherungsservice GmbH, Lübeck, Germany
- VS Direkt Versicherungsmakler GmbH, Bayreuth, Germany
- Winzer - Kneippstraße 7 Objektgesellschaft mbH, Berlin, Germany

7.14 Declaration of compliance with the German Corporate Governance Code

Hypoport SE has issued its corporate governance declaration, including the declaration of conformity required by section 161 of the German Stock Corporation Act (AktG). The declaration can be viewed online at www.hypoport.com/investor-relations/corporate-governance.

7.15 Events after the reporting period

Since the balance sheet date, no new material events have occurred in the Group's market environment compared with the reporting year.

Lübeck, 16 March 2021

Hypoport SE – The Management Board

Ronald Slabke

Stephan Gawarecki

Appendix to the notes to the IFRS consolidated financial statements

Consolidated statement of changes in non-current assets 2020

	Cost				
	Balance 1 Jan 2020 €'000	Additions €'000	Disposals €'000	Reclassification €'000	Changes in consolidation €'000
I, Intangible assets					
1, Patents, licences, trademarks and similar rights and assets, including licences for such rights and assets					
1,1 Software	26,119	3,393	143	11	7,898
1,2 Development costs	93,753	21,995	0	1,842	571
2, Goodwill	186,439	0	0	0	35,524
3, Advance payments and development costs in progress	2,341	1,864	5	– 1,853	0
	308,652	**27,252**	**148**	**0**	**43,993**
II, Property, plant and equipment					
1, Land, leasehold improvements and buildings, including buildings on land owned by others	31,233	68,080	0	3,801	0
2, Office furniture and equipment	16,634	6,426	164	2,095	112
3, Advanced payments and constructions in progress	3,510	2,910	0	– 5,896	0
	51,377	**77,416**	**164**	**0**	**112**
	360,029	**104,668**	**312**	**0**	**44,105**

	Cumulative depreciation, amortisation and impairment				Carrying amount	
Balance 31 Dec 2020 €'000	Balance 1 Jan 2020 €'000	Additions €'000	Disposals €'000	Balance 31 Dec 2020 €'000	Balance 31 Dec 2020 €'000	31 Dec 2019 €'000
37,278	10,998	4,072	0	15,070	22,208	15,121
118,161	49,413	8,343	0	57,756	60,405	44,340
221,963	0	0	0	0	221,963	186,439
2,347	0	500	0	500	1,847	2,341
379,749	**60,411**	**12,915**	**0**	**73,326**	**306,423**	**248,241**
103,114	6,088	10,001	0	16,089	87,025	25,145
25,103	10,302	4,695	0	14,997	10,106	6,332
524	0	0	0	0	524	3,510
128,741	**16,390**	**14,696**	**0**	**31,086**	**97,655**	**34,987**
508,490	**76,801**	**27,611**	**0**	**104,412**	**404,078**	**283,228**

Consolidated statement of changes in non-current assets 2019

	Cost				
	Balance 1 Jan 2019 €'000	Additions €'000	Disposals €'000	Reclassification €'000	Changes in consolidation €'000
I, Intangible assets					
1, Patents, licences, trademarks and similar rights and assets, including licences for such rights and assets					
1,1 Software	21,791	2,972	22	286	1,092
1,2 Development costs	78,274	15,381	0	98	0
2, Goodwill	140,460	0	0	0	45,979
3, Advance payments and development costs in progress	1,012	1,708	0	–384	5
	241,537	**20,061**	**22**	**0**	**47,076**
II, Property, plant and equipment					
1, Land, leasehold improvements and buildings, including buildings on land owned by others	3,888	26,267	0	0	1,078
2, Office furniture and equipment	13,928	3,932	1,653	292	135
3, Advanced payments and constructions in progress	779	3,023	0	–292	0
	18,595	**33,222**	**1,653**	**0**	**1,213**
	260,132	**53,283**	**1,675**	**0**	**48,289**

	Cumulative depreciation, amortisation and impairment				Carrying amount	
Balance 31 Dec 2019 €'000	Balance 1 Jan 2019 €'000	Additions €'000	Disposals €'000	Balance 31 Dec 2019 €'000	Balance 31 Dec 2019 €'000	31 Dec 2018 €'000
26,119	7,742	3,263	7	10,998	15,121	14,049
93,753	43,159	6,254	0	49,413	44,340	35,115
186,439	0	0	0	0	186,439	140,460
2,341	0	0	0	0	2,341	1,012
308,652	**50,901**	**9,517**	**7**	**60,411**	**248,241**	**190,636**
31,233	118	5,970	0	6,088	25,145	3,770
16,634	8,145	3,721	1,564	10,302	6,332	5,783
3,510	0	0	0	0	3,510	779
51,377	**8,263**	**9,691**	**1,564**	**16,390**	**34,987**	**10,332**
360,029	**59,164**	**19,208**	**1,571**	**76,801**	**283,228**	**200,968**

Report of the supervisory board

The Supervisory Board hereby reports on the discharge of its responsibilities at Hypoport SE ('Company') in the 2020 financial year.

In 2020, the Supervisory Board continued to apply due care and diligence in discharging the re-sponsibilities incumbent upon it under the law, the Company's statutes, its rules of procedure and the German Corporate Governance Code. The Supervisory Board supported the Management Board in its running of the Company. This support function was based on the detailed written and oral reports submitted by the Management Board, which informed the Supervisory Board in a regular, comprehensive and timely fashion about the Company's strategic planning and budget-ing, changes in its business performance and financial position, its strategic development, the risk situation, risk management and relevant compliance matters, important transactions and the current position of the Company and the Hypoport Group. The Supervisory Board was informed at regular intervals either during or in advance of Supervisory Board meetings. The Management Board and the Supervisory Board were also in regular contact outside the meetings, so the Su-pervisory Board was kept abreast of particularly important events at all times. The Supervisory Board also obtained information about key developments for itself and supported the Manage-ment Board in an advisory capacity. All decisions and actions of fundamental importance that required approval were discussed with the Supervisory Board at an early stage and submitted to the Supervisory Board for approval.

The Supervisory Board held six scheduled meetings in 2020. In addition, two extraordinary Su-pervisory Board meetings were held by telephone. Furthermore, five resolutions were adopted in writing (by email) at the request of the Supervisory Board chairman following detailed preparation and dissemination of information in each case. All members of the Supervisory Board attended every meeting and took part in the other resolutions adopted outside meetings.

No members of the Management Board or Supervisory Board were subject to conflicts of inter-est that would have had to be disclosed to the Supervisory Board without undue delay and also reported to the Annual Shareholders' Meeting.

Key points of the Supervisory Board's deliberations

The Supervisory Board's deliberations centred primarily on matters concerning the corporate strategy and business activities of the Company, the individual business units and the Hypoport Group as a whole, important transactions such as acquisitions, the effectiveness of the internal control and risk management system, and decisions and action taken by the Management Board that required approval.

Immediately after the Company's Extraordinary Shareholders' Meeting at which the Company's change of legal form to a European Company (Societas Europaea, SE) was voted upon, a meet-ing was held on **15 January 2020** at which the chairman and vice-chairman of the Supervisory Board from the effective date of the change of legal form were elected and the first Management Board of Hypoport SE was appointed. As a result of the change of legal form, updated versions of the rules of procedure for the Management Board and Supervisory Board were adopted, to come into force on the effective date of the change of legal form. A resolution was also adopted to approve the signing of a building lease for Hypoport SE's new premises in Lübeck.

On **24 January 2020,** the Supervisory Board adopted a written resolution approving a request to sell up to 60,000 treasury shares via the over-the-counter market in order to fund future acquisi-tions.

At the meeting held on **28 January 2020,** the Management Board set out the operating policy and the strategic planning, including the growth strategy and the main interdependencies.

Beforehand, the Management Board also reported on developments in the fourth quarter of 2019. After the Management Board had answered the Supervisory Board's questions, the Supervisory Board noted with approval the multi-year plans that had been presented for each segment.

