Hypoport SE annual report for 2021

Berlin, 28 March 2022

Key performance indicators

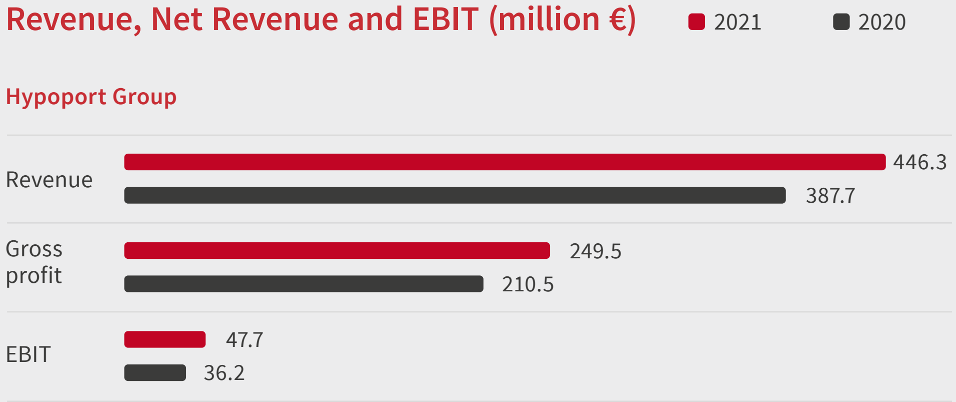
Financial performance (million €)	01.01. – 31.12.2021	01.01. – 31.12.2020	Change
Revenue	446.3	387.7	15%
Gross profit	249.5	210.5	19%
Earnings before interest. tax. depreciation and amortisation (EBITDA)	77.1	63.8	21%
Earnings before interest and tax (EBIT)	47.7	36.2	32%
EBIT margin (EBIT as a percentage of gross profit)	19.1%	17.2%	11%
Net profit (loss) for the year	30.6	27.9	10%
attributable to Hypoport SE shareholders	30.2	27.3	11%
Earnings per share (€)	4.79	4.33	11%

Financial position (million €)	31.12.2021	31.12.2020	Change
Current assets	136.2	112.8	21%
Non-current assets	459.6	439.2	5%
Equity	253.4	221.4	14%
attributable to Hypoport SE shareholders	251.9	220.5	14%
Equity ratio (%)	42.6	40.1	6%
Total assets	595.8	552.0	8%

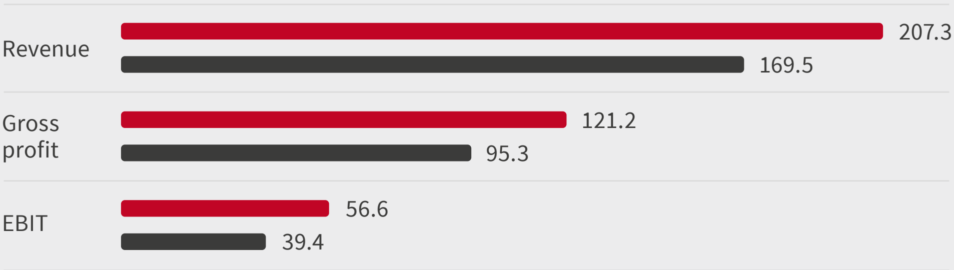
Share performance		
Number of shares	31 December 2021	6,493,376
High in 2021		€ 614.00
Low in 2021		€ 420.00
Market capitalisation	31 December 2021	€ 3.32 bn
Trading volume	Average per day 2021	€ 4.1 mn

Revenue, Net Revenue and EBIT (million €)

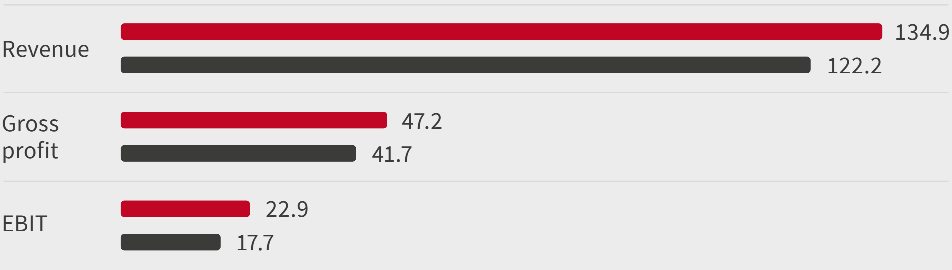
Hypoport Group



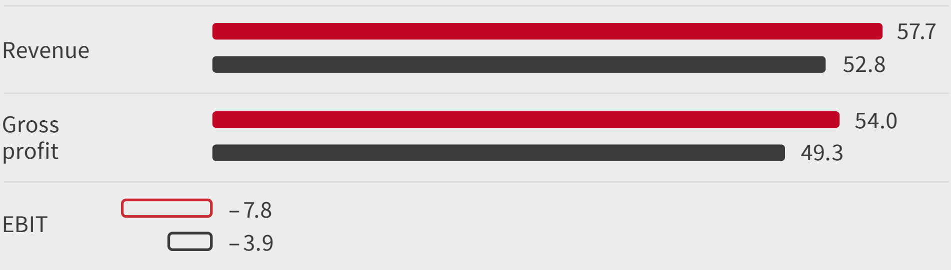
Credit platform segment



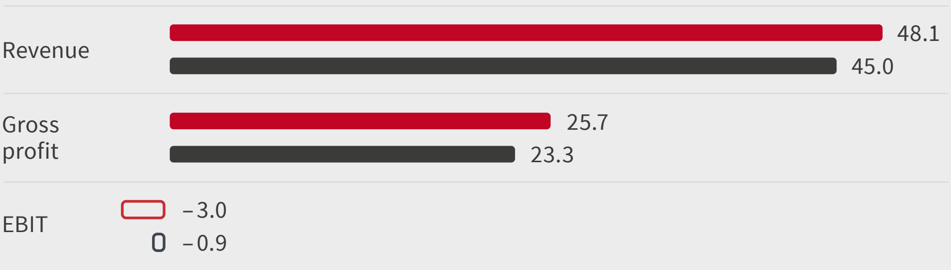
Private Clients segment



Real Estate platform segment



Insurance platform segment



Contents

Letter to the shareholders

Dear shareholder, dear Hypoport employee,

2021 was a very eventful year. It was the second consecutive year shaped by the coronavirus pandemic. In addition, we saw a once-in-a-century flood event, the hasty withdrawal of the international community from Afghanistan, increasingly aggressive behaviour by Russia towards Ukraine and the transition to a new government in Germany.

Against this backdrop and considering the slow pace of the recovery from the severe recession of 2020, the Hypoport Group had a very successful year in 2021. Our revenue growth of 15 per cent was driven by all Hypoport segments and resulted in revenue of €446 million. This robust growth is attributable to further gains in market share for all of the Hypoport platforms and the unexpectedly strong performance of the corporate finance advisory business.

At the same time, we were again able to invest heavily in Hypoport's future growth in 2021. Our targeted capital expenditure totalled around €45 million in 2021 and was dedicated to new platform technology, the expansion of sales capacity and the exploitation of synergies within the Hypoport Group. EBIT rose by 32 per cent to €47.7 million despite this high level of investment. We exceeded our EBIT forecast (€40 million to €45 million), primarily due to very strong corporate finance business in the Credit Platform segment in the second half of the year. The organic EBIT growth achieved also highlights the scalability of our platform business models and the agility of the Hypoport Group as a whole during the pandemic.

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 2021. Europace increased its transaction volume to €102 billion, up by 14 per cent compared with 2020. Although external conditions meant that progress with the acquisition of new clients was slower than expected and rollout projects in the regional bank sector were delayed, the GENOPACE and FINMAS sub-marketplaces were once again the growth drivers with gains of 55 per cent and 26 per cent respectively.

Healthy growth in the sales-supporting brokerage pools and the white-label personal loans business contributed to the platforms' revenue as well. Of particular note was the excellent performance of corporate finance advisor REM CAPITAL in the second half of the year, which was due to favourable changes to the funding policies of Germany's KfW development bank. As a result, revenue in this segment rose by 22 per cent to €207 million and thus exceeded expectations by a substantial margin.

The segment's EBIT increased at a higher rate than revenue, advancing by 44 per cent to €57 million in 2021, despite continued high levels of investment in the 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.

The **Private Clients segment,** with its main B2C brand Dr. Klein, gained further market share thanks to the use of Europace and increased its sales volume by 9 per cent to €9.9 billion in 2021, even though the previous year had been extremely strong due to very favourable competitive conditions. Revenue rose by 10 per cent to €135 million in the Private Clients segment. The segment's EBIT advanced more steeply, by 29 per cent, to €23 million.

Relative to its revenue, the Real Estate Platform segment has been the biggest area of investment within the Hypoport Group since 2020. In 2021, we invested heavily in the transformation of acquired businesses and in the 'platform for housing' and have made significant progress despite challenging external conditions. We are developing holistic, digital processes to link up our platforms, products and services both in the market for residential property owners and in the residential lettings market.

The **Real Estate Platform segment's** total revenue went up by 9 per cent to €58 million. EBIT fell sharply to a loss of €8 million owing to the high levels of investment and the decision to scale back individual project business. However, our 'platform for housing' will remain a focus of investment for the Hypoport Group in 2022 and continues to offer very promising prospects for growth in the long term.

The **Insurance Platform segment** increased the volume of premiums migrated to the fully integrated SMART INSUR platform by 25 per cent to €3.3 billion in 2021. However, the rate at which new clients were signed up fell significantly short of our expectations overall owing to the social-distancing requirements during the coronavirus crisis. Overall, revenue therefore rose only slightly, by 7 per cent, to €48 million in 2021. This was one of the reasons why a process was initiated at the end of 2021/start of 2022 that aims to optimise the strategic focus through the creation of three distinct business units (private insurance, industrial insurance, occupational pension provision). EBIT declined to a loss of €3 million due to an only modest increase in revenue and continued high levels of investment in the SMART INSUR platform.

The past two years have been dominated by the coronavirus pandemic, presenting us all with challenges in terms of health, finances and emotional wellbeing. But Hypoport has demonstrated in this crisis that its corporate culture, business models and markets create stable foundations on which people and companies can grow in spite of such major adverse events.

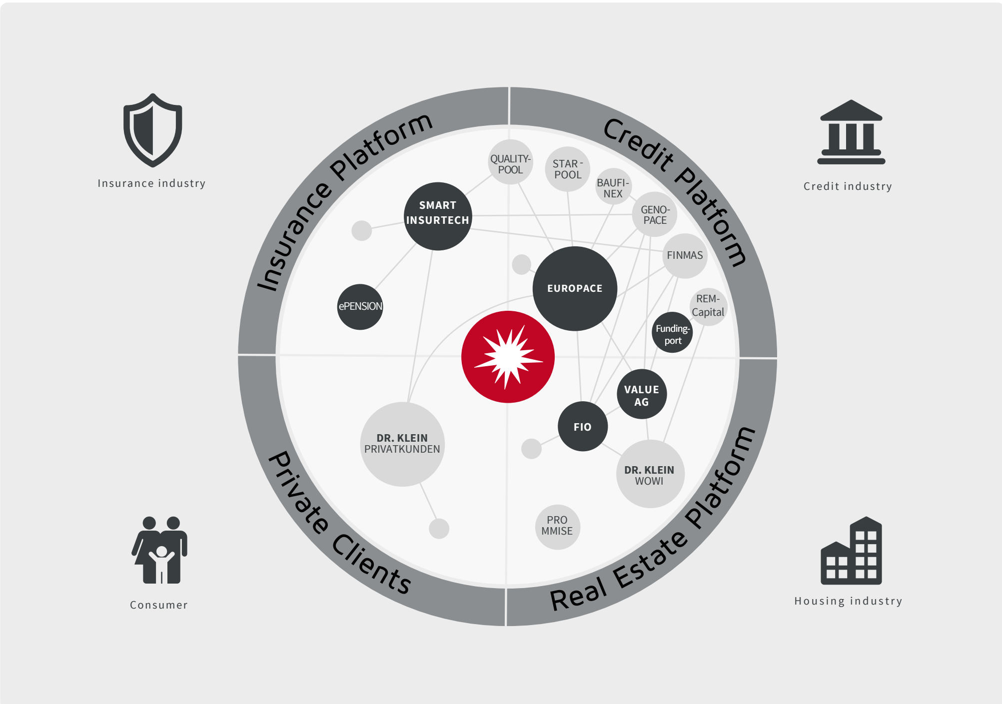
We can now see that Russia's military aggression will be a dominant influence in 2022 (if not longer) and introduce uncertainty in many areas of our lives. But this will not stop Hypoport from achieving further dynamic growth through the digitalisation of three key areas of the economy and from playing its part in making the economy efficient, open and robust.

We have big plans for 2022. For example, we want to integrate all Hypoport platforms in the market for residential property owners based on the strategic objective of creating one overall digital process for sellers and buyers. We will also continue to drive forward innovative projects such as Europace OneClick, which aims to revolutionise the extension of credit through faster loan approvals, and GENOFLEX, the personal loans platform for the cooperative banking sector. And we want to successfully complete the validation process for the industrial insurance business and the establishment of the fundingport corporate finance platform.

With due consideration for these planned investments in future growth, our forecasts for 2022 are consolidated revenue of between €500 million and €540 million and EBIT of between €51 million and €58 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

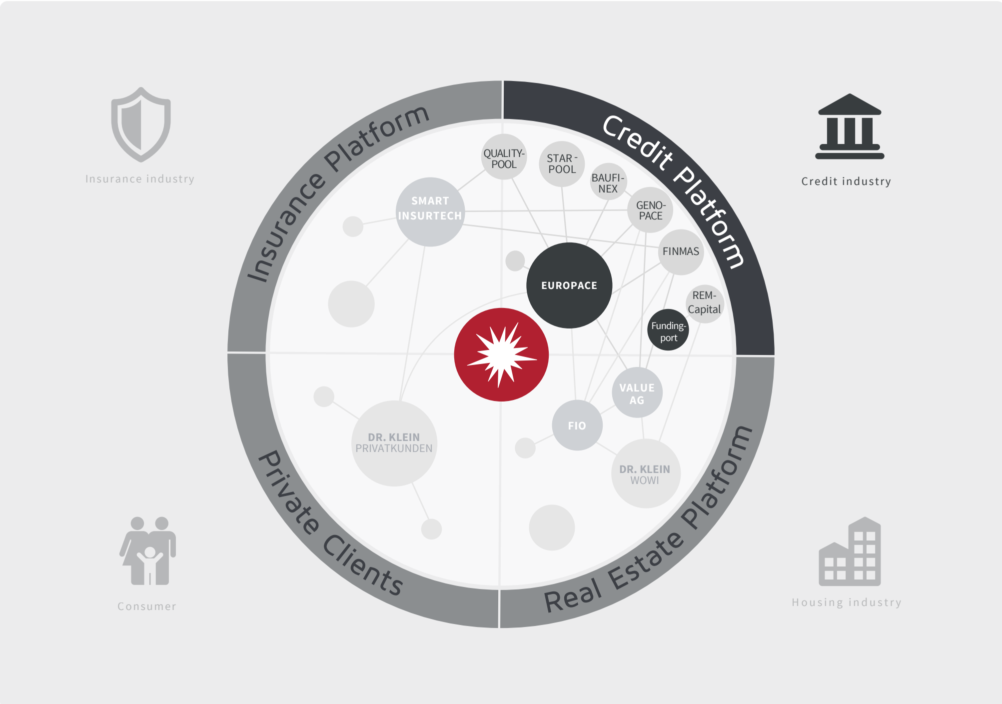
Business model and strategy

The business models of the Hypoport Group companies drive forward the digitalisation of the German credit, real-estate and insurance industries. In order to pursue this group-level objective, the individual Hypoport companies develop B2B technology platforms for these three sectors (fintech, proptech, insurtech). The 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. Since 2021, Hypoport SE has been focusing 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 as a strategic and management holding company 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 four segments, are the key performance indicators (KPIs) for the Hypoport Group. Since 2021, EBT has constituted the sole KPI of the strategic and management holding company Hypoport SE. It includes the net income (loss) from long-term equity investments in subsidiaries. Revenue, which was used as a KPI until 2020, is no longer a useful metric as the Hypoport SE entity has become the investor company of the Hypoport Group, a function in which the entity does not perform any material operational activities of its own.