In addition, one of the Managing Directors of FINMAS GmbH presented the Credit Platform seg-ment, with a particular focus on FINMAS. The presentation closely examined the development of FINMAS GmbH, details of its business activities and possible future develop-ments. The Supervi-sory Board's questions about the segment presentation were answered by the Management Board and one of the Managing Directors of FINMAS GmbH.

On **27 February 2020,** the Supervisory Board held an extraordinary meeting by telephone in order to discuss the intention to acquire all shares in ePension GmbH & Co. KG. The Manage-ment Board explained the plan and answered the Supervisory Board's questions. The Supervi-sory Board unanimously approved the plan.

On **11 March 2020,** the Supervisory Board held another extraordinary meeting by telephone in order to discuss the intention to acquire all shares in AmexPool AG. Again, the Management Board explained the plan and answered the Supervisory Board's questions. The Supervisory Board also unanimously approved this acquisition plan and the intention to take out a loan to fund the acquisition.

A representative of the Company's auditors, BDO AG Wirtschaftsprüfungsgesellschaft, attended the meeting held on **17 March 2020** and presented a comprehensive report on BDO's audit of the separate financial statements for 2019 and the consolidated financial statements for 2019. The representative also answered the Supervisory Board's questions. As required by section 171 of the German Stock Corporation Act (AktG), the Supervisory Board reviewed and ap-proved the separate and consolidated financial statements for 2019 as well as both management reports. The Supervisory Board also agreed to the Management Board proposing to the Annual Shareholders' Meeting that the Company's full distributable profit be carried forward to the next accounting period. The Management Board explained further proposals for the agenda of the 2020 Annual Shareholders' Meeting, and the Supervisory Board acknowledged them.

At this meeting, the Management Board also reported on the fourth quarter of 2019 and the per-formance of the individual segments. Furthermore, the Management Board of Value AG present-ed the Real Estate Platform segment, with a particular focus on Value AG. The main develop-ments, the current situation and planned action steps were explained and the Supervisory Board's questions were answered.

The individual components of the Management Board's updated remuneration were presented during the meeting and their compliance with the existing rules on management board remunera-tion was confirmed. The Supervisory Board unanimously approved the Management Board's remuneration as proposed.

The Supervisory Board examined the report that was presented on the actual non-audit services performed and it ascertained that the necessary transparency was ensured in this context. It noted the report with approval. The Supervisory Board also discussed its own report on the 2019 financial year and the internal audit function's compliance management summary report on events in 2019. It noted that the Hypoport Group had not had to investigate any compliance inci-dences in 2019. In addition, the Supervisory Board reviewed the report on the non-financial dec-laration for 2019.

On **23 April 2020,** after making appropriate preparations and discussing the draft agenda for the 2020 Annual Shareholders' Meeting, the Supervisory Board adopted a written resolution on con-vening the Annual Shareholders' Meeting on 9 June 2020 and on the motions for this meeting, with the exception of the motion on the appropriation of profit, which had been approved at the meeting on 17 March 2020.

At the Supervisory Board meeting held on **9 June 2020** immediately after the Annual Share-hold-ers' Meeting, the Management Board of Dr. Klein Privatkunden AG presented the Private Clients segment, with a particular focus on Dr. Klein Privatkunden AG. The presentation looked in detail at the current situation, the financial position and financial performance, and strategic objectives. The Supervisory Board's questions were answered. In addition, the Management Board reported on developments in the individual segments during the first quarter of 2020. Outstanding points from previous Supervisory Board meetings were explained by the Management Board and the Supervisory Board's questions were answered. All outstanding points were therefore resolved.

On **10 July 2020,** the Supervisory Board adopted a written resolution approving an editorial change to section 12 (4) sentence 2 of the statutes in accordance with section 13 sentence 1 of the statutes.

At the Supervisory Board meeting held on **1 September 2020,** the Management Board reported on the second quarter of 2020 and on specific developments in the individual business units, including in light of the unique situation created by the coronavirus crisis. It also answered the Supervisory Board's questions. In addition, the meeting focused on the Group structure, the Group's management and the organisational structure of the Management Board and its alloca-tion of responsibilities for the individual segments and functions. The Supervisory Board's ques-tions were answered.

In another agenda item, Hypoport hub SE was presented by members of the Board of Directors. Services and consultancy for the entities in the Hypoport Group are to be bundled in this new company and separated from the other management functions of Hypoport SE. The presentation focused on the development of Hypoport hub SE, its products, interaction within the Group, re-sponsibilities, KPIs, information on costs and future projects. The Supervisory Board's questions were answered.

For the avoidance of doubt, the Supervisory Board also adopted a resolution on the term of office of the first Management Board of Hypoport SE, which is to be five years from the effective date of the change of legal form, and a related resolution to approve the signing of supple-ments to the Management Board members' existing employment contracts, taking account of their new terms of office.

The Company's operating performance in the third quarter of 2020 as well as the latest develop-ments in the business units were discussed extensively with the Management Board at the Su-pervisory Board meeting held on **27 November 2020.** An outlook for the remainder of 2020 was also provided. The Management Board reported on the latest developments at Value AG. In addi-tion, the current situation in the Insurance Platform segment was presented and discussed at length and the Supervisory Board's questions were answered.

Another agenda item was the Management Board's report on capital expenditure in 2020, the current funding situation and the resulting funding policy.

At this meeting, the Management Board and Supervisory Board also scrutinised the risk management system, the risk monitoring system and the internal control system (financial planning and reporting as well as internal audit). The Hypoport Group's five biggest risks were described and discussed. The risk assessment was updated in light of the coronavirus crisis.

In addition, the Supervisory Board reviewed the effectiveness of its own work over the past year.

Furthermore, the Supervisory Board examined the changes to the declaration of conformity required as a result of the new version of the German Corporate Governance Code dated 16 December 2019, which took effect when it was published in the German Federal Gazette on 20 March 2020 ('2020 Code'). It also noted the internal audit function's report on occupational health and safety with approval.

Finally, the Supervisory Board unanimously approved the revocation of the profit-and-loss trans-fer agreement between Hypoport SE and Europace AG.

In view of the major changes to the Company's organisational structure planned in connection with Hypoport hub SE, the Supervisory Board adopted a written resolution on **16/17 December 2020** to approve the signing of a contribution agreement between Hypoport SE and Hypoport hub SE concerning the HU corporate functions business, which is very important to the provision of services and consultancy to the entities in the Hypoport Group.

Based on the changes to the declaration of conformity required due to the 2020 Code, which had been discussed at the meeting held on 27 November 2020, the Supervisory Board adopted a resolution on **23/27 December 2020** about submission of the 2021 declaration of conformity with the recommendations of the German Corporate Governance Code pursuant to section 161 AktG as presented.

No committees

The Supervisory Board of Hypoport SE has not set up any committees because it consists of only three members. More information can be found in the declaration of conformity pursuant to section 161 AktG.

German Corporate Governance Code

In 2020, the Supervisory Board once again discussed the content of the German Corporate Governance Code and adopted the necessary resolutions on compliance with its recommen-da-tions and on exceptions where individual recommendations are not followed. More information about corporate governance at the Company can be found in the corporate governance declara-tion pursuant to sections 289f and 315d of the German Commercial Code (HGB). The remunera-tion report contains detailed information on the level and structure of remuneration for the Super-visory Board and Management Board. The Management Board and Supervisory Board voted to issue the declaration of conformity required by section 161 AktG and have made it permanently available on the Company's website.

The Supervisory Board and Management Board are aware that good corporate governance that safeguards the interests of shareholders and the capital markets is essential for the Company's success. The Management Board and Supervisory Board regard the recommendations and suggestions of the German Corporate Governance Code and the pertinent statutory legislation as an integral part of the function that they perform for the Company. They examine compliance with these standards at regular intervals, thereby ensuring that the Company's shareholders and employees and, not least, the Company itself take due account of the standards.

In 2020, no additional training and development activities were required to enable the existing members of Hypoport SE's Supervisory Board to carry out their duties. However, the Superviso-ry Board will review on an ongoing basis whether such activities are required in future in relation to their work for Hypoport SE. The Supervisory Board is supported by the Company's Manage-ment Board in this regard.

Separate and consolidated financial statements

The Management Board submitted to the Supervisory Board the 2020 separate financial statements that it had prepared in accordance with the HGB, the 2020 consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS), both management reports including the separate non-financial Group report, the proposal for the ap-propriation of profit and the corresponding independent auditors' reports.

BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, the auditors appointed by the Company, audited its separate financial statements, the consolidated financial statements and both man-agement reports for the year ended 31 December 2020 and issued an unqualified opinion in each case. As required by section 171 AktG, the Supervisory Board reviewed and discussed the separate and consolidated financial statements for 2020 and both management reports. At the Supervisory Board meeting held on **23 March 2021** to discuss the Company's financial state-ments, the auditors reported in person to the Supervisory Board and provided exhaustive an-swers to the questions put to them. The Supervisory Board also examined the Management Board's proposal for the appropriation of profit.

The Supervisory Board agreed with the auditors' findings. Having completed its own examination, it had no objections to raise. The Supervisory Board reviewed and approved the separate and consolidated financial statements for 2020 prepared by the Management Board. The financial statements for 2020 have thus been adopted. In addition, the Supervisory Board reviewed and approved the separate non-financial Group report for 2020. After itself examining the Management Board's explanation of its proposed appropriation of profit, and after considering all the arguments, the Supervisory Board approved the proposal.

The Supervisory Board would like to thank the Management Board and all employees for their hard work and valuable support.

Barsbüttel, 23 March 2021

Dieter Pfeiffenberger

Chairman of the Supervisory Board

Corporate governance report

Corporate governance declaration pursuant to sections 289f and 315d HGB

The Management Board and Supervisory Board of Hypoport SE are committed to the principles of responsible corporate governance. Hypoport SE firmly believes that transparent corporate governance adds value to the Company over the long term. It is also essential if Hypoport AG SE to honour the trust placed in it by investors, financial markets, business partners, customers, employees and the public at large. The Management Board and Supervisory Board therefore regard the recommendations and suggestions of the German Corporate Governance Code and the pertinent statutory legislation as an integral part of the function that they perform for the Company. They examine compliance with these standards at regular intervals, thereby ensuring that the Company's shareholders and employees and, not least, the Company itself are fully compliant.

Declaration of conformity with the German Corporate Governance Code

The Management Board and Supervisory Board have carefully examined the German Corporate Governance Code in the version as amended on 7 February 2017, which was published in the German Federal Gazette on 24 April 2017, and in the version as amended on 16 December 2019, which was published in the German Federal Gazette on 20 March 2020. The declaration of conformity was submitted by the Management Board and Supervisory Board of Hypoport SE on 23/27 December 2020 and is reproduced below. The declaration of conformity has been made permanently available to the public and can be viewed at www.hypoport.com/investor-relations/corporate-governance.

Declaration of conformity with the recommendations of the German Corporate Governance Code (DCGK) pursuant to section 161 of the German Stock Corporation Act (AktG)

The Management Board and Supervisory Board of Hypoport SE, Berlin, hereby declare the following:

Since the most recent regular declaration of conformity was submitted on 13 December 2019, Hypoport SE has complied – with the exception of the recommendations listed below – with the recommendations made by the German government commission on the German Corporate Governance Code in the version as amended on 7 February 2017, which were publicly announced by the German Federal Ministry of Justice in the official section of the German Federal Gazette and published in the German Federal Gazette on 24 April 2017 ('2017 Code'):

1. Paragraph 3.8 (3) of the 2017 Code recommended that an appropriate excess be agreed when taking out directors' and officers' liability insurance for members of a supervisory board. To date, the D&O insurance taken out by Hypoport SE for members of its Supervisory Board has not specified any excess. Hypoport SE does not believe that an excess of this type would increase the motivation and sense of responsibility with which the members of its Supervisory Board perform their role. Consequently, Hypoport SE did not change its D&O insurance contracts for members of the Supervisory Board.

2. Paragraph 4.2.3 (2) of the 2017 Code recommended that the level of remuneration for members of the management board overall and with respect to their variable remuneration components be capped. To date, the existing employment contracts of the members of the Management Board of Hypoport SE have contained no such caps on the amount of remuneration because Hypoport SE is of the view that the existing remuneration structure for members of the Management Board – which is designed to ensure a sustainable corporate culture, and should comprise both fixed and variable components (with variable remuneration components being assessed over a period of several years) and should take account of both positive and negative developments and trends – was, on the whole, appropriate without the imposition of any caps on the amount of remuneration and, even in its existing form, did not encourage individuals to take inappropriate risks. Moreover, the Company is of the view that the existing remuneration structure proved itself over a period of several years to be appropriate and suited to furthering the Company's interests. Even though no caps were imposed on the amount of remuneration, the specific way in which this remuneration system was designed gave no grounds to fear that the existing remuneration structure created incentives that were contrary to or incompatible with the sustainable corporate culture of Hypoport SE. For these reasons, the Company was of the view that it was not necessary to amend the Management Board members' existing employment contracts. On an ongoing basis and, in particular, in connection with the extension of existing Management Board members' employment contracts, however, the Supervisory Board of Hypoport SE wanted to carefully and properly examine and then decide whether it should in future comply with the recommendation made in paragraph 4.2.3 (2) of the 2017 Code – including with respect to the imposition of a cap on the amount of remuneration – or whether the existing remuneration structure should be retained without any such cap being imposed.

3. Paragraph 5.1.2 of the 2017 Code recommended, among other things, that an age limit be specified for members of the management board. Paragraph 5.4.1 made the same recommendation for members of the supervisory board. Hypoport SE believes that setting an age limit would be an inappropriate general restriction on the Supervisory Board's selection of suitable Management Board members and would restrict shareholders in their selection of Supervisory Board members, because a director's experience and personal and professional skills, rather than his or her age, are the relevant factors for recruiting members of the Management Board or Supervisory Board.

4. Paragraph 5.3.1 of the 2017 Code recommended that properly qualified committees be set up. Accordingly, paragraph 5.3.2 of the 2017 Code recommended that an audit committee be set up and paragraph 5.3.3 recommended that a nominations committee be formed. Because the Supervisory Board consists of only three members, as specified in the Company's statutes, all aspects of its work have been carried out by the entire Supervisory Board to date. Consequently, Hypoport SE does not consider it necessary to form committees. The Supervisory Board in particular believed that the formation of committees would unnecessarily impede its work because it has such a small number of members.

5. Paragraph 5.4.1 (2) of the 2017 Code recommended that the supervisory board set specific targets for its composition and draw up a profile of skills and expertise for the supervisory board as a whole. To date, the Supervisory Board of Hypoport SE has not set such targets for its composition and has not drawn up a profile of skills and expertise. The members of the Company's Supervisory Board at the time of submission of the last declaration of conformity had been elected by the Annual Shareholders' Meetings in 2015, 2018 and 2019 respectively in accordance with the proposals made by the Supervisory Board. Each was elected by a large majority. The Supervisory Board was therefore of the opinion that its composition at that time took full and proper account of the Company's particular situation and believed that this was corroborated by the election results for the Supervisory Board candidates that it had proposed. In view of the skills and expertise of its members, the Supervisory Board as a whole also completely fulfilled the professional requirements that arose from the business activities of Hypoport SE and its specific requirements. The Supervisory Board was therefore of the opinion that specific written targets for its composition and the development of a separate profile of skills and expertise were inappropriate and offered no additional benefit. In particular, such binding targets would have risked unduly restricting its flexibility to select suitable candidates. Due to the size of the Supervisory Board, the Supervisory Board also believed that each vacant position should be filled first and foremost on the basis of candidates' professional suitability and skills, taking due account of the Company's particular situation. Consequently, the Supervisory Board was of the view that, at that time, there was no need to set specific targets for its composition or draw up a separate profile of skills and expertise as recommended by paragraph 5.4.1 (2) of the 2017 Code. Nonetheless, the Supervisory Board wanted to continuously and properly examine whether to comply with the recommendation in paragraph 5.4.1 (2) and (3) of the 2017 Code in future or whether to retain the current model.