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 almost 800 partners: banks, insurers and financial product distributors. In 2021, several thousand users executed more than 400,000 transactions via Europace. The volume generated during the year exceeded €100 billion.

In addition to Europace, the Credit Platform segment includes various 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 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 financial product distributors that are closely linked to our partner and offers complementary packaging services.

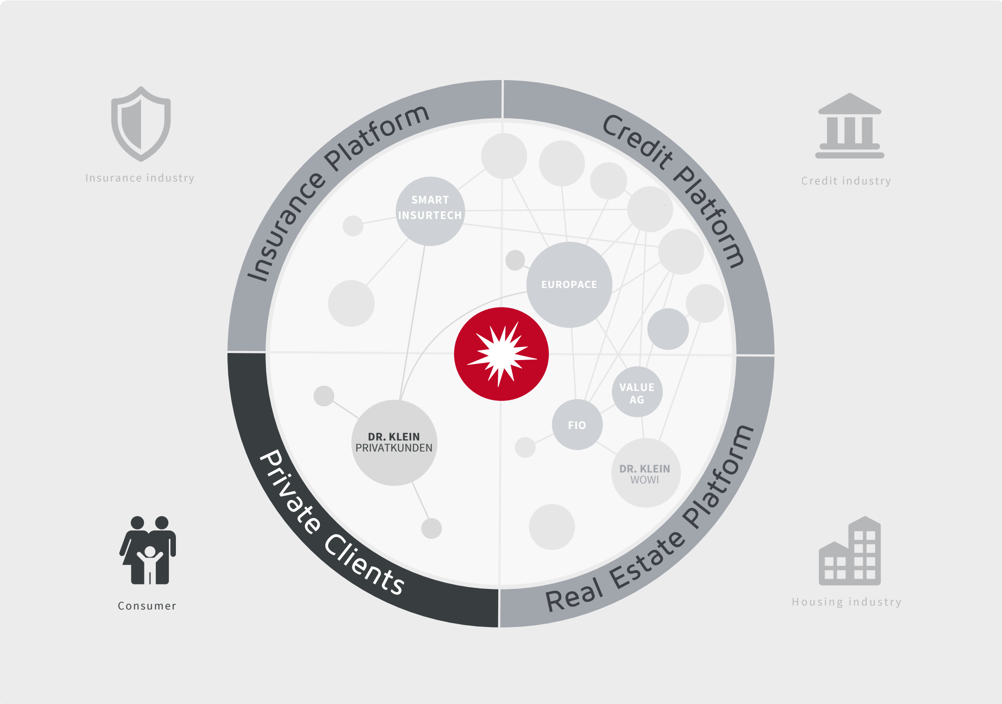
BAUFINEX GmbH, a subsidiary established in cooperation with Bausparkasse Schwäbisch Hall, provides a marketplace that is focused on small-scale mortgage finance brokers from the cooperative financial network.

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 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 have already been put into operation.

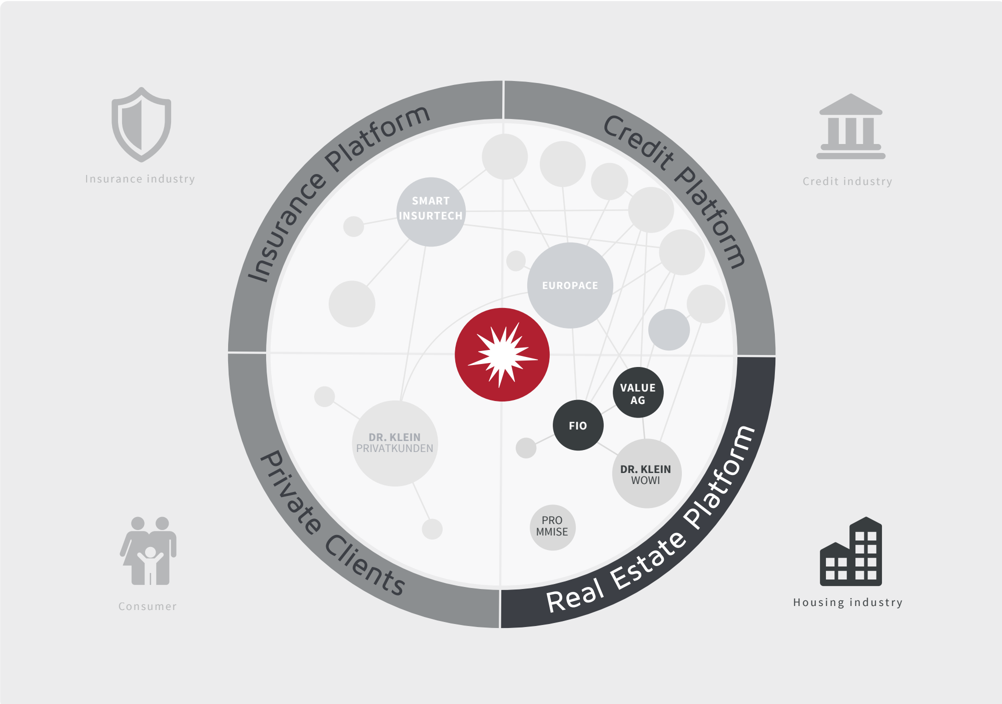
Private Clients segment



The companies within the Private Clients segment primarily focus on the brokerage of residential mortgage finance products for consumers in Germany. 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, more often, 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 the breadth and quality of the product range and the efficiency of the advisory process.

Real Estate Platform segment



All property-related activities of the Hypoport Group 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.

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. In addition, FIO offers software-as-a-service solutions for housing companies' payments processing and for management of insurance claims.

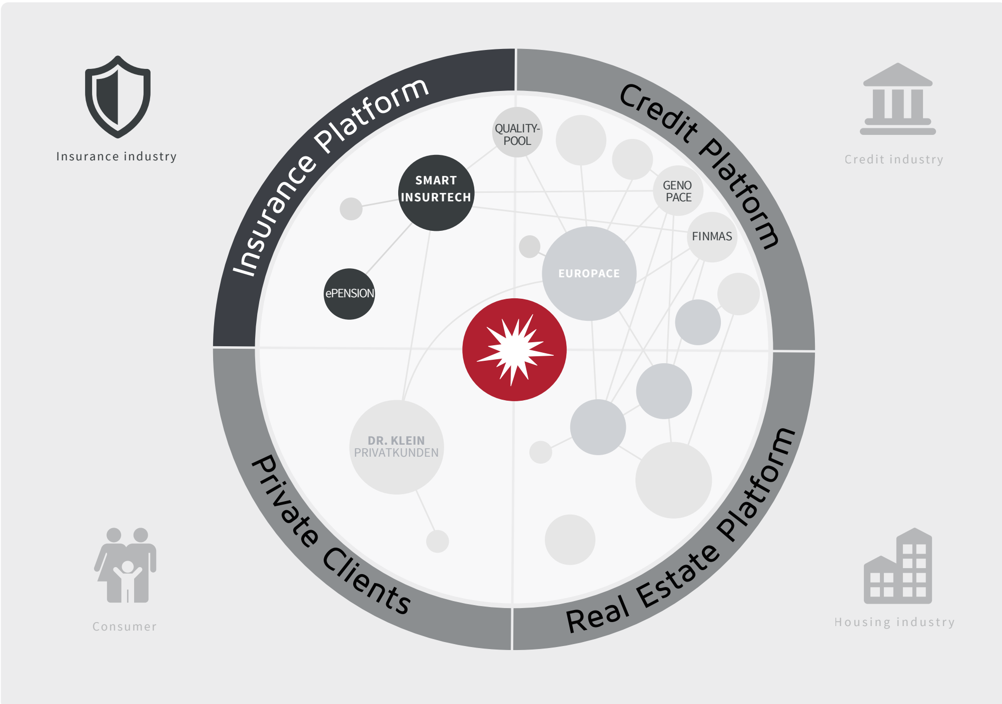
Operating across Germany, Value AG provides property valuation services for the credit and real-estate industries. These services in combination with FIO's broker software and the Europace platform create a seamless process for purchasing and valuing residential property in Germany and arranging the 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 portfolio management.

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. From 2022, the wholly owned subsidiary AmexPool AG will contribute to the future growth of Qualitypool (see the 'Events after the reporting period' section).

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 and reported separately. In 2021, this segment essentially consisted of the business activities of the parent company Hypoport SE in its role as a strategic and management holding company. It also includes Hypoport hub SE, the entity in which the Hypoport Group's shared services have been bundled since 2021.

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. Apart from the industry-specific factors listed below (see the 'Sectoral performance' section), the only macroeconomic variables that have exerted a degree of influence on consumers' and the housing industry's willingness to take out loans and insurance in recent years have been gross domestic product (GDP), interest rates and inflation.

Until 2019, the German economy enjoyed a ten-year run of expansion, the longest period of growth since German reunification. The effects of the public health measures taken to contain coronavirus had caused GDP in 2020 to fall by 4.6 per cent compared with the previous year. Based on preliminary calculations, GDP in 2021 is expected to have increased by 2.7 per cent compared with 2020. This would put GDP for 2021 at just 2.0 per cent below the figure for 2019, the year before the coronavirus pandemic broke out. The reasons why economic output did not rebound more rapidly include a certain level of spending restraint among consumers and limited access to resources due to supply chain disruptions in the manufacturing sector.

In 2020, consumer prices in Germany had gone up by 0.5 per cent, which was well under the inflation target of the European Central Bank (ECB). Over the first half of 2021, inflation increased steadily, rising slightly above the ECB target in the spring and well above it from the summer of 2021. The rest of the eurozone followed a similar trend.

In July 2021, the ECB announced the transition to a slightly more flexible inflation target and repeatedly reaffirmed its commitment to low interest rates over the further course of the year. This approach, combined with market expectations of future steps to tighten monetary policy, drove interest rates up slightly towards the end of the year.

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 (see the ‘Market for residential mortgage finance’ section).

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 – provides software solutions for traditional distribution organisations and B2C insurtech start-ups. The German insurance industry therefore constitutes the key market environment for this segment’s operations.

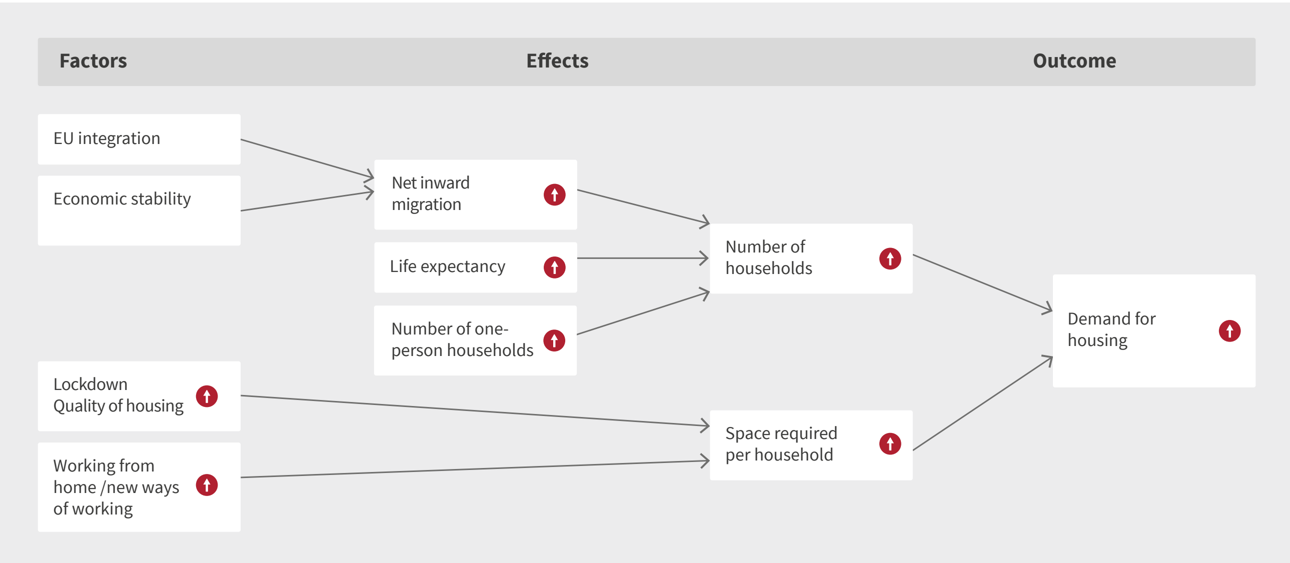
Housing market in Germany

The conditions for mortgage finance for residential property in Germany (Credit Platform segment and Private Clients segment) and housing market transactions (Real Estate Platform segment) both depend on the German housing market environment, which has been buoyant for many years. It is influenced by five main long-term factors:

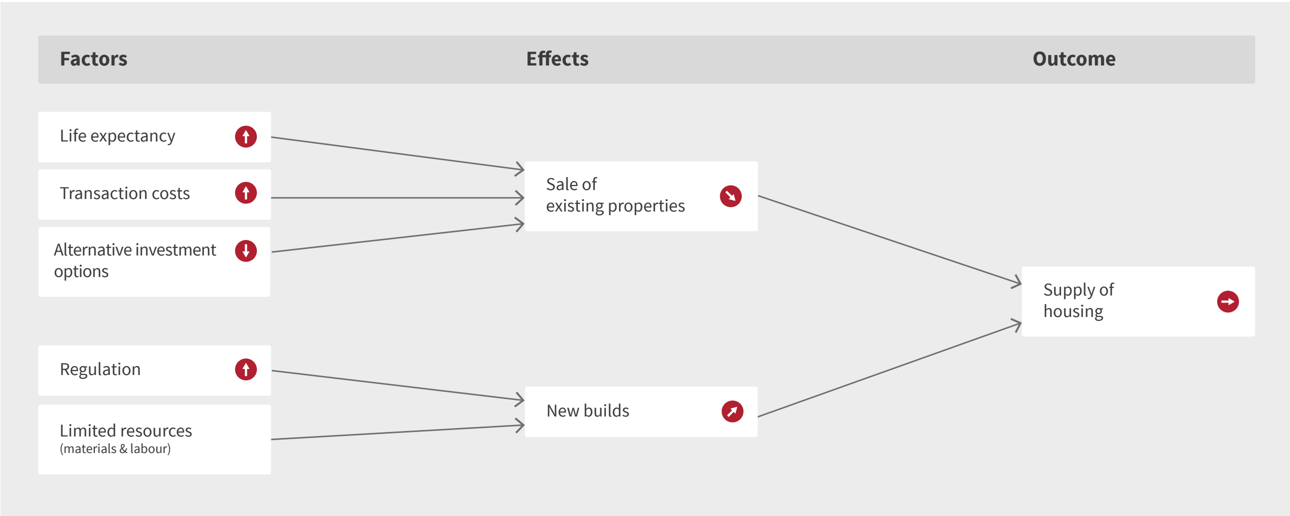
1. Net inward migration to Germany,
2. Higher life expectancy,
3. Growing number of one-person households,
4. Growing need for space as more people are working from home,
5. Wish to be unaffected by the ever weakening rental market.