6. Paragraph 7.1.2 sentence 2 of the 2017 Code recommended that the management board discuss interim financial information with the supervisory board prior to publication. In Hypoport SE's view, the priority for interim financial reporting was the provision of comprehensive information to the capital markets without delay. Discussing the reports with the Supervisory Board beforehand might have led to delays. The Management Board of course kept the Supervisory Board fully informed about Hypoport SE's business performance during the regular meetings.

Hypoport SE complies – with the exception of the recommendations listed below – with all the recommendations made by the German government commission on the German Corporate Governance Code in the version as amended on 16 December 2019, which were publicly announced by the German Federal Ministry of Justice in the official section of the German Federal Gazette and became effective upon their publication in the German Federal Gazette on 20 March 2020 ('2020 Code'). In future, Hypoport SE will continue to comply with the recommendations, with the exception of those listed below:

1. Paragraph B.5 of the 2020 Code recommends that an age limit be specified for members of the management board and that it be disclosed in the corporate governance declaration. Paragraph C.2 of the 2020 Code makes the same recommendation for members of the supervisory board. To date, no age limit has been specified for members of either the Management Board or the Supervisory Board of Hypoport SE. Hypoport SE believes that setting an age limit would be an inappropriate general restriction on the Supervisory Board's selection of suitable Management Board members and would restrict shareholders in their selection of Supervisory Board members, because a director's experience and personal and professional skills, rather than his or her age, are the relevant factors for recruiting members of the Management Board or Supervisory Board. The corporate governance declaration will therefore not include any disclosures on age limits for members of the Management Board and Supervisory Board.

2. Paragraph C.1 of the 2020 Code recommends that the supervisory board set specific targets for its composition and draw up a profile of skills and expertise for the supervisory board as a whole. The supervisory board should strive for diversity, take these targets into account in its proposals to the annual shareholders' meeting and, at the same time, aim to fulfil the requirements of the profile of skills and expertise for the supervisory board as a whole. Progress towards implementation should be published in the corporate governance declaration. The Supervisory Board of Hypoport SE has not set such targets for its composition and has not drawn up a profile of skills and expertise. The current members of the Company's Supervisory Board were re-elected as the first members of the Supervisory Board of Hypoport SE by the Extraordinary Shareholders' Meeting on 15 January 2020 as a result of the transformation of Hypoport AG into a European Company (Societas Europaea, SE). The Supervisory Board is of the opinion that its current composition continues to take full and proper account of the Company's particular situation and believes that this is corroborated by the re-election of the Supervisory Board candidates that it had proposed. In view of the skills and expertise of its members, the Supervisory Board as a whole also completely fulfils the professional requirements that arise from the business activities of Hypoport SE and its specific requirements. The Supervisory Board is therefore of the opinion that specific written targets for its composition and the development of a separate profile of skills and expertise are inappropriate at the present time and offer no additional benefit. In particular, such binding targets risk unduly restricting its flexibility to elect suitable candidates. Due to the size of the Supervisory Board, the Supervisory Board also believes that each vacant position should be filled first and foremost on the basis of candidates' professional suitability and skills, taking due account of the Company's particular situation. Consequently, the Supervisory Board is of the view that, at this time, there is still no need to set specific targets for its composition or draw up a separate

profile of skills and expertise as recommended by paragraph C.1 of the 2020 Code. Nonetheless, the Supervisory Board will continuously and properly examine whether to comply with the recommendation in paragraph C.1 of the 2020 Code in future or whether to retain the current model. For the time being, the corporate governance declaration will therefore not include any disclosures on a profile of skills and expertise.

3. Paragraph D.2 of the 2020 Code recommends that supervisory boards set up properly qualified committees in line with the specific circumstances of the company concerned and the number of persons on its supervisory board. The names of the committee members and chairs should also be listed in the corporate governance declaration. Paragraphs D.3 to D.5 of the 2020 Code contain further recommendations on the structure and membership of the committees. The Supervisory Board of Hypoport SE has not set up any committees. Because the Supervisory Board consists of only three members, as specified in the Company's statutes, all aspects of its work will continue to be carried out by the entire Supervisory Board. Consequently, Hypoport SE does not consider it necessary to form committees. The Supervisory Board in particular believes that the formation of committees would unnecessarily impede its work because it has such a small number of members. Although the Supervisory Board has not formed an audit committee, at least one of its members has the necessary specific knowledge and experience of applying accounting principles and internal control procedures, as recommended by paragraph D.4 of the 2020 Code.

The current Management Board remuneration system was adopted by the Supervisory Board before the 2020 Code was announced. The existing employment contracts of the members of the Management Board were signed before the 2020 Code came into force. The structure of the remuneration system takes account of the Company's particular situation, which means that not all recommendations in the 2017 Code have been implemented. There is no need to state whether the new recommendations in the 2020 Code are met because the 2020 Code does not require the amendment of existing contracts (grandfathering provision). The Supervisory Board is currently reviewing the Management Board remuneration system in light of the new recommendations and, if necessary, will propose an updated remuneration system to the 2021 Annual Shareholders' Meeting, although the existing employment contracts of the members of the Management Board will be grandfathered. However, the Supervisory Board will continue to take account of the Company's specific needs as a growth company.

To provide the greatest possible transparency, Hypoport SE hereby discloses the following existing instances of non-compliance with the recommendations in the 2020 Code, along with any instances that are to be introduced in connection with the revision of the Management Board remuneration system:

- Paragraph G.1, bullet point 1, second half-sentence of the 2020 Code recommends that the management board remuneration system define, in particular, the maximum permitted amount of total remuneration. Paragraph G.2 recommends that the supervisory board initially set specific target total remuneration for each management board member, such remuneration being commensurate with the duties and performance of the management board member and the overall position of the company. Such remuneration should not exceed the usual level of remuneration without specific reasons. Currently, no maximum remuneration has been set for the reasons explained above in connection with non-compliance with paragraph 4.2.3 (2) sentence 6 of the 2017 Code. However, the Supervisory Board intends to set maximum remuneration when it updates the remuneration system. Because of the particular structure of the remuneration system, specific target total remuneration has not been set in the Company. However, in the Supervisory Board's view, the remuneration will be commensurate with the duties and performance of the Management Board members and the overall position of the Company. The remuneration will not exceed the usual level of remuneration without specific reasons.

- Paragraph G.3 of the 2020 Code recommends that, in order to assess whether the specific total remuneration of management board members is in line with usual levels at other companies, the supervisory board determine and disclose an appropriate peer group of other companies. In the Supervisory Board's view, the effort required to do this would outweigh any benefits, as it believes that the current Management Board remuneration is appropriate.

- Paragraph G.6 of the 2020 Code recommends that the variable remuneration resulting from achievement of long-term targets exceed the variable remuneration resulting from achievement of short-term targets. The provisions of the existing employment contracts of the members of the Management Board specify a multi-year assessment base for all remuneration components (including the fixed salary component).

- Paragraph G.7 of the 2020 Code recommends that, for each management board member, the supervisory board set performance criteria for the upcoming financial year in respect of all variable remuneration components. These criteria should contain operational targets and, in particular, strategic targets. The supervisory board should define the extent to which individual targets for the individual management board members and targets for all management board members together are relevant. The current Management Board remuneration is geared to the achievement of short-term and multi-year financial KPIs because the Supervisory Board believes that this is better suited to the needs of Hypoport SE as a growth company.

- Paragraph G.10 of the 2020 Code recommends that, taking account of management board members' individual tax expense, the variable remuneration granted to them be predominantly invested in the company's shares or be granted as share-based remuneration. Management board members should receive their long-term variable remuneration only after four years. There is no such provision at Hypoport SE because it is not considered necessary in view of the existing shareholdings of the Management Board members.

Disclosures of corporate governance practices

Management Board and Supervisory Board

The Management Board is responsible for running the Company. Its remit includes formulating the Company's targets, objectives and strategy; managing and monitoring its business activities; and establishing and monitoring an effective risk management system. The statutes of Hypoport SE specify that its Management Board should comprise a minimum of two persons. Apart from this stipulation, the Supervisory Board can specify a higher number of Management Board members. It currently consists of two members. The Management Board informs the Supervisory Board in a regular, comprehensive and timely fashion about the Company's strategic planning and budgeting, changes in its business performance and financial position, its strategic development, its risk management, important transactions, and the current position of the Company and the Hypoport Group.

The Supervisory Board of Hypoport SE consists of three members. The current members of the Company's Supervisory Board were elected as the first members of the Supervisory Board of Hypoport SE by the Extraordinary Shareholders' Meeting on 15 January 2020 as a result of the change of legal form of Hypoport AG to a European Company (Societas Europaea, SE). The chairman of the Supervisory Board, Mr Dieter Pfeiffenberger, was elected from among the members of this body. The Supervisory Board, which consists solely of shareholder representatives, believes that all of its members, namely Mr Dieter Pfeiffenberger, Mr Roland Adams and Mr Martin Krebs, can be considered independent under the definition provided in paragraphs C.6 to C.12 of the German Corporate Governance Code. They have been elected for the period up to the end of the Annual Shareholders' Meeting that votes on the formal approval of the acts of the management for the first full or short financial year following the Company's change of legal form to an SE. To date, the Supervisory Board of Hypoport SE has not set any targets for its composition and has not drawn up a profile of skills and expertise (see the declaration of conformity).

The Supervisory Board appoints the members of the Management Board. It monitors the Management Board and advises it on the running of the Company. Material decisions taken by the Management Board – as defined in the Company's statutes and the rules of procedure for the Company's Management Board – must be approved by the Supervisory Board, as must the decisions for which approval by the Supervisory Board is specified in law. The Supervisory Board meets at least four times a year and, if necessary, meets without the participation of the Management Board or individual members of the Management Board. The Supervisory Board reviews and approves the separate and consolidated financial statements prepared by the Management Board, thereby adopting the separate financial statements.

Once a year, the Supervisory Board reviews the efficiency of its work and the proper fulfilment of the duties incumbent upon it under the law, the Company's statutes and the rules of procedure. It uses a recommended, standardised questionnaire for this purpose. The efficiency review examines qualitative criteria and, in particular, the Supervisory Board's procedures and whether the Supervisory Board is supplied with sufficient information. At least once a year, the Supervisory Board and Management Board jointly evaluate the structure, size, composition, and performance of the Management Board and Supervisory Board and, if necessary, make related recommendations.

Informative corporate communications

Open and informative corporate communications form an integral part of good corporate governance. This requires all content to be clearly expressed and readily understandable and, in particular, all target groups to have equal access to the information provided by the Company. Hypoport SE therefore attaches great importance to the dissemination of uniform, comprehensive and timely information. Information on the Company's business situation and financial results is published in its annual, half-yearly and quarterly reports. Information is also published in the form of ad hoc announcements and press releases. In addition, all reports, notifications, presentations, statements and other releases are made permanently available in the Press and Investor Relations sections of the Company's website. The scheduled dates of major recurring events – i.e. the dates on which the annual and interim reports are published and the date on which the Annual Shareholders' Meeting is held – are disclosed in a financial calendar, which is published sufficiently far in advance of these dates and is made available on the Company's website.

Where necessary, Hypoport SE maintains an insider list in the manner prescribed by article 18 of Regulation (EU) No. 596/2014 (Market Abuse Regulation, MAR). The persons concerned have been, and are, informed about their legal obligations and the potential sanctions in this connection.

The integrated remuneration report for 2020 and the independent auditors' report are available at www.hypoport.com/investor-relations/publications/. In future, information about the applicable remuneration system and the most recent resolution on remuneration will be available at www.hypoport.com/investor-relations/corporate-governance/.

Financial reporting and auditing of financial statements

Since 2005 the Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Once the consolidated financial statements have been prepared by the Management Board, they are audited by the independent auditors and then reviewed and approved by the Supervisory Board. The Supervisory Board also reviews and approves the separate financial statements prepared by the Management Board, which are thus adopted. The consolidated financial statements are published within 90 days after the end of the financial year.

It has been agreed with the Company's independent auditors that the Supervisory Board be notified immediately of any reasons for exclusions or exemptions or of any misrepresentations in the declaration of conformity that are identified during the course of the audit. The independent auditors notify the Supervisory Board immediately of any matters or events of material importance to the Supervisory Board's work that arise during the course of the audit.

Management Board and Supervisory Board shareholdings and directors' dealings

The members of the Management Board and Supervisory Board hold a considerable number of shares in Hypoport SE. The table below shows the numbers of shares in Hypoport SE directly or indirectly held by the members of the Management Board and Supervisory Board as at 31 December 2020.

Group Management Board	Shares (number)
Ronald Slabke	2,240,381
Stephan Gawarecki	101,800
Supervisory Board	
Dieter Pfeiffenberger	1,000
Roland Adams	0
Martin Krebs	115

In accordance with article 19 (3) MAR, directors' dealings are published at www.hypoport.com/investor-relations/corporate-governance as soon as notification has been received. A list of all the directors' dealings published in 2020 can also be found on the Company's website at www.hypoport.com/investor-relations/corporate-governance.

The modus operandi of the Management Board and Supervisory Board

The Supervisory Board has appointed a chairman of the Management Board. The Supervisory Board approved the latest version of the rules of procedure for the Management Board on 15 January 2020 and they came into force on March 24, 2020 when the change of legal form became effective. These rules of procedure govern the internal workings of the Management Board, the allocation of its responsibilities and its cooperation with the Supervisory Board.

As specified by the Management Board's rules of procedure and schedule of responsibilities, each member of the Management Board has his own area of responsibility. However, the members of the Management Board are collectively responsible for the overall day-to-day management of the Hypoport Group. Moreover, certain material acts can only be carried out on the basis of a decision taken by the Management Board as a whole. The Management Board is quorate if all members of the Management Board participate in voting. Decisions are taken by a simple majority of the votes cast. In practice, the Management Board often takes decisions by reaching a consensus.

In accordance with its statutes, Hypoport SE is represented in court and out of court either by two Management Board members jointly or by one Management Board member in conjunction with one person with full commercial power of attorney (Prokurist). If the appointment of one Management Board member is terminated early for cause or if one Management Board member dies, leaving only one member of the Management Board, this remaining member is authorised to represent the Company on their own until another Management Board member is appointed. If two or more persons have been appointed to the Management Board, the Supervisory Board can authorise one or more Management Board members to represent the Company on their own. The Supervisory Board can exempt members of the Management Board from the restrictions under section 181 of the German Civil Code (BGB) within the limits specified by section 112 of the German Stock Corporation Act (AktG). To date, the Supervisory Board has not given individual power of representation to any member of the Management Board.

The Supervisory Board discharges the responsibilities incumbent upon it under the law, the Company's statutes, its rules of procedure and the German Corporate Governance Code. The Supervisory Board regularly advises the Management Board on the running of the Company and monitors its actions. This advisory and monitoring function is based on detailed written and oral reports submitted by the Management Board, which inform the Supervisory Board in a regular, comprehensive and timely manner about the Company's planning and budgeting, its business performance, its strategic development, its risk management, important transactions, and the current position of the Company and the Hypoport Group. Decisions of fundamental importance are discussed with and submitted to the Supervisory Board for approval.

The provisions of section 12 (3) of the statutes state that the Supervisory Board is quorate if all its members participate in voting. The Supervisory Board provides itself with rules of procedure pursuant to section 10 (3) of the statutes. The currently applicable rules of procedure were issued on the basis of a resolution adopted by the Supervisory Board on 15 January 2020. They came into force on March 24, 2020 when the change of legal form became effective. The Supervisory Board has not set up any committees at present because it consists of only three members (see the declaration of conformity).