The first four of these long-term 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 an increase in property prices, in the volume of housing market transactions (see the 'Volume of housing market transactions' section below) and in the volume of private residential mortgage finance (see the 'Market for residential mortgage finance' section on page 19).

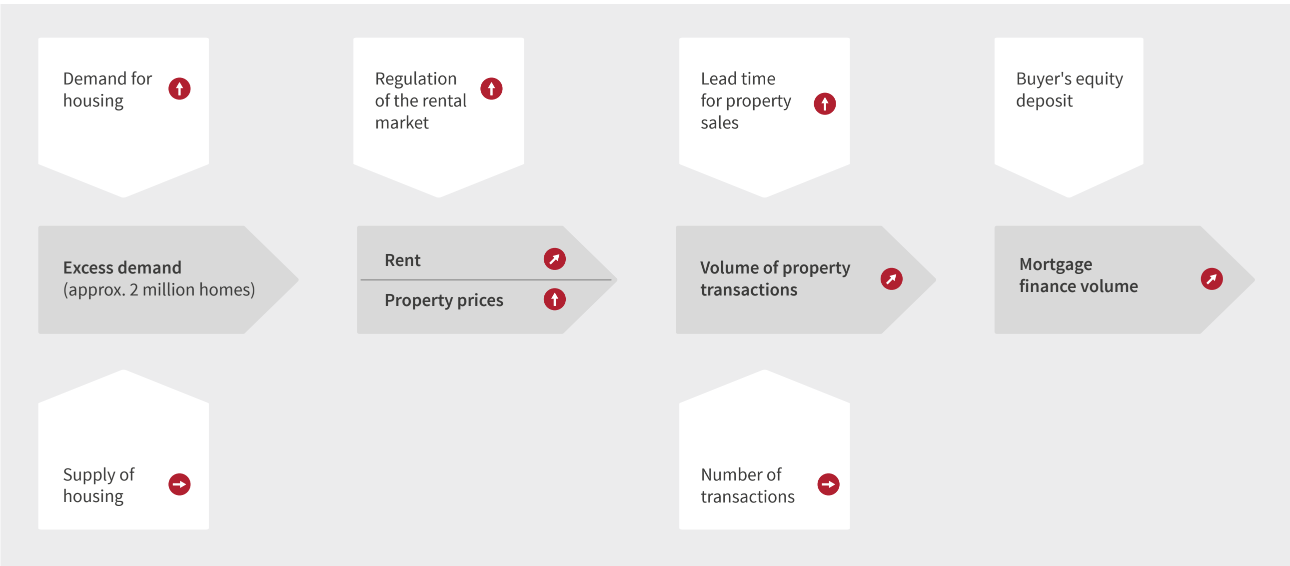
Factors influencing **demand** in the German housing market



Factors influencing **supply** in the German housing market:



Factors influencing the volume of mortgage finance



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 €235 billion in 2021. The year-on-year increase of approximately 8 per cent was driven by a sharp rise in property prices, as the number of property transactions was down slightly. This was reflected in Europace's EPX house price index, which rose by 13 per cent from 188 points to 213 points over the course of 2021. The social distancing measures that were once again imposed in 2021 in order to tackle the spread of the coronavirus pandemic held back growth in the volume of housing market transactions because of the reduced number of transactions. This adverse effect on the volume of housing market transactions 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 housing market,
- Regulatory requirements for brokers and suppliers of residential mortgages,
- Level of interest rates for mortgage finance.

See the 'Housing market in Germany' and 'Volume of housing market transactions' sections above for information about the first factor.

As regards the second factor, the German financial services market has, for many years, seen a steady increase in European and national regulation, which is mostly aimed at consumer protection. 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. No further material regulatory interventions took place in 2021.

The third factor, the level of interest rates in the short term, tends to play a subordinate role when consumers are deciding whether to buy property. For this group, being able to secure the most suitable 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.

I IMA® information on the German property market in 2021, GEWOS.

The interaction of these factors caused the volume of new mortgage finance business, based on Deutsche Bundesbank statistics [II] (Bundesbank time series BBK01.SUD231), to rise to €284.0 billion in 2021, a year-on-year increase of 3.9 per cent (2020: €273.4 billion).

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.

In 2021, gross premium income rose by 1.1 per cent to €223 billion. It therefore grew at an overall rate significantly below inflation, although performance varied substantially across different business lines. In life insurance, the largest line of business, the volume of premiums declined by 1.4 per cent due to the low interest-rate level and regulatory interventions by the legislator. By contrast, the private health insurance business recorded premium growth of 5.0 per cent and the premium volume in the non-life business rose by 2.2 per cent.

This increase reaffirms that the German insurance market is resilient to crises in the wider economy such as the coronavirus pandemic. But it also proves that this industry is not growing in real terms.

Business performance

As in every year since the 2008/2009 financial crisis, the Hypoport Group continued to grow in the reporting year. And once again, it achieved a double-digit percentage rate of revenue growth. Consolidated revenue increased by 15 per cent year on year, from €387.7 million to €446.3 million. This increase was generated almost entirely through organic growth and meant that revenue was at the upper end of the forecast range of between €430 million and €450 million.

Gross profit in the Hypoport Group increased at a slightly higher rate than revenue with a rise of 19 per cent, from €210.5 million in 2020 to €249.5 million in 2021. Thanks to the healthy growth of revenue, the Hypoport Group's earnings before interest and tax (EBIT) rose by 32 per cent year on year from €36.2 million to €47.7 million, despite high levels of investment on projects to deliver future growth. This meant that the Group exceeded its EBIT forecast of between €40 million and €45 million. One of the factors driving this robust growth was the very strong performance of the corporate finance business in the Credit Platform segment in the second half of 2021. The organic EBIT growth achieved also highlights the scalability of our platform business models and the agility of the Hypoport Group as a whole during the pandemic.

Details of the performance of the individual segments can be found below.

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.

Explanation of the changes to the segments

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 early March 2020, 49 per cent of the shares in ePension GmbH & Co. KG ('ePension'), Hamburg, were acquired, followed by a further 2 per cent in 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 revenue and selling expenses stated below for the 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 financial product distributors, 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 2021 went up by around 14 per cent to €102.2 billion, compared with €89.6 billion in 2020. 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 17 per cent year on year to €84.9 billion (2020: €72.7 billion). In the second-largest product group, building finance, the transaction volume held more or less steady at €13.2 billion (2020: €13.4 billion) even though the overall market as a whole shrank. The volume in the smallest product group, personal loans, advanced by a substantial 17 per cent to €4.1 billion (2020: €3.5 billion) in a contracting market environment.

FINMAS, the sub-marketplace for institutions of the Savings Banks Finance Group, increased its volume of transactions by 26 per cent to €10.5 billion in 2021. In the cooperative banking sector, institutions used the dedicated GENOPACE sub-marketplace to generate a volume of €12.6 billion, an impressive jump of 55 per cent. Alongside these groups of banks, the volume generated by non-captive financial product distributors and private commercial banks also expanded at a much faster rate than the market, with increases of nearly 10 per cent and nearly 15 per cent respectively.

Dynamic growth in the Qualitypool brokerage pool and the solid performance of Starpool and the white-label personal loans business contributed to the platforms' revenue as well. But corporate finance advisor REM CAPITAL was the star of the segment. In the second half of the reporting year, REM CAPITAL's business performance was boosted by favourable changes to the funding policies of Germany's KfW development bank and its revenue exceeded expectations by a sizeable margin.

Revenue and earnings
In 2021, revenue in the Credit Platform segment rose by a substantial 22 per cent to €207.3 million (2020: €169.5 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 the slightly faster rate of 27 per cent to reach €121.2 million (2020: €95.3 million). On the back of this increase, EBIT advanced by 44 per cent to €56.6 million (2020: €39.4 million). The segment's forecast of a sharp rise in revenue and earnings in 2021 was therefore clearly met. The Credit Platform segment's operating performance can be seen from the EBIT margin, which is based on gross profit. This margin expanded from 41 per cent in 2020 to 47 per cent in 2021, 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	2021	2020	Change
Operative figures			
Transaction volume (billion €)	102,2	89,6	14%
thereof Mortgage finance	84,9	72,7	17%
thereof Building finance	13,2	13,4	– 1%
thereof Personal loan	4,1	3,5	17%
Revenue and earnings (million €)			
Revenue	207,3	169,5	22%
Gross profit	121,2	95,3	27%
EBIT	56,6	39,4	44%

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 more than 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 [III] at the existing locations. As at 31 December 2021, the number of advisors had grown by 8 per cent year on year, taking the total to 622 (31 December 2020: 578).

In 2021, the volume of mortgage finance, building finance and personal loan products brokered by Dr. Klein ('volume of new loans brokered') amounted to approximately €9.9 billion (2020: €9.2 billion). This equates to an increase of 9 per cent. The substantial competitive advantage that the company's video-assisted advisory model had provided amid the social distancing requirements imposed due to the coronavirus outbreak (lockdown) in 2020 diminished slightly in the reporting year. But consumer demand for financial advice not tied to a particular product supplier and provided by a non-captive advisor continued to grow, as it has done for years, making 2021 another successful year for Dr. Klein. As a result, Dr. Klein further expanded its share of the overall market, which grew by only 4 per cent.

Revenue and earnings

Revenue in the Private Clients segment advanced by 10 per cent to €134.9 million in 2021 (2020: €122.2 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 13 per cent to €47.2 million (2020: €41.7 million). The EBIT of the Private Clients segment jumped by 29 per cent, from €17.7 million to €22.9 million. The disproportionately strong rise in EBIT was due to investment in 2018 and 2019 with the aim of 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 2021 was therefore met.

III Only those people whose main occupation is mortgage finance advisor now count as Dr. Klein advisors.

The operating performance of the Private Clients segment can be seen from the EBIT margin, which is based on gross profit and jumped from 42 per cent in 2020 to 49 per cent in the year under review. It was therefore higher than the long-term level of 35 per cent to 40 per cent.

Financial figures Private Clients	2021	2020	Change
Operative figures			
Brokered volume	9.94	9.16	9%
Number of franchise advisors (financing)*	622	578	8%
Revenue and earnings (million €)			
Revenue	134.9	122.2	10%
Gross profit	47.2	41.7	13%
EBIT	22.9	17.7	29%

* Only those people whose main occupation is mortgage finance advisor now count as Dr. Klein advisors

Real Estate Platform segment

All property-related activities of the Hypoport Group 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).

The focus for the property sales platform in 2021 was on acquiring new clients and expanding the platform offering. In a market environment where client acquisition was hampered by the coronavirus pandemic, the platform managed to grow its number of clients by 3 per cent to 434. The market penetration of FIO's property sales platform in the cooperative banking sector has particularly strong potential for new clients due to the huge target audience of almost 800 cooperative banks. The total value of all properties sold via the platform in 2021 amounted to around €16.6 billion, which equates to an increase of 13 per cent compared with the previous year. A substantial rise in the prices at which individual properties were sold helped to generate this marked increase in spite of low levels of client acquisition and longer lead times for property sales.

The number of banking partners using the property valuation platform increased by 21 per cent to 511 and the value of the properties valued on the platform also rose by 21 per cent to €30.1 billion.

The volume of new loans brokered on the property financing platform for the housing industry amounted to €2.1 billion in 2021, which represents a substantial rise of 17 per cent year on year. 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 further successes in 2021. At the end of 2021, more than 100,000 homes were being managed through the platform.

Revenue and earnings

Revenue from the property sales platform and property management platform amounted to €19.8 million (2020: €19.1 million). The modest year-on-year increase was attributable to the decision to forego individual project business from the second quarter of 2020 in favour of a scalable platform business model. Revenue generated through the property valuation platform rose by 15 per cent to €24.0 million (2020: €20.8 million). In line with the volume of transactions, revenue from the property financing platform for the housing industry went up by 8 per cent to €13.9 million (2020: €12.9 million).

The segment’s overall revenue advanced by 9 per cent to €57.7 million (2020: €52.8 million). It should be noted that revenue growth was still held back slightly by the strategic reduction of project business that had begun in the second quarter of 2020. Since 2020, project business has thus no longer been relevant to the Real Estate Platform segment. Gross profit for the segment rose at a similar rate to revenue (10 per cent) to reach €54.0 million, up from €49.3 million in the prior year. The Real Estate Platform segment was a focal point of the Hypoport Group’s investment in 2021, and increased investment meant that the segment’s EBIT fell from a loss of €3.9 million to a loss of €7.8 million. The segment’s forecast of a sharp rise in revenue and a marked fall in EBIT was therefore met.

Financial figures Real Estate Platform	2021	2020	Change
Operative figures (billion €)			
Transaction volume of financing platform	2.08	1.77	17%
Value properties valued by property valuation platform	30.08	24.80	21%
Value properties sold via property sales platform	16.60	14.74	13%
Revenue and earnings (million €)			
Revenue	57.7	52.8	9%
thereof thereof property financing platform	13.9	12.9	8%
thereof property sales platform + property management platform	19.8	19.1	4%
thereof property valuation platform	24.0	20.8	15%
Gross profit	54.0	49.3	10%
EBIT	−7.8	−3.9	

Insurance Platform segment

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 2021, significantly improved data quality made it possible for the first time to report on the migration from local systems to the SMART INSUR platform. The reported data showed a 25 per cent increase in the migrated volume to €3.4 billion. Moreover, expansion of existing client relationships and the signing up of additional small and medium-sized enterprises as pilot customers for the platform once again resulted in increased buy-in among the target group of large financial product distributors and brokerage pools in 2021. However, the rate at which new clients were signed up fell significantly short of expectations overall owing to the social-distancing requirements during the coronavirus crisis. This was one of the reasons why a process was initiated at the end of 2021/start of 2022 that aims to optimise the strategic focus through the creation of three distinct business units (private insurance, industrial insurance, occupational pension provision).

Revenue and earnings

As a result of the reduction in project business, the focus on expanding the platform and the challenging conditions for client acquisition, revenue rose only slightly, by 7 per cent, to €48.1 million in 2021 (2020: €45.0 million). The segment's gross profit climbed by 10 per cent to €25.7 million (2020: €23.3 million). EBIT declined from a loss of €0.9 million in the prior year to a loss of €3.0 million owing to an only modest increase in revenue alongside continued high levels of investment in the SMART INSUR platform.

The segment's forecast of an increase in revenue and a slight deterioration in earnings was therefore met.

Financial figures Insurance Platform	2021	2020	Change
Operative figures			
Migrated volume of premiums (€ billion)	3.45	2.75	25%
Validation rate (per cent)	23.1	14.1	64%
Revenue and earnings (million €)			
Revenue	48.1	45.0	7%
Gross profit	25.8	23.3	10%
EBIT	–3.0	–0.9	

2. Financial performance

Financial performance	2021 €'000	2020 €'000	Change €'000
Revenue	**446,346**	**387,729**	**58,617**
Commissions and lead costs	–196,863	–177,204	–19,659
Gross Profit	**249,483**	**210,525**	**38,958**
Own work capitalised	23,620	20,784	2,836
Other income	5,636	6,614	–978
Personnel expenses	–155,464	–133,877	–21,587
Other expenses	–46,064	–40,475	–5,589
Income from companies accounted for using the equity method	–115	276	–391
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**77,096**	**63,847**	**13,249**
Depreciation, amortisation expense and impairment losses	–29,420	–27,611	–1,809
Earnings before interest and tax (EBIT)	**47,676**	**36,236**	**11,440**
Net finance costs	–3,422	–2,839	–583
Earnings before tax (EBT)	**44,254**	**33,397**	**10,857**
Current income taxes	–9,269	–8,920	–349
Deferred taxes	–4,408	3,384	–7,792
Net profit for the year	**30,577**	**27,861**	**2,716**

Against the backdrop of the business performance described above, consolidated revenue rose by 15 per cent to €446.3 million (2020: €387.7 million). Gross profit after deduction of expenses for commissions and lead generation, which were mainly incurred in connection with the Dr. Klein franchise system and the pooler companies in the Credit Platform and Insurance Platform segments, increased by 19 per cent to €249.5 million (2020: €210.5 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, 52 per cent of total development costs were capitalised (2020: 55 per cent).