As a rule, the members of the Supervisory Board are elected for the period up to the end of the Annual Shareholders' Meeting that votes on the formal approval of the acts of management for the fourth financial year after the term of appointment commences. The Annual Shareholders' Meeting may stipulate a shorter term of appointment. The current members of the Supervisory Board were elected as the first members of the Supervisory Board of Hypoport SE by the Extraordinary Shareholders' Meeting on 15 January 2020 as a result of the change of legal form of Hypoport AG to a European Company (Societas Europaea, SE). They have been elected for the period up to the end of the Annual Shareholders' Meeting that votes on the formal approval of the acts of the management for the first full or short financial year following the Company's change of legal form into an SE. The next elections to the Supervisory Board will therefore be held at the Annual Shareholders' Meeting in May 2021.

Long-term succession planning, as recommended by the German Corporate Governance Code, is carried out during regular meetings between the Supervisory Board and Management Board. They discuss the term of, and options for extending, the contracts of the current Management Board members and, if necessary, deliberate on the need for potential successors.

Setting targets for the proportion of women on the Management Board and Supervisory Board and in managerial positions

The Supervisory Board, in accordance with section 111 (5) AktG, and the Management Board, in accordance with section 76 (4) AktG, have decided on the following targets for the proportion of women on the Supervisory Board and Management Board and at the two management levels below the Management Board:

Targets for the Management Board and Supervisory Board

In a resolution dated 30 January 2018, the Supervisory Board set targets of 0 per cent for the proportion of women on the two boards. The new deadline for achieving the targets is 30 June 2022.

Targets for senior management levels

In a resolution dated 29 January 2018, the Management Board set targets for the quota of women at 14 per cent for the first level below the Management Board and 33 per cent for the second management level below the Management Board. In addition, the first level below the Management Board was redefined and now includes the roles Head of People & Organisation and Head of Hypoport Solutions. The second level encompasses the group of team leaders. The new deadline for achieving the targets is 30 June 2022.

Diversity concept for the composition of the Management Board and Supervisory Board
Hypoport SE's strategy for the composition of the Management Board and Supervisory Board is that the most suitable person for the particular position should be selected for posts on the Management Board and Supervisory Board. The Company does not seek to comply with strict age limits or fixed quotas. The professional and personal suitability of the candidate are the decisive criteria. More information about how members of the two boards are chosen can be found in the declaration of conformity pursuant to section 161 AktG, which is reproduced above, and in the information on the setting of targets for the proportion of women on the Management Board and Supervisory Board and in managerial positions.

Shareholders and the Annual Shareholders' Meeting

The shareholders of Hypoport SE exercise their rights at the Company's Annual Shareholders' Meeting. This meeting provides the Company's shareholders with a forum in which to exercise their voting rights, obtain information and conduct a dialogue with the Management Board and Supervisory Board. The Annual Shareholders' Meeting is held within the first six months of each financial year. The chairman of the Supervisory Board chairs the Annual Shareholders' Meeting. The Annual Shareholders' Meeting decides on all matters assigned to it by law.

Hypoport organises and runs its Annual Shareholders' Meetings in such a way that all shareholders are informed in a timely, comprehensive and effective manner both prior to and during the meeting. The aim is to make it as easy as possible for shareholders to participate in the meeting. All documentation to be made available is published on the Company's website as required by law. Shareholders who are unable to attend the Annual Shareholders' Meeting in person have the option of appointing in writing or by email an intermediary, a shareholder association or another person as a proxy – or of having an employee of Hypoport SE appointed by the Company as a proxy – to exercise their voting rights in accordance with their instructions. Furthermore, the Management Board is authorised to enable shareholders to cast their vote in writing or by email (postal vote) without attending the Annual Shareholders' Meeting.

Berlin and Barsbüttel, March 2021

Hypoport SE

Management Board and Supervisory Board

Independent auditor's report

Report on the audit of the consolidated financial statements and group management report

Audit opinions

We have audited the consolidated financial statements of Hypoport SE, Lübeck/Germany, and its subsidiaries (the Group) – comprising the consolidated balance sheet as at 31 December 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from 1 January 2020 to 31 December 2020, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In addition, we have audited the group management report of Hypoport SE for the financial year from 1 January 2020 to 31 December 2020. In accordance with the German statutory provisions, we have not audited the content of the parts of the group management report stated in the 'OTHER INFORMATION' section of our auditors' report.

In our opinion, based on the findings of our audit:

- The enclosed consolidated financial statements comply, in all material respects, with IFRS, as adopted by the EU, and the additional German statutory provisions pursuant to section 315e (1) HGB and give a fair presentation of the Group's financial position as at 31 December 2020 and its financial performance in the financial year from 1 January 2020 to 31 December 2020 in accordance with these requirements and

- The enclosed group management report as a whole provides a suitable view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with the German statutory provisions and suitably presents the opportunities and risks of future development. Our audit opinion on the group management report does not encompass the content of the parts of the group management report stated in the 'OTHER INFORMATION' section.

In accordance with section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations about the propriety of the consolidated financial statements and group management report.

Basis for audit opinions

We conducted our audit of the consolidated financial statements and group management report in accordance with section 317 HGB, Regulation (EU) No 537/2014 ('EU Audit Regulation') and the German generally accepted standards for the auditing of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Our responsibility according to these provisions and standards is described in more detail in the 'AUDITORS' RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND GROUP MANAGEMENT REPORT' section of our auditors' report. We are independent of the Group companies pursuant to the provisions of European law and German commercial law and the rules governing our profession and we have fulfilled our other German professional obligations in accordance with these requirements.

In accordance with article 10 (2) letter f) of the EU Audit Regulation, we also declare that we have not performed any prohibited non-audit services pursuant to article 5 (1) of the EU Audit Regulation.

We believe that the audit evidence that we have gathered is sufficient and suitable to serve as a basis for our audit opinions on the consolidated financial statements and group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgement, were the most significant in our audit of the consolidated financial statements for the financial year from 1 January 2020 to 31 December 2020. These matters were taken into consideration in connection with our audit of the consolidated financial statements as a whole and in the formation of our audit opinion on the consolidated financial statements; we do not provide a separate opinion on these matters.

We have identified the following as key audit matters:

1. IT risks in connection with revenue recognition
2. First-time consolidation of ePension, acquired in 2020
3. Impairment of goodwill

1. IT risks in connection with revenue recognition

Issue

The Hypoport Group is a technology-based financial service provider with business units that are engaged in the distribution of financial services, facilitated or supported by information technology (IT). The revenue reported in Hypoport SE's consolidated financial statements relates to a high volume of IT-based transactions. Given the very high volume of data to be processed and the great complexity of the IT systems in use, we believe there is a particular risk in relation to the correct recognition and timing of revenue.

Hypoport SE's disclosures on revenue can be found in note 2.17 of the notes to the consolidated financial statements.

Audit response

We assessed whether the IT systems used in revenue recognition are suitable for properly recording transactions in accordance with the Group's rules on revenue recognition. Our audit approach comprised not only the structural audit but also functional audits of relevant controls as well as ad hoc and analytical audit procedures. In particular, we assessed whether the IT control system is appropriately designed in respect of the IT systems used for invoicing and their interfaces to the relevant general ledger. To audit the correct functioning of the IT control system, we conducted control tests of the control activities implemented in the processes. We consulted internal IT specialists for these audit procedures. We carried out random checks and were able to satisfy ourselves of the correct timing of revenue recognition.

2. First-time consolidation of ePension Holding GmbH and ePension gmbh & Co. Kg, acquired in 2020

Issue

In March 2020, Hypoport SE indirectly acquired 49 per cent of the shares in ePension GmbH & Co. KG ('ePension'), Hamburg, followed by a further 2 per cent in August 2020. The purchase of the remaining 49 per cent has been agreed for 31 December 2023 by means of an unconditional forward contract. During the overall assessment of the contractual arrangements, Hypoport decided to apply the acquisition method at the acquisition date for the remaining 49 per cent of the shares to be acquired in 2023. Full consolidation will therefore take place without recognising non-controlling interests.