Other income fell due to improvements in the accrual and deferral of income relating to other reporting periods. The two main sources of other income, namely income from the reversal of provisions (€2.4 million in 2021 compared with €2.2 million in 2020) and income from employee contributions to vehicle purchases (€1.6 million in 2021 compared with €1.4 million in 2020), remained almost unchanged.

Personnel expenses rose as a result of the 10 per cent growth in the average number of employees during the reporting period (from 2,049 people to 2,251 people) and salary increases.

Other expenses essentially consisted of administrative expenses that increased from €18.8 million to €23.2 million in connection with the expansion of the business, operating expenses that fell from €11.3 million to €10.3 million due to the reduced use of office premises and selling expenses that went down from €5.8 million to €5.1 million as the pandemic led to a fall in travel expenses.

Strong revenue growth combined with a more moderate rise in commissions and lead costs and in other expenses meant that EBITDA increased by a substantial 21 per cent to €77.1 million (2020: €63.8 million).

Depreciation, amortisation expense and impairment losses increased from €27.6 million in 2020 to €29.4 million in 2021 as a result of the expansion of the business. The bulk of this item was made up of €11.2 million (2020: €8.9 million) on capitalised development costs and €9.8 million (2020: €9.9 million) on rental-related right-of-use assets.

EBIT advanced by 32 per cent to €47.7 million (2020: €36.2 million).

The net finance costs mainly comprised interest expense and similar charges of €1.8 million (2020: €1.8 million), which stemmed from bank loans totalling €113.6 million (2020: €109.0 million). The Hypoport Group’s average finance costs thus fell again in 2021.

The 33 per cent increase in EBT to €44.3 million (2020: 33.4 million) combined with a reduced use of tax loss carryforwards resulted in a 10 per cent increase in net profit for the year to €30.6 million (2020: €27.9 million).

3. Net assets

The following information on the structure of the Hypoport Group’s assets, equity and liabilities as at 31 December 2021 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’.

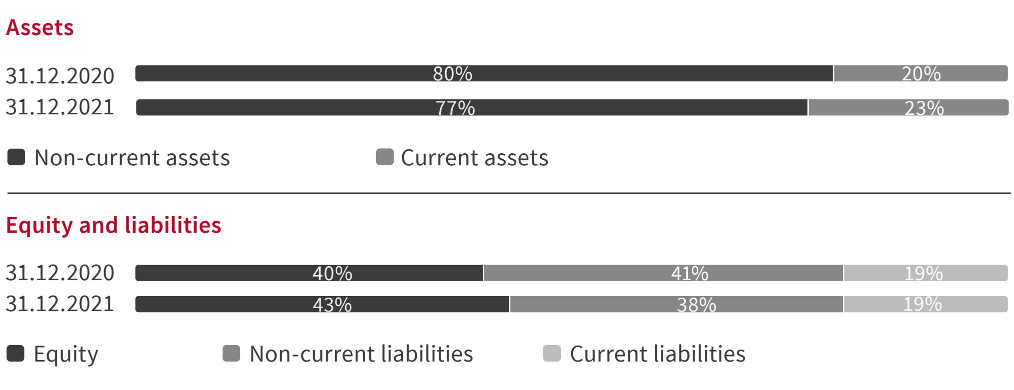
Assets	2021 €'000	%	2020 €'000	%	Change €'000
Intangible assets	322,891	54.1	306,423	55.5	16,468
Property plant and equipment	101,892	17.1	97,655	17.7	4,237
Investments accounted for using the equity method	15,611	2.6	398	0.1	15,213
Financial assets	779	0.1	15,413	2.8	– 14,634
Trade receivables	5,738	1.0	5,782	1.0	–44
Other assets	345	0.1	365	0.1	– 20
Deferred tax assets	12,345	2.1	13,181	2.4	– 836
Non-current assets	**459,601**	**77.1**	**439,217**	**79.6**	**20,384**
Inventories	1,498	0.3	1,509	0.3	– 11
Trade receivables	77,877	13.1	70,232	12.7	7,645
Other current items	6,200	1.0	6,346	1.1	– 146
Income tax assets	1,671	0.3	1,230	0.2	441
Cash and cash equivalents	48,922	8.2	33,513	6.1	15,409
Current assets	**136,168**	**22.9**	**112,830**	**20.4**	**23,338**
Total assets	**595,769**	**100.0**	**552,047**	**100.0**	**43,722**

Equity and Liabilities	2021 €'000	%	2020 €'000	%	Change €'000
Subscribed capital	6,493	1.1	6,493	1.2	0
Treasury shares	– 193	0.0	– 194	0.0	1
Reserves	245,482	41.2	214,157	38.8	31,325
	251,782	42.3	220,456	39.9	31,326
Non-controlling interest	1,650	0.3	936	0.2	714
Equity	**253,432**	**42.6**	**221,392**	**40.1**	**32,040**
Financial liabilities	97,538	16.4	94,967	17.2	2,571
Rental charges and operating lease expenses*)	75,589	12.7	72,557	13.1	3,032
Provisions	88	0.0	34	0.0	54
Other liabilities	32,078	5.4	43,029	7.8	– 10,951
Deferred tax liabilities	21,632	3.6	17,614	3.2	4,018
Non-current liabilities	**226,925**	**38.1**	**228,201**	**41.3**	**– 1,276**
Provisions	528	0.1	706	0.1	– 178
Financial liabilities	16,106	2.7	14,016	2.5	2,090
Rental charges and operating lease expenses*)	8,180	1.4	8,123	1.5	57
Trade payables	50,725	8.4	47,896	8.7	2,829
Current income tax liabilities	951	0.2	3,145	0.6	– 2,194
Other liabilities	38,922	6.5	28,568	5.2	10,354
Current liabilities	**115,412**	**19.3**	**102,454**	**18.6**	**12,958**
Total equity and liabilities	**595,769**	**100.0**	**552,047**	**100.0**	**43,722**

*) The previous year's figures have been broken down under financial liabilities, see text section "Comparability of prior-year figures"

The Hypoport Group's consolidated total assets as at 31 December 2021 amounted to €595.8 million which was an 8 per cent increase on the total as at 31 December 2020 (€552.0 million).

Balance sheet structure



Non-current assets totalled €459.6 million (31 December 2020: €439.2 million). They largely consisted of goodwill of €222.4 million (31 December 2020: €222.0 million) and development costs for the platforms of €78.3 million (31 December 2020: €62.2 million). The increase in goodwill resulted from the first-time consolidation of GWB Gesellschaft für wohnungswirtschaftliche Beratung mbH & Co. KG. Of the €4.2 million rise in property, plant and equipment to €101.9 million, €3.7 million is attributable to the construction of a new office building in Sofia, Bulgaria.

Current assets increased to €136.2 million (31 December 2020: €112.8 million) due to expansion of the business and primarily comprised receivables from clients as well as cash and cash equivalents.

The equity attributable to Hypoport SE shareholders increased by €31.3 million, or 14.2 per cent, to €251.8 million as at 31 December 2021, primarily due to the net profit for the year of €30.6 million. As a result, the equity ratio rose from 39.9 per cent to 42.3 per cent.

The decrease in non-current liabilities to €226.9 million resulted from an €11.0 million reduction in other non-current liabilities to €32.1 million following the payment of purchase price liabilities resulting from debtor warrants. On the other hand, deferred tax liabilities increased by €4.0 million, non-current liabilities to banks by €2.6 million and non-current rental and lease liabilities by €3.0 million.

The increase in rental and lease liabilities was largely the result of new office leases being signed, which must be recognised in accordance with the provisions of IFRS 16.

Other current liabilities mainly comprised purchase price liabilities of €15.7 million resulting from three debtor warrants (31 December 2020: €10.2 million), bonus commitments of €6.6 million (31 December 2020: €5.5 million) and tax liabilities of €5.4 million (31 December 2020: €4.6 million).

Total current and non-current liabilities to banks came to €113.6 million (31 December 2020: €109.0 million). Liabilities to banks went up because scheduled repayments of loans amounting to €15.4 million were outweighed by new borrowing of €20.0 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	31.12.2021 €'000	31.12.2020 €'000	Change €'000
Current liabilities	115,412	102,454	12,958
Cash and cash equivalents	48,922	33,513	15,409
	66,490	68,941	– 2,451
Other current assets	87,246	79,317	7,929
Surplus cover	**20,756**	**10,376**	**10,380**

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

Cover ratio	31,12,2021 €'000	31,12,2020 €'000	Change €'000
Non-current assets	459,601	439,217	20,384
Equity	253,432	221,392	32,040
	206,169	217,825	– 11,656
Non-current liabilities	226,925	228,201	– 1,276
Surplus cover	**20,756**	**10,376**	**10,380**

118 per cent (31 December 2020: 110 per cent) of the current liabilities of €115.4 million (31 December 2020: €102.5 million) are covered by current assets.

55 per cent (31 December 2020: 50 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.

	31.12.2021	31.12.2020
Return on investment = EBIT / (equity + non-current liabilities)	9.9%	8.1%
Cash flow (CF) return on equity = CF from operating activities / equity	25.4%	21.0%
EBIT margin = EBIT / gross profit	19.1%	17.2%
Tier-1 liquidity = cash and cash equivalents / current liabilities	42.4%	32.7%
Equity ratio = equity / total equity and liabilities	42.6%	40.1%
Gearing = liabilities / total equity and liabilities	57.5%	59.9%
Tier-1 capital ratio = equity / (Intangible assets + Property, plant and equipment)	59.7%	54.8%

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.

Thanks to the Group's robust operating performance, cash flow during the reporting period rose by 24 per cent, or €12.5 million, to €64.6 million (2020: €52.0 million). The cash used for working capital fell by €5.3 million to minus €0.2 million (2020: minus €5.5 million). Total net cash generated by operating activities in 2021 thus amounted to €64.4 million (2020: €46.6 million).

The net cash outflow of €44.7 million for investing activities (2020: €59.5 million) consisted primarily of capital expenditure of €31.0 million on non-current intangible assets (2020: €27.3 million), cash payments of €5.7 million in connection with two debtor warrants (2020: €5.5 million) and capital expenditure of €1.5 million for the acquisition of shareholdings in companies.

The net cash of €4.2 million used for financing activities (2020: net cash inflow of €21.6 million) related to new borrowing from banks of €20.0 million (2020: €30.0 million), the scheduled repayment of bank loans in an amount of €15.4 million (2020: €14.1 million) and the repayment of lease liabilities in an amount of €8.9 million (2020: €8.9 million).

Cash and cash equivalents as at 31 December 2021 totalled €48.9 million, which was €15.4 million higher than at the beginning of the year, and consisted exclusively of cash on hand and at banks.

At the balance sheet date, there were other financial commitments totalling €69.6 million (31 December 2020: €55.7 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 €9.5 million (31 December 2020: €9.4 million) due within one year, €28.1 million (31 December 2020: €28.2 million) due in one to five years and €32.0 million (31 December 2020: €18.1 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 highly satisfactory and clearly exceeded our expectations regarding EBIT. 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

Capital expenditure in 2021 largely related to investment in office furniture and equipment and in externally generated software.

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

6. Unrecognised assets

As at 31 December 2021, Hypoport SE held 192,961 treasury shares that, on that date, had a total market value of around €99 million. These shares can be used to service employee share ownership programmes and to fund acquisitions.

One asset that is only partially recognised in our subsidiaries is internally generated software, e.g. for the processing of loan brokerage transactions, the administration of insurance portfolios, or the sale, management and valuation of properties.
In the course of their brokerage activities, the subsidiaries in the Private Clients segment 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.

This means that 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 through which they can operate 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 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.

In the Real Estate Platform segment, the subsidiaries collect data on the German housing market. Data on the characteristics of residential properties (specification, location, condition, etc.) constitutes an unrecognised asset because this information can be used in the future to deliver needs-based services for the sale, financing, management and valuation of residential properties.

7. Employees

The number of employees in the Hypoport Group rose by 9 per cent compared with the end of 2020 to 2,332 (31 December 2020: 2,131 employees). The average number of people employed in 2021 was 2,251, which was a year-on-year increase of 10 per cent (2020: 2,049 employees).

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

	31.12.2021		31.12.2020		Change	
Employees	Number	%	Number	%	Number	%
Credit Platform	570	24	527	25	43	8
Private Clients	278	12	275	13	3	1
Real Estate Platform	852	36	765	36	87	11
Insurance Platform	386	17	343	16	43	13
Holding	246	11	221	10	25	11
	2,332		**2,131**		**201**	**9**

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 expertise, interdisciplinary skills, 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.

The Hypoport Group takes various steps aimed at ensuring employees are able to structure their working hours usefully and plan their free time. These include various part-time models for all employees (also available to managers), flexible working hours and the option of working from home. Employees also have the option of taking ten days' unpaid holiday in addition to their contractually agreed holiday entitlement (30 days). Long-serving employees can take longer-term unpaid sabbaticals if they wish. There are also options for taking short-term unpaid special leave, for example to care for family members or in the event of the death of a close relative. Special leave can also be taken for training and education purposes. This broad range of measures coupled with the high degree of individual responsibility, self-determination and freedom for employees to shape their own roles creates a good work-life balance for employees of the Hypoport Group.

An attractive working environment is a crucial criterion when it comes to recruiting and retaining talent. Consequently, Hypoport continually updates the systems and equipment in its workplaces. For example, all new workstations are designed in accordance with ergonomic standards and the office concept of Hypoport's premises in Berlin won the German Design Award 2022. Hypoport also fosters its employees' sense of identification with the Company by offering appealing sporting activities and a wealth of non-salary benefits, including dependant care settings such as kindergarten places and offices where employees can take their children to work, health days and company events.

Hypoport's efforts in this area are paying off, not only through a healthy number of applications from new talent but also in the form of awards for the Hypoport Group's employer-of-choice brand. In 2021, Hypoport won the Leading Employer Award, which puts Hypoport in the top 1 per cent of the 160,000 companies analysed.

The Hypoport Group takes steps to develop the individual employees and provide them with further training. Staff appraisal interviews – known as development and performance dialogues – are held at least twice a year and provide a setting in which managers and their staff can hold a structured discussion about aspirations, development opportunities and performance incentives. At the end of the process, suitable staff development measures are suggested.

In addition to the regular feedback they receive during the probationary period, new employees have a scheduled feedback meeting after 100 calendar days where they are given an assessment of their performance to date, their integration into the team and an indication of whether they will pass the probationary period. New employees are also asked at this meeting about how they feel about the work assigned to them, the management style of their superior and the team integration. This ensures collaborative working and a continuous process of learning from one another.

Once a year, in partnership with leading market research organisation Gallup, we carry out a survey of all employees throughout the whole Hypoport Group. The most important KPI established by the survey is the degree of identification with the Hypoport Group. In the employee survey conducted in 2021, around 93 per cent of the participants answered 'satisfied', ‘very satisfied’ or ‘extremely satisfied’ in response to the question ‘How satisfied are you with your company as an employer?’ This strong approval rating shows that our organisational and professional development initiatives are effective. The initiatives relating to the treatment of employees are aimed at ensuring this figure always remains over 90 per cent.