The total purchase consideration for the acquisition as a whole was €42 million. This total includes a variable consideration, for which a financial liability has been recognised, that is dependent on ePension's earnings performance in 2023. The assets acquired and liabilities assumed, with the exception of deferred taxes, were recognised at fair value on the date of acquisition. Taking account of the acquired net assets, which came to €6.7 million, the goodwill amounted to €35.4 million. The first-time consolidation of the acquirees was a key audit matter as a large number of assumptions had to be made when measuring the variable consideration, the assets acquired and liabilities assumed and, in particular, the intangible assets (predominantly software of €6.5 million and an insurance portfolio of €1.2 million) identified and measured for the first time in accordance with IFRS 3 for the purpose of the purchase price allocation.

Hypoport SE's disclosures on acquisitions in 2020 can be found in note 1.7 of the notes to the consolidated financial statements.

Audit response

During our audit of the accounting for the first-time consolidation of the acquirees, we initially inspected and verified the contractual agreements for each acquisition and compared the purchase consideration paid in return for receiving the shares against the documentary evidence provided to us in respect of the payments made. We checked the completeness of the assets and liabilities identified for the purpose of the purchase price allocation. In addition, we assessed the competence, capabilities and objectivity of the expert appointed by the Company's officers to measure the variable consideration and to identify and measure the intangible assets for the purpose of the purchase price allocation.

Supported by our measurement specialists, we assessed the selection and application of the methods, key assumptions and data that were used in the measurement of the variable consideration components and, in particular, the intangible assets (predominantly software and an insurance portfolio) identified and measured for the purpose of the purchase price allocation. We also verified the calculation of the individual fair values. To this end, we satisfied ourselves of the appropriateness of the assumptions, methods and data used in the measurement, assessed the inputs used – including expected cash receipts/payments and the discount rate applied – and checked whether the necessary assumptions were plausible. Furthermore, we checked that the measurement models were arithmetically accurate.

We also used checklists to verify the completeness of the disclosures in the notes to the financial statements required by IFRS 3.

3. Impairment of goodwill

Issue

The Company reported goodwill totalling €226 million under the 'Intangible assets' line item on the balance sheet as at 31 December 2020 in its consolidated financial statements (40 per cent of total assets). This goodwill must be tested for impairment annually and on an ad hoc basis. Assessing impairment requires the Company's officers to make many assumptions. The assessment is based on the present values of the future cash flows of the cash-generating unit to which the goodwill has been allocated. Future cash flows are derived from the budget accounts prepared by the Company's officers. In this process, expectations about future market developments, increases in revenue and changes in costs are taken into consideration. The present values are determined using discounted cash flow models. They are heavily influenced by the Company's officers' estimates of future cash inflows and by the discount rate used. The impairment of goodwill was a key audit matter for us during our audit because of the uncertainty attaching to assumptions and estimates and due to the substantial amount of goodwill reported on the balance sheet. Hypoport SE's disclosures on goodwill can be found in note 4.1 of the notes to the consolidated financial statements.

Audit response

We reviewed the Company's officers' estimates regarding the impairment of goodwill. Firstly, we assessed the appropriateness of the measurement method used for the impairment test. We then critically examined the assumptions on which the planning was based and checked whether they were plausible. To this end, we examined the planning process, assessed actual performance relative to plan and checked the available planning for consistency, taking account of economic conditions in the market. As even minor changes to the discount rate used can have a material impact on the recoverable amount calculated for a cash-generating unit, we consulted our measurement specialists for an assessment of the discount rate. They used market data to verify the appropriateness of the inputs used, e.g. market risk premiums and beta factors. We also used checklists to verify the completeness of the disclosures required by IAS 36, including the sensitivity analyses.

Other information

The Company's officers and the Supervisory Board are responsible for the other information. The other information consists of:

- The Group's non-financial declaration, which is published separately and is referred to in section I.11 of the group management report
- The Group's corporate governance declaration, which is published separately and is referred to in section I.11 of the group management report
- The other parts of the annual report, with the exception of the audited consolidated financial statements and group management report and our auditors' report.

Our audit opinions on the consolidated financial statements and group management report do not encompass the other information. We do not therefore provide an audit opinion or draw any other auditing-related conclusion on this information.

In connection with our audit of the consolidated financial statements, it is our responsibility to read the other information and to acknowledge whether the other information:

- Has any material inconsistencies with the consolidated financial statements, the group management report or the knowledge that we acquire during the audit, or
- Otherwise appears to be materially misstated.

Responsibility of the company's officers and the supervisory board for the consolidated financial statements and group management report

The Company's officers are responsible for preparing the consolidated financial statements, which have to comply, in all material respects, with IFRS, as adopted by the EU, and the additional German statutory provisions pursuant to section 315e (1) HGB and give a fair presentation of the Group's financial position and financial performance in accordance with these requirements. The Company's officers are also responsible for the internal controls that they consider necessary for the preparation of consolidated financial statements that are free of material misstatements, whether due to fraud or error.

When preparing the consolidated financial statements, the Company's officers are responsible for assessing the Group's ability to continue as a going concern. They are also responsible for disclosing matters relating to the Group's continuation as a going concern, where pertinent. In addition, they are responsible for accounting on the basis of the accounting principles for continuation as a going concern, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Company's officers are responsible for preparing the group management report, which must, as a whole, provide a suitable view of the Group's position, be consistent in all material respects with the consolidated financial statements, comply with the German statutory provisions and suitably present the opportunities and risks of future development. The Company's officers are also responsible for putting in place what they consider to be the necessary arrangements and systems to be able to prepare a group management report that complies with the applicable German statutory provisions and to provide sufficient suitable documentary evidence to substantiate statements made in the group management report.

The Supervisory Board is responsible for monitoring the accounting process used by the Group to prepare the consolidated financial statements and group management report.

Responsibilities of the auditors for the audit of the consolidated financial statements and group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatements, whether due to fraud or error, and whether the group management report as a whole provides a suitable view of the Group's position and is consistent in all material respects with the consolidated financial statements and the audit findings, complies with the German statutory provisions and suitably presents the opportunities and risks of future development, and to issue an auditors' report containing our opinions on the consolidated financial statements and group management report.

Reasonable assurance is a high level of assurance but not a guarantee that an audit conducted in accordance with section 317 HGB, the EU Audit Regulation and the German generally accepted standards for the auditing of financial statements promulgated by IDW will always uncover material misstatements. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

During the audit, we exercise our professional judgement and maintain a sceptical attitude. Furthermore:

- We identify and assess the risks of material misstatements, whether due to fraud or error, in the consolidated financial statements and group management report, design and perform audit procedures in response to these risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than from one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the overriding of internal controls.

- We gain an understanding of the internal control system that is relevant to the audit of the consolidated financial statements and of the necessary arrangements and systems relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- We evaluate the appropriateness of the accounting policies used by the Company's officers and the reasonableness of the estimates and related disclosures made by the Company's officers.

- We draw conclusions about the Company's officers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether there is material uncertainty surrounding events or circumstances that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that there is material uncertainty, we are required to draw attention in the auditors' report to the relevant disclosures in the consolidated financial statements and group management report or, if such disclosures are not appropriate, to qualify our opinion. We draw our conclusions based on the audit evidence obtained up to the date of our auditors' report. However, future events or circumstances may lead to the Group no longer being able to continue as a going concern.

- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in such a way that they, in accordance with IFRS, as adopted by the EU, and the additional German statutory provisions pursuant to section 315e (1) HGB, give a fair presentation of the Group's financial position and financial performance.

- We collect sufficient suitable audit evidence regarding the accounting information of the companies or activities within the Group to express an opinion on the consolidated financial statements and group management report. We are responsible for directing, supervising and performing the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.

- We assess whether the group management report is consistent with the consolidated financial statements and complies with the law and we assess the view that it provides of the Group's position.

- We conduct audit procedures in respect of forward-looking statements made by the Company's officers in the group management report. Based on sufficient suitable audit evidence, we examine, in particular, the significant assumptions underlying the Company's officers' forward-looking statements and assess whether these statements have been correctly derived from the assumptions. We do not provide a specific opinion on the forward-looking statements or on the underlying assumptions. There is a considerable unavoidable risk of material discrepancies between future events and the forward-looking statements.