As the Hypoport corporate culture is defined by the autonomy of employees and their freedom to shape their own roles, the continuing professional development of all staff is very important. The Group has established a central e-learning platform for this. Employees and managers are offered around 124 courses a year. In 2021, 3,357 staff took part in these training sessions, which means an average of around 1.5 courses a year per employee. The objectives and possible courses are discussed at least once a year in the annual development dialogues between staff and managers. Evaluation of the courses shows a high level of satisfaction among participants.

Hypoport employees share in the Company’s success (when the annual revenue and EBIT guidance is achieved) and Hypoport rewards long service in the form of a bonus-based share scheme for which employees are eligible after just five years. The Company also offers its employees a company pension plan.

In addition to creating positive working conditions for existing employees, high priority is given within the Hypoport Group to the recruitment and integration of new talent. The Company engages with suitable candidates both online, via popular job portals or via video chat, for example, and offline at events such as careers fairs.

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 remuneration report describes the structure and detailed design of the remuneration system for the Management Board and the Supervisory Board of Hypoport SE. The report is prepared in accordance with the requirements of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG), German accounting standard no. 17 (as amended) and the International Financial Reporting Standards (IFRS). It also takes account of relevant regulatory provisions, the recommendations of the German Corporate Governance Code and information on the achievement of targets in accordance with the requirements specified by the Act Implementing the Second Shareholder Rights' Directive (ARUG II) of 12 December 2019. All information concerning the remuneration for the Management Board and Supervisory Board of Hypoport SE as well as additional information can be found on the Company's website (https://www.hypoport.com/investor-relations/corporate-governance/).

10. Disclosures under German takeover law

Composition of subscribed capital

The Company's subscribed capital amounted to €6,493,376 at the end of 2021. 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, 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 a 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) and (3) 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.

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. A steadily diminishing supply of rental properties combined with rising rental prices is 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 in the long term.

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 in the Private Clients segment to acquire new business and by the platforms 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 ability to recruit suitably skilled staff, the loss of essential distribution partners and sustained disruption in real-estate markets as a result of macroeconomic factors and political measures are the most significant sources of risk. The cumulative expected value of the ten material risks is €9.1 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 2020, 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 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.

The risk management system includes quarterly reports that all departments, including financial reporting, are required to submit and a procedure for reacting quickly to sudden negative developments. 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 (under 50 per cent) compared with other countries also creates a large group of prospective clients among current tenants who wish to escape the steadily narrowing rental market. 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 to financial product distributors.

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 our high-quality platforms 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 effects of the public health measures taken to contain coronavirus had caused GDP in 2020 to fall by 4.6 per cent compared with the previous year. Based on preliminary calculations, GDP in 2021 is expected to have increased by 2.7 per cent compared with 2020. This would put GDP for 2021 at just 2.0 per cent below the figure for 2019, the year before the coronavirus pandemic broke out. The reasons why economic output did not rebound more rapidly include a certain level of spending restraint among consumers and limited access to resources due to supply chain disruptions in the manufacturing sector. For 2022, leading economic research institutions and government bodies are predicting slightly stronger economic growth of between 3.5 per cent and 4.5 per cent. In July 2021, the ECB announced the transition to a slightly more flexible inflation target and repeatedly reaffirmed its commitment to low interest rates over the further course of the year. This monetary policy environment, combined with the prevailing macroeconomic conditions, should keep interest rates at relatively low levels by historical standards despite the current modest upward trend in interest rates and potential short-term volatility in 2022.

During the preparation of this report, Russia initiated a war of aggression against Ukraine in contravention of international law and thus brought a long period of peace in Europe to an abrupt end through military confrontation. Hypoport wholeheartedly condemns Russia's belligerent behaviour. At present, Hypoport deems the impact of the conflict on its business models to be extremely limited as the Company has no business activities in Ukraine, Belarus or Russia.

At the time of preparation of this report, the number of coronavirus cases in Germany was rising sharply. Nevertheless, the German government was discussing the easing of measures taken to contain the spread of infection in light of the low occupancy rate of intensive care beds in hospitals. However, a renewed rise in the intensive care occupancy rate, especially as a result of virus mutations, over the course of 2022 could lead to tighter or renewed restrictions on consumers and business partners. But based on our experiences from 2020 and 2021, we do not currently anticipate any tangible constraints on our operating processes, because the B2B platform business models of the Hypoport Group do not involve direct contact with customers. 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.

The industry-specific parameters in the market for residential mortgage finance and in the insurance industry improved in 2021, as did the volume of housing market transactions (see the 'Sectoral performance' section). Hypoport SE's predictions for these in 2022 are set out below:

The German Insurance Association (GDV) anticipates that premiums will rise by 2–3 per cent in 2022. In line with the GDV's estimate, the Hypoport Group expects the increases in the volume of premiums to be slightly below the inflation rate in 2021, based on the assumption that the total number of insurance policies in Germany remains constant and that sums insured will be adjusted for inflation, resulting in slightly higher premiums for the individual policies.

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 2022. 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 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. 2–5 (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 2022 is as follows:

The **Credit Platform segment** is focusing on further increasing its market share by expanding its base of contractual partners. Especially in the mortgage finance business, an already high degree of market coverage means that this expansion will largely be qualitative in nature, i.e. centred around the further development of existing partnerships. 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 25 per cent and 50 per cent. For GENOPACE, we anticipate a slightly faster rate of growth of between 40 per cent and 70 per cent in 2022. 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 2022. 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. As in 2021, the personal loans business will be held back by the negative market trend triggered by coronavirus containment measures. It remains to be seen whether the lifting of pandemic-related restrictions from the spring/summer will boost consumers' willingness to spend. We expect to once again achieve significantly stronger growth than the overall market and gain further market share in 2022.

The performance of the corporate finance business (REM Capital and fundingport) in 2021 was much better than expected. This was attributable to extraordinarily strong business with KfW development loans and grants for the upper strata of Germany's SME sector in the second half of 2021. Assuming that the organic growth trend continues but that the business with KfW development loans and grants will not reach such an exceptional volume again, we expect REM Capital to generate a similar level of revenue as in 2021. The fundingport platform should also start to generate noteworthy revenue for the first time in 2022.

As a result, the Credit Platform segment as a whole is predicted to generate a sharp rise in revenue and earnings (EBIT) in 2022.

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 2022 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 9 per cent in 2021, giving the segment a strong starting point for 2022.

The Private Clients segment as a whole is predicted to generate a sharp rise in revenue and slide increase in earnings (EBIT) in 2022.

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. The fact that the small-volume loan limit was lifted substantially – from €400,000 to €500,000 – should prove favourable in this context. Below this threshold, inspections are conducted using a standardised format, which offers greater digitalisation potential in the market that VALUE can exploit.

Considerable capital expenditure aimed at expanding business activities is planned for 2022 in order to significantly increase the growth rates of all companies in the Real Estate Platform segment. This applies, in particular, to the property management platform, but the level of investment dedicated to the integration of the valuation platform with Europace and to the property sales platform will also remain high. On this basis, we anticipate robust double-digit percentage growth in revenue in the segment as a whole in 2022. In light of the extensive investment plans, EBIT should be roughly on a par with the previous year.

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. Following the first ever publication of KPIs on the operating performance of the SMART INSUR platform in 2021, Hypoport intends to further improve the transparency of its reporting in 2022 by providing a more detailed breakdown of premium volumes. In 2022, the SMART INSUR and ePension platforms are expected to generate organic revenue growth at double-digit percentage rates while AMEXPool will deliver additional growth by acquisition. At the same time, investment in these platforms will be expanded. As a result, EBIT should be roughly on a par with the prior-year figure.

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 €500 million and €540 million and EBIT of €51 million to €58 million in 2022.

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, 4 March 2022

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, 4 March 2022

Hypoport SE – The Management Board

Ronald Slabke　　　　Stephan Gawarecki

Shares and investor relations

Share price performance

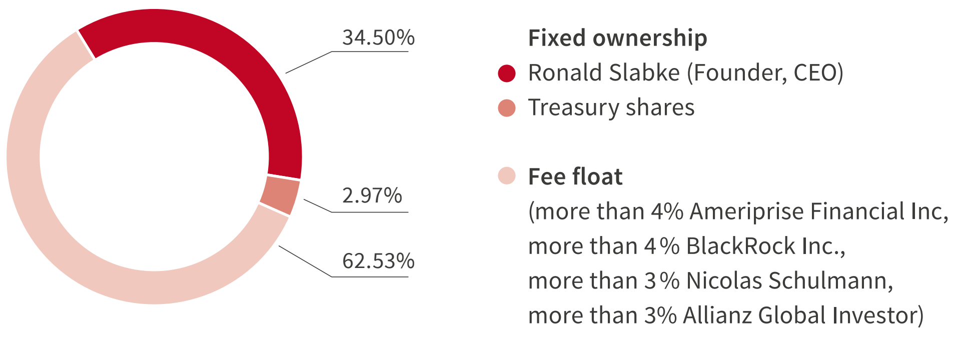
On Xetra, Hypoport shares weakened slightly, by 1 per cent, over the course of 2021. Hypoport shares thus performed less well than the capital markets in general (DAX up by 16 per cent, MDAX up by 14 per cent, SDAX up by 11 per cent, TecDAX up by 22 per cent) due to sharp price falls in early March and early October. The daily volume of Hypoport shares traded on all German stock exchanges averaged €4.1 million and was therefore slightly lower than in 2020 (€5.2 million), the first year of the pandemic, which had seen very high trading activity. Compared with earlier years, however, the trading volume was up (2019: €1.9 million, 2018: €2.2 million, 2017: €3.0 million).

Performance of Hypoport shares (daily closing prices, Xetra, €) in 2021

Index membership

Hypoport SE (previously as Hypoport AG) had been in the SDAX continually since December 2015. Following the modernisation of the index rules of Deutsche Börse, the ranking based on market capitalisation has been the sole criterion for inclusion in an index since September 2021. Thanks to the rise of Hypoport's share price in recent years, Hypoport met the criteria for inclusion in the MDAX in September 2021. The Company's stock has thus moved up from the SDAX index to the higher MDAX index. In terms of market capitalisation, Hypoport was ranked 80th out of the 90 largest exchange-listed companies in the DAX and MDAX as at the end of 2021.

Hypoport SE shareholder structure as at 31 December 2021



Research

Hypoport shares were covered by five professional banking institutions (Bankhaus Metzler, Berenberg, Commerzbank, Pareto Securities and Warburg Research) in 2021. 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. In 2021, nearly all meetings were held via digital video chat due to the global coronavirus pandemic and the resulting restrictions on travel.

Type of event	Location	Date
Conference	Amsterdam, Berlin, Frankfurt (2x), Hamburg, London, Lyon, Munich (2x), Paris, USA (2x)	2021
Roadshow	D-A-CH, London (2x), USA	2021
Conference	Berlin, Kanada, Frankfurt (2x), London (2x), Lyon, Munich, USA	2020
Roadshow	Canada, Copenhagen, D-A-CH (2x), Paris, UK (3x), USA (3x)	2020
Conference	Berlin (2x), Frankfurt (3x), Hamburg, London, Munich, New York, Paris, Warsaw	2019
Roadshow	Brussels, Chicago, Edinburgh, London (2x), Paris, Copenhagen, Helsinki, Zurich	2019

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 2021, 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	MDAX

Consolidated financial statements

IFRS consolidated income statement for the year ended 31 December 2021

	Notes	2021 €'000	2020 €'000
Revenue	(3.1)	446,346	387,729
Commissions and lead costs	(3.2)	– 196,863	– 177,204
Gross profit		**249,483**	**210,525**
Own work capitalised	(3.3)	23,620	20,784
Other operating income	(3.4)	5,636	6,614
Personnel expenses	(3.5)	– 155,464	– 133,877
Other operating expenses	(3.6)	– 46,064	– 40,475
Income from companies accounted for using the equity method	(3.7)	– 115	276
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**77,096**	**63,847**
Depreciation, amortisation expense and impairment losses	(3.8)	– 29,420	– 27,611
Earnings before interest and tax (EBIT)		**47,676**	**36,236**
Financial income	(3.9)	164	227
Finance costs	(3.9)	– 3,586	– 3,066
Earnings before tax (EBT)		**44,254**	**33,397**
Income taxes and deferred taxes	(3.10)	– 13,677	– 5,536
Net profit for the year		**30,577**	**27,861**
attributable to non–controlling interest	(4.13)	414	594
attributable to Hypoport SE shareholders	**(3.11)**	**30,163**	**27,267**
Earnings per share (€) (basic / diluted)	**(3.11)**	**4.79**	**4.33**

Consilidated statement of comprehensive income for the period 1 January to 31 December 2021

	2021 €'000	2020 €'000
Net profit (loss) for the year	30,577	27,861
Total income and expenses recognized in equity*)	0	0
Total comprehensive income	30,577	27,861
attributable to non-controlling interest	414	594
attributable to Hypoport SE shareholders	30,163	27,267

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

IFRS consolidated balance sheet as at 31 December 2021

Assets	Notes	31.12.2021 €'000	31.12.2020 €'000
Non-current assets			
Intangible assets	(4.1)	322,891	306,423
Property, plant and equipment	(4.1)	101,892	97,655
Financial assets	(4.2)	779	398
Investments accounted for using the equity method	(4.3)	15,611	15,413
Trade receivables	(4.5)	5,738	5,782
Other assets	(4.6)	345	365
Deferred tax assets	(4.7)	12,345	13,181
		459,601	**439,217**
Current assets			
Inventories	(4.4)	1,498	1,509
Trade receivables	(4.5)	77,294	69,415
Trade receivables from joint ventures	(4.5)	583	817
Other assets	(4.6)	6,200	6,346
Current income tax assets	(4.6)	1,671	1,230
Cash and cash equivalents	(4.8)	48,922	33,513
		136,168	**112,830**
		595,769	**552,047**

Equity and Liabilities	Notes	31.12.2021 €'000	31.12.2020 €'000
Equity			
Subscribed capital	(4.9)	6,493	6,493
Treasury shares	(4.11)	– 193	– 194
Reserves	(4.12)	245,482	214,157
Equity attributable to non-controlling interests	(4.13)	1,650	936
		253,432	**221,392**
Non-current liabilities			
Financial liabilities	(4.14)	97,538	94,967
Rental charges and operating lease expenses *)	(4.14)	75,589	72,557
Provisions	(4.16)	88	34
Other liabilities	(4.15)	32,078	43,029
Deferred tax liabilities	(4.7)	21,632	17,614
		226,925	**228,201**
Current liabilities			
Provisions	(4.16)	528	706
Financial liabilities	(4.14)	16,106	14,016
Rental charges and operating lease expenses *)	(4.14)	8,180	8,123
Trade payables		49,659	46,939
Trade payables from joint ventures		1,066	957
Current income tax liabilities		951	3,145
Other liabilities	(4.15)	38,922	28,568
		115,412	**102,454**
		595,769	**552,047**

*) The previous year's figures have been broken down under financial liabilities, see text section "Comparability of prior-year figures"

Consolidated statement of changes in equity for 2020 and 2021

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**

2021 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 2021	6,493	– 194	65,773	148,384	220,456	936	221,392
Sale of own shares	0	1	1,152	10	1,163	0	1,163
Change in scope of consilidation	0	0	0	0	0	300	300
Total comprehensive income	0	0	0	30,163	30,163	414	30,577
Equity as at 31 Dec 2021	**6,493**	**– 193**	**66,925**	**178,557**	**251,782**	**1,650**	**253,432**

Consolidated cash flow statement for the period 1 January 2021 to 31 December 2021

	2021 €'000	2020 €'000
Earnings before interest and tax (EBIT)	47,676	36,236
Non-cash income / expense	131	-3,182
Interest received	164	227
Interest paid	-3,586	-3,078
Income taxes paid	-6,027	-8,840
Change in deferred taxes	-4,408	3,383
Income from companies accounted for using the equity method	115	-276
Depreciation and amortisation on non-current assets	29,420	27,611
Profit / loss from the disposal of non-current assets	1,074	-45
Cash flow	**64,559**	**52,036**
Increase / decrease in current provisions	-178	-64
Increase / decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	-7,858	-7,599
Increase / decrease in trade payables and other liabilities not attributable to investing or financing activities	7,827	2,182
Change in working capital	**-209**	**-5,481**
Cash flows from operating activities	**64,350**	**46,555**
Payments to acquire property, plant and equipment / intangible assets	-37,153	-36,635
Cash outflows for acquisitions less acquired cash	-7,167	-22,904
Proceeds from the disposal of financial assets	532	51
Purchase of financial assets	-921	-17
Cash flows from investing activities	**-44,709**	**-59,505**
Sale of own shares	0	14,535
Repayment of lease liabilities	-8,886	-8,898
Proceeds from the drawdown of financial loans	20,000	30,000
Redemption of bonds and loans	-15,346	-14,066
Cash flows from financing activities	**-4,232**	**21,571**
Net change in cash and cash equivalents	15,409	8,621
Cash and cash equivalents at the beginning of the period	33,513	24,892
Cash and cash equivalents at the end of the period	**48,922**	**33,513**

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 19859 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 2021 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, the consolidated balance sheet, the 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 4 March 2022 and are expected to be submitted to the Supervisory Board on 22 March 2022 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.