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

We provide those charged with governance with a statement that we have complied with the relevant requirements regarding independence, and communicate to them all relationships and other matters that may be reasonably assumed to have an effect on our independence and the steps taken to protect against this.

We determine which of the matters that we discussed with those charged with governance were of most significance in the audit of the consolidated financial statements for the current reporting period and are therefore the key audit matters. We describe these matters in the auditors' report, unless legislation or other regulations preclude their public disclosure.

Other statutory and regulatory requiements

Report on the audit of the electronic reproduction of the consolidated financial statements and group management report prepared for publication purposes in accordance with section 317 (3b) HGB

Audit opinion

In accordance with section 317 (3b) HGB, we have conducted an audit with reasonable assurance on whether the reproduction of the consolidated financial statements and group management report contained in the attached file [Hypoport_KA20_ESEF.zip: 8e230af-7c07326197506e2f667922867ed5e16439c44aadd38948c2f95a3b553] and prepared for publication purposes ('ESEF documents') complies, in all material respects, with the requirements in section 328 (1) HGB concerning the electronic reporting format ('ESEF format'). In accordance with German legal requirements, this audit only covers the conversion of the information in

the consolidated financial statements and group management report into the ESEF format and therefore does not cover the information included in the reproduction or any other information included in the aforementioned file.

In our opinion, the reproduction of the consolidated financial statements and group management report contained in the aforementioned attached file and prepared for publication purposes complies, in all material respects, with the requirements in section 328 (1) HGB concerning the electronic reporting format. Beyond this opinion and our opinions contained in the above 'REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND GROUP MANAGEMENT REPORT' concerning the attached consolidated financial statements and the attached group management report for the financial year from 1 January 2020 to 31 December 2020, we do not provide any further opinion on the information contained in the reproduction or on the other information contained in the aforementioned file.

Basis for the audit opinion

We conducted our audit of the reproduction of the consolidated financial statements and group management report contained in the aforementioned attached file in accordance with section 317 (3b) HGB and taking account of the draft IDW EPS 410 audit standard (audit of electronic reproductions of financial statements and management reports prepared for publication purposes in accordance with section 317 (3b) HGB). Our responsibility in this context is described in more detail in the 'Auditors' responsibility for the audit of the ESEF documents' section. Our audit firm applied the requirements concerning quality assurance systems specified in the IDW QS 1 quality assurance standard (requirements concerning quality assurance in audit firms).

Responsibility of the Company's officers and the Supervisory Board for the ESEF documents

The Company's officers are responsible for preparing the ESEF documents containing the electronic reproduction of the consolidated financial statements and group management report in accordance with section 328 (1) sentence 4 no. 1 HGB and for tagging the consolidated financial statements in accordance with section 328 (1) sentence 4 no. 2 HGB.

The Company's officers are also responsible for the internal controls that they consider necessary for the preparation of ESEF documents that are free of material infringements – whether due to fraud or error – of the requirements concerning the electronic reporting format in section 328 (1) HGB.

Furthermore, the Company's officers are responsible for submitting the ESEF documents together with the independent auditors' report, the attached audited consolidated financial statements and audited group management report, and other documents to be published to the operator of the German Federal Gazette.

The Supervisory Board is responsible for monitoring the preparation of the ESEF documents as part of the financial reporting process.

Auditors' responsibility for the audit of the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free of material infringements – whether due to fraud or error – of the requirements in section 328 (1) HGB. During the audit, we exercise our professional judgement and maintain a sceptical attitude. Furthermore:

- We identify and assess the risks of material infringements, whether due to fraud or error, of the requirements in section 328 (1) HGB, design and perform audit procedures in response to these risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.

- We gain an understanding of the internal controls that are relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these controls.

- We evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815, in the version valid as at the reporting date, concerning the technical specifications for this file.

- We evaluate whether the ESEF documents enable an XHTML reproduction of the audited consolidated financial statements and audited group management report that has identical content.

- We evaluate whether the tagging of the ESEF documents using inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Other disclosures pursuant to article 10 of the eu audit regulation

We were elected by the Annual General Meeting on 9 June 2020 to audit the financial statements. The Supervisory Board engaged us on 19 June 2020. We have been the auditors of the consolidated financial statements of Hypoport SE on an uninterrupted basis since the 2008 financial year.

We declare that the audit opinions contained in this auditors' report are consistent with the additional report to the Supervisory Board pursuant to article 11 of the EU Audit Regulation.

Responsible auditor

The auditor responsible for the audit is Dr Ralf Wißmann.

Lübeck, 23 March 2021

BDO AG
Wirtschaftsprüfungsgesellschaft

Dr Faßhauer
Wirtschaftsprüfer
(German Public Auditor)

Dr Wißmann
Wirtschaftsprüfer
(German Public Auditor)

Single-entity financial statements

of Hypoport SE 2020 (abridget version)

The single-entity financial statements and the management report of Hypoport SE have been prepared in accordance with German generally accepted accounting principles (German Commercial Code [HGB]) and the provisions of the German Stock Corporation Act (AktG).

The balance sheet and the income statement meet the classification criteria prescribed in sections 266 and 275 HGB. The income statement is presented under the nature-of-expense method pursuant to section 275 (2) HGB.

The full version of the single-entity financial statements, which have received the unqualified opinion of Hypoport SE's auditors, is published in the electronic Federal Gazette under no. HRB 19859 HL.

Income statement for the year ended 31 December 2020

	2020 €'000	2019 €'000
Revenue	18,161	13,898
Other operating income	824	378
Material costs	– 6,749	– 5,000
Personnel expenses	– 15,794	– 9,839
Depreciation, amortisation and write-downs on intangible fixed assets and on property, plant and equipment		
Other operating expenses	– 1,143	– 517
Income from long-term equity investments	– 16,051	– 11,375
Income from profit transfer agreements	8,480	5,698
Income from loans from financial assets	39,755	38,297
Other interest and similar income	1,630	1,208
Depreciation on financial assets	250	201
Expense in respect of loss transfers	– 4,898	– 10,965
Interest expense and similar charges	– 1,957	– 1,645
Profit from ordinary activities	**22,508**	**20,339**
Income taxes	– 4,614	– 5,318
Other taxes	– 6	– 5
Deferred taxes	– 608	– 2,726
Net profit for the year	**17,280**	**12,290**
Profit brought forward	93,301	80,967
Settlement purchase of treasury shares	446	44
Distributable profit	**111,027**	**93,301**

Balance sheet as at 31 December 2020

Assets	31,12,2020 €'000	31,12,2019 €'000
Fixed assets		
Intangible assets	486	493
Property, plant and equipment	4,244	1,367
Financial assets	239,067	211,465
	243,797	**213,325**
Current assets		
Trade receivables	32	0
Receivables from affiliated companies	63,348	51,525
Receivables from other long-term investees and investors	1,280	1,238
Other assets	619	570
Cash and cash equivalents	5,328	1,131
	70,607	**54,464**
Prepaid expenses	**304**	**182**
	314,708	**267,971**
Equity and liabilities		
Equity		
Issued capital	6,300	6,252
Thereof treasury shares	– 193	– 241
Thereof subscribed capital	6,493	6,493
Capital reserves	65,773	51,111
Retained earnings	7	7
Distributable profit	111,027	93,301
	183,107	**150,671**
Provisions	**4,189**	**3,776**
Liabilities		
Liabilities to banks	107,008	90,869
Liabilities to affiliated companies	460	606
Liabilities to companies with which an investment relationship exists	14,460	17,842
Other liabilities	865	195
	122,793	**109,512**
Deferred tax liabilities	**4,619**	**4,012**
	314,708	**267,971**

Hypoport SE
Heidestr. 8 · 10557 Berlin
Tel.: +49 (0)30 / 420 86 - 0 · Fax: +49 (0)30 / 420 86 - 1999
E-Mail: ir@hypoport.de · www.hypoport.com

DEUTSCHE BÖRSE
PRIME STANDARD