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 2021 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.

- Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4: Insurance Contracts)
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16)
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16).

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. 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.

COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
These amendments published by the IASB on 31 March 2021 extend, by one year, the period of application for the aforementioned amendments to IFRS 16 published on 28 May 2020. Hypoport is not making use of this new exemption.

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)
- Disclosure of Accounting Policies (Amendments to IAS 1) (1 January 2023, endorsed)
- Definition of Accounting Estimates (Amendments to IAS 8) (1 January 2023, endorsed)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) (1 January 2023, not endorsed)
- 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)
- IFRS 17: Insurance Contracts (1 January 2023, not endorsed)
- Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendment to IFRS 17) (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.

Disclosure of Accounting Policies (Amendments to IAS 1)
The amendments to IAS 1 and IFRS Practice Statement 2 are intended to help preparers to decide which accounting policies to disclose in their financial statements. Entities are now required to disclose their material accounting policies rather than their significant accounting policies. Hypoport will examine the impact of these amendments in due course. We currently do not expect any material impact.

Definition of Accounting Estimates (Amendments to IAS 8)
The amendments to IAS 8 are designed to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a new definition of accounting estimates. The amendments clarify that a change in accounting estimate that results from new information or new developments does not constitute the correction of an error. We currently do not expect any material impact.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
The amendments clarify that deferred tax assets and liabilities have to be recognised when a transaction gives rise to equal amounts of deductible and taxable temporary differences at the same time. The initial recognition exemption, according to which no deferred tax assets or liabilities are to be recognised upon initial recognition of an asset or liability, does not apply to such transactions. 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.

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.

Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendment to IFRS 17)
The amendment relates to the transitional requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time. It affects financial assets for which comparative information is presented upon first-time adoption of IFRS 17 and IFRS 9, but where this information has not been restated for IFRS 9. Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of IFRS 9. The amendment only affects the presentation of comparative information. 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 46 (2020: 42) domestic and international subsidiaries in which the Company directly or indirectly holds the majority of voting rights, five (2020: five) joint ventures and four (2020: three) associates.
The following table shows the entities included in the consolidated financial statements in addition to Hypoport SE.

Subsidiary	Holding in %
1blick GmbH, Lübeck	100.00
Ampr Software GmbH, Berlin	100.00
Basler Service GmbH, Bayreuth	70.00
Bayreuth Am Pfaffenfleck 15 Objektgesellschaft mbH, Bayreuth	100.00
Bestkredit-Service GmbH, Lübeck	100.00
CMP Financial Engineers Verwaltungs-GmbH, Berlin	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	70.00
Fundingport Sofia EOOD, Sofia, (Bulgaria)	70.00
Future Finance SE, Lübeck	100.00
GENOPACE GmbH, Berlin	45.025
Growth Real Estate EOOD, Sofia (Bulgaria)	100.00
GWB Gesellschaft für wohnungswirtschaftliche Beratung mbH & Co. KG, Dresden	100.00
helber innomaxx GmbH, Stuttgart	100.00
Hypoport B.V., Amsterdam (Netherlands)	100.00
Hypoport Holding GmbH, Berlin	100.00
Hypoport hub SE, Berlin	100.00
Hypoport Grundstücksmanagement GmbH, Berlin	100.00
Hypoport Mortgage Market Ltd., Westport (Ireland)	100.00
Hypoport Sofia EOOD, Sofia (Bulgaria)	100.00
Maklaro GmbH, Hamburg	100.00
OASIS Software GmbH, Berlin (ehemals Kartenhaus GmbH, Berlin)	100.00
Primstal - Alte Eiweiler Straße 38 Objektgesellschaft mbH, Nonnweiler	100.00
Qualitypool GmbH, Lübeck	100.00
REM CAPITAL AG, Stuttgart	100.00

Subsidiary	Holding in %
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, 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
ESG Screen 17 GmbH, Frankfurt am Main	25.10
finconomy AG, Munich	25.10
GENOFLEX GmbH, Nuremberg	30.00

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 identifiable 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 calculation of the recoverable amounts in the context of the impairment test, taking particular account of the impact of the COVID-19 pandemic.

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; corporate transactions

The Hypoport Group carried out the following significant corporate transactions in 2021.

All of the shares in GWB Gesellschaft für wohnungswirtschaftliche Beratung mbH & Co. KG ('GWB'), Dresden, were acquired on 1 January 2021. GWB specialises in insurance for businesses, particularly those in the housing sector. By acquiring GWB, the Hypoport Group is extending its offering in relation to insurance for businesses. 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 GWB was accounted for as an acquisition under IFRS 3.

Its activities were allocated to the Real Estate Platform segment. Since the date of acquisition, GWB has contributed €0.5 million to revenue and €0.4 million to net profit for the year.

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

GWB initial consolidation	Fair value recognises on acquisition €'000
Assets	
Intangible assets	1,932
Property, plant and equipment	8
Financial assets	0
Trade receivables	0
Other current items	7
Cash and cash equivalents	0
	1,947
Liabilities	
Financial liabilities	(32)
Trade payables	(0)
Other liabilities	(431)
Deferred tax liabilities	(445)
	(908)
Total identifiable net assets at fair value	1,039
Purchase consideration transferred	1,484
Goodwill arising on acquisition	**445**

Analysis of cash flows on acquisition:	
Net cash acquired with the subsidiary (included in Cashflow from investing activities)	0
Cash paid	(1,484)
Net cash outflow	**1,484**

The purchase price allocation is to be regarded as completed. The measurement technique used to determine the fair value of the acquired and as-yet unrecognised insurance portfolio of €1.5 million was the multi-period-excess-earnings method (MEEM). A useful life of ten years was assumed for the insurance portfolio.

The goodwill recognised arises as a result of taking account of deferred tax liabilities following recognition of the insurance portfolio. 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 the reporting period, two cash payments for debtor warrants of €5.7 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.

1.8 Acquisitions after the reporting period

On 26 January 2022, the option was exercised to acquire the remaining 50.003 per cent of the shares in AMEXPool AG (‘AMEX’), Buggingen. AMEX specialises in insurance for businesses, particularly non-life insurance for businesses and motor vehicle insurance. With the acquisition of AMEX, the Hypoport Group now offers a complete range of insurance products.

The consideration transferred for the complete acquisition of the shares in AMEX amounted to €12.6 million and consisted entirely of the purchase price paid.

The recognition of the business combination, particularly measurement of the fair value of the assets and liabilities, was not yet complete as at the reporting date. An appraisal is still due to be provided. AMEX’s activities have been allocated to the Insurance Platform segment.

2. Accounting policies

2.1 Comparability of prior-year figures

In the second quarter of 2021, the Hypoport Group changed the presentation of the balance sheet line item ‘financial liabilities’ with retroactive effect from 1 January 2021. It will now be broken down into liabilities to banks and liabilities arising from rentals and leases in order to provide a more nuanced and transparent picture.

For the purposes of this breakdown, the presentation of the prior-year figures on the balance sheet was adjusted as follows:

Broken down financial liabilities	2020 as reported (€ '000)	Break down (€ '000)	2020 broken down (€ '000)
Non–current liabilities			
Financial liabilities	167,524	– 167,524	0
Bank liabilities	0	94,967	94,967
Rental charges and operating lease expenses	0	72,557	72,557
Current liabilities			0
Financial liabilities	22,139	– 22,139	0
Bank liabilities	0	14,016	14,016
Rental charges and operating lease expenses	0	8,123	8,123

2.2 Intangible assets

Goodwill arising on the consolidation of subsidiaries, capitalised development costs in connection with the development and refinement of transaction, 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 five-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.

2.3 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.

2.4 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.

2.5 Borrowing costs

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.

2.6 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.

As at 31 December 2021, there were right-of-use assets amounting to €81.3 million (31 December 2020: €79.4 million) and, on the other side of the balance sheet, lease liabilities with a present value of €83.6 million (31 December 2020: €80.6 million). The short-term component of the lease liability stood at €8.2 million (31 December 2020: €8.1 million). The payment obligations were due as follows as at the reporting date:

2.7 Impairment of 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.

2.8 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 €12.345 million as at 31 December 2021 (31 December 2020: €13.181 million). Because of the minimum taxation stipulations in Germany, no deferred tax assets were recognised in 2021, as had also been the case in 2020.

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.

2.9 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-Group 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 Group 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 Group 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 Group 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 Group 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 Group leasing activities in 2021:

Nature of amount (€ million)	2021	2020
Depreciation for the right-of-use asset, according to the class of the underlying asset	9.8	9.9
Thereof properties	7.8	7.8
Thereof vehicles	1.8	1.9
Thereof IT	0.2	0.2
Interest expenses for lease liabilities	1.5	1.1
Expense for short-term lease liabilities	8.9	8.9
Expense for lease liabilities involving low-value assets (contained in operating expences)	0.6	0.3
Total cash outflows for leases	10.6	10.4
Additions to right-of-use assets	11.7	67.8
Carrying amount after depreciation, impairment, and any reversals of impairment losses and after remeasurements and modifications	81.3	79.4
Thereof properties	78.5	76.0
Thereof vehicles	2.5	2.9
Thereof IT	0.3	0.5

As at 31 December 2021, there were right-of-use assets amounting to €81.3 million (31 December 2020: €79.4 million) and, on the other side of the balance sheet, lease liabilities with a present value of €83.6 million (31 December 2020: €80.6 million). The short-term component of the lease liability stood at €8.2 million (31 December 2020: €8.1 million). The payment obligations were due as follows as at the reporting date:

	Minimum lease payments (without discounting)		Included interest component		Present values	
€ million	2021	2020	2021	2020	2021	2020
Due in <= 1 year	9.7	9.6	1.5	1.5	8.2	8.1
Due in > 1 year and <= 5 years	29.8	31.6	4.8	4.5	25.0	27.1
Due in > 5 years	60.7	49.2	10.3	3.8	50.4	45.4
Total	100.2	90.4	16.6	9.8	83.6	80.6

2.10 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.

2.11 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.

2.12 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.

2.13 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.

2.14 Trade payables and other 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.

2.15 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.

2.16 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.

2.17 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.

2.18 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.

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.

2.19 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 31 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	2021 € million	2020 € million
Financial figures Credit Platform	205.6	168.0
Financial figures Private Clients	134.6	121.8
Financial figures Real Estate Platform	57.4	52.4
Financial figures Insurance Platform	47.4	44.5
Holding	1.3	1.0
	446.3	**387.7**

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.

Commissions and lead costs	2021 €'000	2020 €'000
Commissions	184,758	167,191
Lead costs	12,105	10,013
	196,863	**177,204**

Commission expenses include write-offs of €416 thousand relating to insurance commission receivable (2020: €32 thousand).

3.3 Own work capitalised

Own work capitalised of €23.620 million (2020: €20.784 million) comprises work on the development and enhancement of internally generated financial marketplaces. Of the total development costs of €45.764 million reported for 2021 (2020: €37.988 million), €22.144 million was therefore expensed as incurred (2020: €17.204 million).

3.4 Other income

Other income mainly comprised income of €2.443 million from the reversal of provisions (2020: €2.245 million) and income of €1.613 million from employee contributions to vehicle purchases (2020: €1.417 million).

3.5 Personnel expenses

Personnel expenses are broken down as follows::

Personnel expenses	2021 €'000	2020 €'000
Wages and salaries	132,559	114,220
Social security contributions	22,213	19,083
Post-employment and other employee benefits	692	574
	155,464	**133,877**

The cost of defined-contribution pension plans amounted to €10.293 million (2020: €8.842 million).

3.6 Other expenses

he breakdown of other expenses is shown in the table below.

Other expenses	2021 €'000	2020 €'000
Operating expenses	10,257	11,341
Other selling expenses	5,052	5,824
Administrative expenses	23,229	18,770
Other personnel expenses	2,441	1,913
Other expenses	5,085	2,627
	46,064	**40,475**

The operating expenses consisted mainly of servicing and IT maintenance costs of €3.600 million (2020: €5.905 million) and vehicle-related costs of €2.435 million (2020: €2.171 million). Selling expenses related to advertising costs and travel expenses of €5.052 million (2020: €5.824 million). The administrative expenses largely comprised IT-related costs of €13.200 million (2020: €8.276 million) and legal and consultancy expenses of €4.919 million (2020: €5.164 million). The other personnel expenses mainly consisted of training costs of €1.432 million (2020: €1.442 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 as well as the four associates BAUFINEX GmbH, finconomy AG, ESG Screen17 GmbH and GENOFLEX GmbH. As had also been the case in 2020, 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 €29.420 million (2020: €27.611 million), €15.903 million (2020: €12.894 million) was attributable to intangible assets and €13.517 million (2020: €14.717 million) to property, plant and equipment.

3.9 Net finance costs

The breakdown of net finance costs is as follows:

Net finance costs	2021 €'000	2020 €'000	Change €'000
Financial income			
Other interest and similar income	163	199	– 36
Income from other securities and lending of financial assets	1	28	– 27
	164	**227**	**– 63**
Finance costs			
Interest expense and similar charges	3,577	3,034	543
Loss from investments	9	32	– 23
	3,586	**3,066**	**520**
	– 3,422	**– 2,839**	**– 583**

The finance costs mainly comprise interest expense and similar charges of €1.802 million (2020: €1.840 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 €45 thousand (2020: €113 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	2021 €'000	2020 €'000
Income taxes and deferred taxes	13,677	5,536
current income taxes	9,269	8,920
deferred taxes	4,408	– 3,384
in respect of timing differences	3,308	1,752
in respect of tax loss carryforwards	1,100	– 5,136

A current income tax benefit of €78 thousand (2020: €181 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 €59.189 million (2020: €48.046 million) and €57.781 million (2020: €46.852 million) respectively. The loss carryforwards can be carried forward indefinitely in Germany. In 2021, no deferred tax assets were recognised on the losses carried forward for corporation tax and trade tax purposes. These losses amounted to €25.655 million (2020: €7.768 million) and €24.721 million (2020: €6.811 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 2020 and 2021 to the tax expense actually reported for those years.

Reconciliation of Expected to Actual Income Tax Expense	2021 €'000	2020 €'000
Earnings before tax	44,254	33,397
Tax rate to be applied	31.0%	30.0%
Expected tax expense	– 13,718	– 10,019
Effect of non-deductible expenses	– 1,550	– 860
Effect of differing tax rates	6,660	5,958
Effect of using the equity method	– 8	83
Tax expense / income for previous years	– 277	– 496
Tax-related effect of loss carryforwards not previously recognised	– 4,455	– 200
Other tax-related effects	– 328	– 2
Current tax expense	– 13,677	– 5,536
Tax rate for the Group	30.9%	16.6%

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	2021	2020
Net income for the year (€'000)	30,577	27,861
of which attributable to Hypoport SE stockholders	30,163	27,267
Basic weighted number of outstanding shares ('000)	6,300	6,295
Earnings per share (€) diluted / non diluted	**4.79**	**4.33**

As a result of the release of treasury shares, the number of shares in issue rose by 935, from 6,299,480 as at 31 December 2020 to 6,300,415 as at 31 December 2021.

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 in the annex to these notes.

The additions to internally generated financial marketplaces include €32 thousand (31 December 2020: €45 thousand) in borrowing costs at an average funding rate of 1.61 per cent (31 December 2020: 1.61 per cent). Most of the intangible assets – with a carrying amount of €78.3 million (31 December 2020: €62.2 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 2021 related to goodwill arising on the first-time consolidation of subsidiaries. The increase in goodwill predominantly resulted from the first-time consolidation of GWB Gesellschaft für wohnungswirtschaftliche Beratung mbH & Co. KG. 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 2021	42,073	7,305	90,882	81,704	0	221,964
Additions	0	0	445	0	0	445
Cost of acquisitions as at 31 December 2021	42,073	7,305	91,327	81,704	0	222,409

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 2022 to 2026 used in the discounted cash flow calculations were between 9.2 per cent and 10.7 per cent for the Credit Platform segment (2020: between 10.1 per cent and 16.5 per cent), between 9.5 per cent and 12.8 per cent for the Private Clients segment (2020: between 9.6 per cent and 13.3 per cent), between 12.7 per cent and 21.3 per cent for the Real Estate Platform segment (2020: between 9.5 per cent and 19.5 per cent) and between 12.6 per cent and 30.2 per cent for the Insurance Platform segment (2020: between 11.7 per cent and 30.6 per cent). The growth rates for segment earnings before interest and tax (EBIT) for the detailed planning period 2022 to 2026 used in the discounted cash flow calculations were between 4.4 per cent and 17.0 per cent for the Credit Platform segment (2020: between 3.1 per cent and 16.2 per cent), between

5.3 per cent and 20.2 per cent for the Private Clients segment (2020: between 5.5 per cent and 20.8 per cent), between minus 7.2 per cent and 801.9 per cent for the Real Estate Platform segment (2020: between minus 2.8 per cent and 1,809.6 per cent) and between 16.0 per cent and 343.6 per cent for the Insurance Platform segment (2020: between 57.2 per cent and 313.1 per cent). A growth rate of zero per cent was used for cash flows beyond the planning period. The discount rates used to reflect the risks specific to the asset in 2021 were 6.30 per cent for the Credit Platform segment (2020: 4.32 per cent), 5.29 per cent for the Private Clients segment (2020: 4.32 per cent), 5.76 per cent for the Real Estate Platform segment (2020: 4.32 per cent) and 5.37 per cent for the Insurance Platform segment (2020: 4.32 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 2022.

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	31.12.2021 €'000	31.12.2020 €'000
Loans to third parties	620	12
Loan to employees	149	364
Other shareholdings	10	22
	779	**398**

The increase in other long-term equity investments relates to the long-term equity investment in Helvengo AG, Zurich, Switzerland (Hypoport's interest: 5.6 per cent), amounting to €0.6 million.

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 (2020: five) and four associates (2020: 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), ESG Screen17 GmbH, Frankfurt am Main (Hypoport's interest: 25.1 per cent) and Genoflex GmbH, Nuremberg (Hypoport's interest: 30 per cent). All of these interests are held directly by the Group.

Investments accounted for using the equity method	31.12.2021 €'000	31.12.2020 €'000
Investments accounted for using the equity method as of the beginning of the year	15,413	5,904
Additions	313	31,393
Disposals	0	– 1
Reclassification	0	– 22,159
Proportional net income	– 115	276
Investments accounted for using the equity method as of the end of the year	**15,611**	**15,413**

The additions relate to ESG Screen17 GmbH and Genoflex GmbH. 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.

Financial information on companies for using the equity method (Hypoport stake)	31.12.2021 €'000	31.12.2020 €'000
Income statement information		
Revenue	36,256	27,676
Selling expenses	–27,207	–20,307
Personnel expenses	–4,882	–4,333
Other operating expenses	–3,023	–2,340
Net income	–115	276
Balance sheet information		
Noncurrent assets	4,605	3,905
There of property, plant and equipment	34	92
Current assets	8,066	6,403
Thereof cash and cash equivalents	3,936	3,483
Total assets	**12,671**	**10,308**
Equity	6,061	6,179
Noncurrent liabilities	250	250
Current liabilities	6,360	3,879
Thereof financial liabilities	0	0
Total equity and liabilities	**12,671**	**10,308**

4.4 Inventories

Inventories	31.12.2021 €'000	31.12.2020 €'000
Unfinished products	1,498	1,509
	1,498	**1,509**

The work in progress primarily consisted of property valuations in an amount of €945 thousand (31 December 2020: €822 thousand).

4.5 Trade receivables

Current trade receivables	31.12.2021 €'000	31.12.2020 €'000
Trade receivables from	77,294	69,415
joint ventures	583	817
third parties	77,877	70,232

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	31.12.2021 €'000	31.12.2020 €'000
Balance as at 1 January	297	308
Addition to impairment of receivables	264	111
Irrecoverable receivables written off	101	122
Balance as at 31 December	**460**	**297**

Impairment charges of €94 thousand (31 December 2020: €296 thousand) were directly recognised. The measurement of receivables in accordance with IFRS 9 did not identify any increase in risk as a result of the COVID-19 pandemic.

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	31.12.2021 €'000	31.12.2020 €'000
1 to 90 days	6,241	2,431
90 to 180 days	2,210	590
180 to 360 days	1,143	2,032
More than 360 days	1,780	1,188
Total	**11,374**	**6,241**

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	31.12.2021 €'000	31.12.2020 €'000
Financial assets		
Advance payment for company acquisition	126	78
Trade secutities	0	1,482
	126	1,560
Non-financial assets		
Prepaid expenses	3,738	2,673
Current income tax assets	1,671	1,230
Advance payment of commissions	468	216
Advances	427	281
Claims on employees	161	183
VAT credits	303	424
Other	977	1,009
	7,745	6,016
	7,871	**7,576**

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

Non-current other assets	31.12.2021 €'000	31.12.2020 €'000
Advance payment of commissions	280	216
Rent deposits	65	149
	345	**365**

Specific write-downs of €819 thousand (2020: €994 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	31.12.2021 €'000	31.12.2020 €'000
Deferred tax assets		
In respect of tax loss carryforwards	10,923	12,023
Rental and lease obligations	117	55
other temporary differences	775	598
Consolidation	1,421	1,158
Offsetting	891	653
	12,345	**13,181**

Deferred tax liabilities	31.12.2021 €'000	31.12.2020 €'000
Deferred tax liabilities		
Intangible assets	18,408	14,748
Property, plant and equipment	0	3
Receivables	3,445	2,885
Other temporary differences	670	631
Offsetting	891	653
	21,632	**17,614**

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	31.12.2021 €'000	31.12.2020 €'000
Cash at banks	48,915	33,506
Cash on hand	7	7
Balance sheet = Financial resources according to cash flow statement	**48,922**	**33,513**

4.9 Subscribed capital

The Company's subscribed capital as at 31 December 2021 was unchanged at €6,493,376.00 (31 December 2020: €6,493,376.00) and was divided into 6,493,376 (31 December 2020: 6,493,376) fully paid-up registered no-par-value shares.

The Annual Shareholders' Meeting held on 21 May 2021 voted to carry forward Hypoport SE's distributable profit of €111,026,857.89 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 192,961 treasury shares as at 31 December 2021 (equivalent to €192,961.00, or 2.97 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 2021 are shown in the following table:

Change in the balance of treasury shares in 2021	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 2021	**193,896**		**2.265**	**9,290,140.52**		
Dissemination in January 2021	516	516.00	0.008	6,191.56	267,045.48	260,853.92
Dissemination in April 2021	102	102.00	0.002	1,223.49	46,479.00	45,255.51
Dissemination in May 2021	13	13.00	0.000	155.94	5,889.00	5,733.07
Dissemination in July 2021	91	91.00	0.001	1,091.55	39,676.00	38,584.46
Dissemination in October 2021	95	95.00	0.001	1,139.53	55,242.50	54,102.98
Dissemination in December 2021	118	118.00	0.002	1,415.41	58,292.00	56,876.59
Balance as at 31 Dec 2021	**192,961**	**935.00**	**2.972**	9,278,923.04	**472,623.98**	**461,406.53**

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
Q4 2017	– 2,382	Share baesed payment to employees

date	Number of shares	Reason
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
31.12.20	**193,896**	
Q1 2021	– 516	Share baesed payment to employees
Q2 2021	– 115	Share baesed payment to employees
Q3 2021	– 91	Share baesed payment to employees
Q4 2021	– 213	Share baesed payment to employees
31.12.21	**192,961**	

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) and income from the transfer of shares to employees (€4.019 million, of which €1.152 million relates to 2021).

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 (2020: €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 €1.650 million as at 31 December 2021 (31 December 2020: €936 thousand), of which €535 thousand (31 December 2020: €288 thousand) related to the non-controlling interest in the equity of Starpool Finanz GmbH, Berlin (non-controlling interest of 49.975 per cent), €110 thousand (31 December 2020: €110 thousand) to GENOPACE GmbH, Berlin (non-controlling interest of 54.975 per cent), €3 thousand (31 December 2020: €1 thousand) to Basler Service GmbH, Bayreuth (non-controlling interest of 30.0 per cent), €391 thousand (31 December 2020: €437 thousand) to ePension GmbH & Co. KG, Hamburg (non-controlling interest of 49 per cent), €0 thousand (31 December 2020: €0 thousand) to ePension Verwaltungs-GmbH, Hamburg (non-controlling interest of 49 per cent), €480 thousand (31 December 2020: €44 thousand) to ePension Holding GmbH, Berlin (non-controlling interest of 49 per cent), €487 thousand (31 December 2020: €56 thousand) to E&P Pensionsmanagement GmbH, Hamburg (non-controlling interest of 49 per cent), €282 thousand (31 December 2020: €0 thousand) to FUNDINGPORT GmbH, Hamburg (non-controlling interest of 30 per cent) and minus €238 thousand (31 December 2020: €0 thousand) to Fundingport Sofia EOOD, Sofia, Bulgaria (non-controlling interest of 30 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 2021 of GENOPACE GmbH amounting to €157 thousand (2020: loss of €813 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.

Summarised statement of comprehensive income Starpool Finanz GmbH	2021 €'000	2020 €'000
Revenue	52,221	45,341
Pre-tax profit	741	234
Income tax expense	(248)	(119)
Post-tax profit	493	115
Other comprehensive income	0	0
Total comprehensive income	493	115
Total comprehensive income attributable to non-controlling interest	246	58
Dividends received attributable to non-controlling interest	0	0

Summarides cash flow statement Starpool Finanz GmbH	2021 €'000	2020 €'000
Cash flow	716	497
Change in working capital	10,523	(754)
Cash flows from operating activities	11,239	(257)
Cash flows from investing activities	(9)	(319)
Cash flows from financing activities	0	0
Net change in cash and cash equivalents	11,230	(576)
Cash and cash equivalents at the beginning of the period	1,997	2,573
Cash and cash equivalents at the end of the period	13,227	1,997

Summarised balance sheet Starpool Finanz GmbH	31.12.2021 €'000	31.12.2020 €'000
Current		
Assets	23,162	20,349
Liabilities	(22,130)	(20,079)
Total current assets	1,032	270
Non-current		
Assets	81	354
Liabilities	(41)	(45)
Total non-current liabilities	40	309
Net assets	1,072	579

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	31.12.2021 €'000	31.12.2020 €'000
Non-current		
Liabilities to banks		
Loans	96,926	94,308
Mortgage	612	659
Rental and lease obligations	75,589	72,557
	173,127	167,524
Current		
Liabilities to banks		
Loans	16,059	13,969
Mortgage	47	47
Rental and lease obligations	8,180	8,123
	24,286	22,139
	197,413	189,663

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 0.90 per cent and 2.60 per cent (2020: between 0.95 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)	31.12.2020	Cash changes	Non-cash-changes			31.12.2021
			Acquisitions	Changes in fair value	Reclassification maturities	
Non-current loans	94,308	20,000	0	0	– 17,382	96,926
Mortgage	659	0	0	0	– 47	612
Other non-current financial liabilities	72,557	0	0	3,032	0	75,589
Current loans	13,969	– 15,292	0	0	17,382	16,059
Current account	47	– 47	0	0	47	47
Other current financial liabilities	8,123	0	0	57	0	8,180
	189,663	**4,661**	**0**	**3,089**	**0**	**197,413**

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	31.12.2021 €'000	31.12.2020 €'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	31.12.2021 €'000	31.12.2020 €'000
6 months or less	8,021	7,008
6 to 12 months	8,021	7,008
1 to 5 years	64,082	56,247
More than 5 years	33,520	38,720
	113,644	**108,983**

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

Maturities of non-current financial liabilities	31.12.2021 €'000	31.12.2020 €'000
Between 1 and 2 years	22,350	20,981
Between 2 and 5 years	66,779	62,441
More than 5 years	83,998	84,102
	173,127	**167,524**

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 31.12.2021 €'000	Carrying amount 31.12.2020 €'000	Fair value 31.12.2021 €'000	Fair value 31.12.2020 €'000
Liabilities to banks	97,538	94,967	98,908	96,099
Rental and lease obligations	75,589	72,557	75,589	72,557
	173,127	**167,524**	**174,497**	**168,656**

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	31.12.2021 €'000	31.12.2020 €'000
Tax liabilities		
Value-added tax	2,881	2,222
Wage tax and church tax	2,487	2,395
	5,368	**4,617**
Personnel		
Financial assets		
Bonuses	6,568	5,523
Outstanding holiday entitlements	1,851	1,389
Wages and salaries	1,721	1,260
Non-financial assets		
Employers' liability insurance association	485	473
Disabled persons levy	162	165
Social security contributions	89	114
Partial retirement	748	474
	11,624	**9,398**
Other		
Financial assets		
Outstanding invoices	2,033	1,229
Commissions to be passed on	206	128
Year-end costs	263	282
Share repurchase	15,705	10,217
Non-financial assets		
Advance payment of commissions	81	151
Deferred income	1,688	1,034
Other	1,954	1,512
	21,930	**14,553**
	38,922	**28,568**

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

Non-current other liabilities	31.12.2021 €'000	2020 €'000
Purchase price liabilities	31,858	43,029
Rent deposits	220	0
	32,078	**43,029**

The non-current purchase price liabilities relate to two earlier earn-out liabilities, whose valuations have not changed.

4.16 Provisions

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

Provisions	01.01.2021 €'000	Utilisation €'000	Additions €'000	31.12.2021 €'000
Non-current provisions				
Cancellations	34	34	88	88
	34	**34**	**88**	**88**
Current provisions				
Litigation	45	45	78	78
Cancellations	91	20	62	133
Guarantee	570	370	117	317
	706	**435**	**257**	**528**

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 Group's EBIT. 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	
	2021	2020	2021	2020	2021	2020	2021	2020
Goods and services transferred at a given time	205,572	168,024	134,578	121,822	45,834	40,614	33,380	30,108
Goods and services transferred over a period of time	0	0	0	0	11,606	11,776	14,000	14,445
Total	**205,572**	**168,024**	**134,578**	**121,822**	**57,440**	**52,390**	**47,380**	**44,553**

Time reference of revenue recognition (€'000)	Holding		Reconciliation		Group	
	2021	2020	2021	2020	2021	2020
Goods and services transferred at a given time	1,376	940	0	0	420,740	361,508
Goods and services transferred over a period of time	0	0	0	0	25,606	26,221
Total	**1,376**	**940**	**0**	**0**	**446,346**	**387,729**

The reported revenue of €446.3 million (2020: €387.7 million) included €7.6 million (2020: €6.6 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 €77.0 million was earned with one product partner (2020: €75.4 million earned with one product partner).

In the Credit Platform operating segment, one product partner generated revenue of €52.0 million (2020: one product partner generated €51.3 million). In the Private Clients operating segment, three product partners generated revenue of €23.3 million, €15.8 million and €13.6 million respectively (2020: three product partners generated €23.7 million, €16.0 million and €15.7 million respectively). 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 2021 was as follows:

2021 (€'000)	Credit Platform	Private Clients	Real Estate Platform	Insurance Platform	Holding	Reconcili-dation	Group
Segment revenue in respect of third parties	**205,572**	**134,578**	**57,440**	**47,380**	**1,376**	**0**	**446,346**
2020	168,024	121,822	52,390	44,553	940	0	387,729
Segment revenue in respect of other segments	**1,738**	**300**	**274**	**737**	**29,286**	**−32,335**	**0**
2020	1,517	387	444	465	25,885	−28,698	0
Total segment revenue	**207,310**	**134,878**	**57,714**	**48,117**	**30,662**	**−32,335**	**446,346**
2020	169,541	122,209	52,834	45,018	26,825	−28,698	387,729
Gross profit	**121,248**	**47,150**	**54,031**	**25,678**	**30,662**	**−29,286**	**249,483**
2020	95,326	41,720	49,289	23,250	26,825	−25,885	210,525
Segment earnings before interest, tax, depreciation and amortisation (EBITDA)	**64,852**	**23,447**	**−1,199**	**1,119**	−11,123	**0**	**77,096**
2020	46,910	18,338	1,721	2,281	**−5,403**	0	63,847
Segment earnings before interest and tax (EBIT)	**56,570**	**22,906**	**−7,802**	**−3,010**	**−20,988**	**0**	**47,676**
2020	39,387	17,708	−3,940	−858	−16,061	0	36,236
Segment assets	**154,048**	**31,359**	**160,510**	**145,320**	**104,530**	**0**	**595,767**
2020	128,681	30,577	148,323	146,111	98,355	0	552,047
Segment liabilities	**43,850**	**10,809**	**18,212**	**75,874**	**193,592**	**0**	**342,337**
2020	38,134	10,909	16,793	69,822	194,997	0	330,655
Segment capital expenditure	**15,374**	**718**	**12,563**	**6,670**	**1,826**	**0**	**37,151**
2020	15,960	1,125	9,011	5,996	4,812	0	36,904
Segment depreciation/amortisation expense, impairment losses	**8,282**	**541**	**6,603**	**4,129**	**9,865**	**0**	**29,420**
2020	7,523	630	5,661	3,139	10,658	0	27,611
Significant non−cash expenses	**3,581**	**2,372**	**4,161**	**1,458**	**3,268**	**0**	**14,840**
2020	2,506	2,235	3,747	1,304	2,374	0	11,971

Of the total non-current assets of €458.024 million (31 December 2020: €439.217 million), €40.232 million (31 December 2020: €34.020 million) was located in European countries other than Germany, €36.694 million (31 December 2020: €30.405 million) of which was located in Ireland. Non-current assets located in Germany totalled €417.792 million (31 December 2020: €405.197 million).

The carrying amounts of equity-accounted joint ventures in the Credit Platform segment totalled €1.109 million (31 December 2020: €1.097 million) and their contribution to profits amounted to a loss of €11 thousand (2020: profit of €50 thousand). In the Real Estate Platform segment, equity-accounted joint ventures had a carrying amount of €1.054 million (31 December 2020: €1.171 million) and contributed a loss of €130 thousand (2020: profit of €108 thousand) to profits. In the Insurance Platform segment, the carrying amounts of equity-accounted joint ventures stood at €13.448 million (31 December 2020: €13.145 million) and they contributed a loss of €26 thousand (2020: profit of €118 thousand) to profits.

7. Other disclosures

7.1 Other financial commitments

At the balance sheet date, there were other financial commitments totalling €69.6 million (31 December 2020: €55.7 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 €9.5 million (31 December 2020: €9.4 million) due within one year, €28.1 million (31 December 2020: €28.2 million) due in one to five years and €32.0 million (31 December 2020: €18.1 million) due in more than five years. The cost of rentals and leases (minimum leases) amounted to €11.154 million in 2021 (2020: €11.058 million). Rental income of €759 thousand (2020: €58 thousand) was generated by subleases. Rental income of around €800 thousand is expected to be generated by subleases in 2022.

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 2021 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 of the members of the Group Management Board for 2021 amounted to €1.6 million (2020: €1.3 million). The total remuneration of the members of the Supervisory Board came to €180 thousand (2020: €185 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 2021.

	Shares (number) 31 Dec 2021	Shares (number) 31 Dec 2020
Group Management Board		
Ronald Slabke	2,240,381	2,240,381
Stephan Gawarecki	101,802	101,802
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 €1.149 million was generated by joint ventures in 2021 (2020: €999 thousand). As at 31 December 2021, receivables from joint ventures amounted to €583 thousand (31 December 2020: €817 thousand) and liabilities to such companies amounted to €1.066 million (31 December 2020: €957 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 of the members of the Management Board for 2021 amounted to €1.6 million (2020: €1.3 million); for further information, please refer to the remuneration report on the Company's website (www.hypoport.com/investor-relations/corporate-governance/).

7.5 Supervisory Board

The following persons were members of the Company's Supervisory Board in 2021:

- Dieter Pfeiffenberger (chairman of the Supervisory Board), management consultant, Barsbüttel
- Roland Adams (vice-chairman of the Supervisory Board), management consultant, Düsseldorf, member of the supervisory board of Kretschmar Familienstiftung, Berlin, deputy chairman of the board of directors of Mind Institute SE, Berlin
- Martin Krebs, managing director Scalable Capital GmbH, Hofheim.

The total remuneration of the members of the Supervisory Board for 2021 amounted to €180 thousand (2020: €185 thousand); for further information, please refer to the remuneration report on the Company's website (www.hypoport.com/investor-relations/corporate-governance/).

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 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 24 March 2021 that its voting share in Hypoport SE, Berlin, Germany stood at 4.31 per cent on 18 March 2021 (279,884 voting rights).

Pursuant to section 33 (1) WpHG, Union Investment Privatfonds GmbH, Frankfurt am Main, Germany informed us on 21 September 2021 that its voting share in Hypoport SE, Lübeck, Germany stood at 2.94 per cent on 17 September 2021 (190,620 voting rights).

Pursuant to section 33 (1) WpHG, Allianz Global Investors GmbH, Frankfurt am Main, Germany informed us on 27 October 2021 that its voting share in Hypoport SE, Berlin, Germany stood at 3.002 per cent on 25 October 2021 (194,899 voting rights).

Pursuant to section 33 (1) WpHG, BlackRock, Inc., Wilmington, Delaware, United States of America informed us on 9 December 2021 that its voting share in Hypoport SE, Berlin, Germany stood at 4.34 per cent on 6 December 2021 (279,663 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 2021 was €533 thousand (2020: €0 thousand). Total liabilities in relation to share-based remuneration amounted to €875 thousand (2020: €342 thousand).

7.8 Auditors' fees and services

The total fee incurred for services rendered by the auditors BDO AG Wirtschaftsprüfungsgesellschaft in 2021 amounted to €184 thousand (2020: €165 thousand) and comprised €182 thousand for audit services (2020: €141 thousand) and €2 thousand for other advisory services (2020: €24 thousand).

7.9 Average number of persons employed during the financial year

In 2021, the Company employed an average of 2,251 (2020: 2,049) 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 2021 Number	%	31 Dec 2020 Number	%	Change Number	%
Credit Platform	557	25	513	25	44	9
Private Clients	274	12	271	13	3	1
Real Estate Platform	815	36	738	36	77	10
Insurance Platform	369	16	318	16	51	16
Holding	236	10	209	10	27	13
	2,251		**2,049**		**202**	**10**

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 2021, 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 2020: €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 2021, 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 2020: €0 thousand) higher or lower.

The Hypoport Group's credit risk stems primarily from its trade receivables, advance commissions, and other financial assets. In 2021, it recognised impairment losses of €773 thousand (2020: €693 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	150	4,300	13,255	67,922	33,817	**119,444**
2020	155	3,786	11,737	60,415	39,358	**115,451**
Rental and lease obligations	684	1,368	6,128	25,112	50,477	**83,769**
2020	676	1,353	6,093	27,177	45,381	**80,680**
2021	834	5,668	19,383	93,034	84,294	**203,213**
2020	831	5,139	17,830	87,592	84,739	**196,131**

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 2021 and 2020, 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; 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 2021 €'000	Measured at amortised cost		Measured at fair value	Non-financial assets/liabilities	
	Carrying amount on balance sheet at 31 Dec 2021	Pro forma: fair value	Carrying amount	Carrying amount	Carrying amount on balance sheet
Trade receivables	77,877	-	-	-	77,877
Loans and receivables	77,877	77,877	-	-	77,877
Financial assets	779	-	-	-	779
Loans and receivables	779	779	-	-	779
Other assets	126	-	-	7,622	7,748
Loans and receivables	126	126	-		126
Non-financial assets				7,622	7,622
Cash and cash equivalents	48,922	-	-	-	48,922
Loans and receivables	48,922	48,922	-	-	48,922
Total financial assets	**-**	**-**	**-**	**-**	**127,704**
Thereof: loans and receivables	-	-	-	-	127,704
Financial liabilities	197,413	-	-	-	197,413
Measured at amortised cost	197,413	198,783	-	-	197,413
Trade payables	49,659	-	-	-	49,659
Measured at amortised cost	49,659	49,659	-	-	49,659
Other liabilities	12,642	-	-	10,575	23,217
Measured at amortised cost	12,642	12,642	-	-	12,642
Measured at fair value	-	-	47,563		47,563
Non-financial liabilities	-	-	-	10,575	10,575
Total financial liabilities	**-**	**-**	**-**	**-**	**307,277**
Measured at amortised cost	-	-	-	-	259,714
Measured at fair value			-		47,563

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 recewwivables	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

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 2021 €'000	Loans and receivables	Held-to-maturity investments	Fair value/ held for trading	Liabilities measured at amortised cost	2021
Interest and similar income	163	-	-	-	163
Interest expense and similar charges	-	-	-	– 3,577	– 3,577
Impairment losses	– 773	-	-	-	– 773
Net result	**– 610**	**0**	**0**	**– 3,577**	**– 4,187**

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**

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 2021 and 31 December 2020:

Company's gearing	31.12.2021 €'000	31.12.2020 €'000
Financial liabilities	197,413	189,663
Minus cash and cash equivalents	48,922	33,513
Net debt	148,491	156,150
Equity	253,432	221,392
Gearing	59%	71%

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:

- 1blick GmbH, Lübeck, Germany
- Ampr Software GmbH, Berlin, Germany
- Bayreuth Am Pfaffenfleck 15 Objektgesellschaft mbH, Bayreuth, Germany
- Bestkredit-Service GmbH, Lübeck, Germany
- CMP Financial Engineers Verwaltungs-GmbH, Berlin, Germany
- Dr. Klein Privatkunden AG, Lübeck, Germany
- Dr. Klein Ratenkredit GmbH, Lübeck, Germany
- Dr. Klein Wowi Digital AG, Berlin, Germany
- Dr. Klein Wowi Finanz AG, Lübeck, Germany
- Europace AG, Berlin, Germany
- FIO SYSTEMS AG, Leipzig, Germany
- FM InsurTech GmbH, Berlin, Germany
- Future Finance SE, Lübeck, 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
- OASIS Software GmbH, Berlin, Germany (formerly Kartenhaus Software GmbH, Berlin, Germany)
- Maklaro GmbH, Hamburg, Germany
- Primstal - Alte Eiweiler Strasse 38 Objektgesellschaft mbH, Nonnweiler, Germany
- Qualitypool GmbH, Lübeck, Germany
- REM CAPITAL AG, Stuttgart, Germany
- Smart InsurTech AG, Berlin, Germany
- source.kitchen GmbH, Leipzig, Germany
- Value AG the valuation group, Berlin, Germany
- Vergleich.de Gesellschaft für Verbraucherinformation mbH, Berlin, Germany
- Vergleich.de Versicherungsservice GmbH, Lübeck, Germany
- Volz Vertriebsservice GmbH, Ulm, 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

The acquisition described in note 1.8 ‘Acquisitions after the reporting period’ expands the basis of consolidation. This will result in slight changes to the Group’s financial position and financial performance. Revenue will go up, and there is likely to be a positive impact on EBIT. The number of employees will also rise.

After the balance sheet date on 31 December 2021, Russia initiated a war of aggression against Ukraine in contravention of international law and thus brought a long period of peace in Europe to an abrupt end through military confrontation. Hypoport wholeheartedly condemns Russia’s belligerent behaviour. For details concerning the impact of this conflict on the Hypoport Group, please refer to the information provided in the letter to the shareholders and in the outlook.

Apart from the aforementioned matter, no other events have occurred so far that is of particular significance to the financial position and financial performance of the Hypoport Group in 2021.

Lübeck, 4 March 2022

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 2021

	Cost				
	Balance 1 Jan 2021 €'000	Additions €'000	Disposals €'000	Reclassification €'000	Changes in consolidation €'000
I. Intangible assets					
1. Licences, trademarks and similar rights and assets, including licences for such rights and assets	37,278	2,666	394	490	1,934
2. Development costs	118,161	22,952	484	1,093	0
3. Goodwill	221,963	0	0	0	446
4. Advance payments and development costs in progress	2,347	5,389	112	– 1,583	0
	379,749	**31,007**	**990**	**0**	**2,380**
II. Property. plant and equipment					
1. Land, leasehold improvements and buildings, including buildings on land owned by others	8,398	303	0	3,724	0
2. Other facilities, office furniture and equipment	25,103	2,157	84	282	7
3. Use rights	94,716	11,661	0	0	0
4. Advanced payments and constructions in progress	524	3,684	0	– 4,006	0
	128,741	**17,805**	**84**	**0**	**7**
	508,490	**48,812**	**1,074**	**0**	**2,387**

	Cumulative depreciation, amortisation and impairment				Carrying amount	
Balance 31 Dec 2021 €'000	Balance 1 Jan 2021 €'000	Additions €'000	Disposals €'000	Balance 31 Dec 2021 €'000	Balance 31 Dec 2021 €'000	31 Dec 2020 €'000
41,974	15,070	4,709	0	19,779	22,195	22,208
141,722	57,756	11,220	0	68,976	72,746	60,405
222,409	0	0	0	0	222,409	221,963
6,041	500	0	0	500	5,541	1,847
412,146	**73,326**	**15,929**	**0**	**89,255**	**322,891**	**306,423**
12,425	746	203	0	949	11,476	7,652
27,465	14,997	3,535	0	18,532	8,933	10,106
106,377	15,343	9,753		25,096	81,281	79,373
202	0	0	0	0	202	524
146,469	**31,086**	**13,491**	**0**	**44,577**	**101,892**	**97,655**
558,615	**104,412**	**29,420**	**0**	**133,832**	**424,783**	**404,078**

Consolidated statement of changes in non-current assets 2020

	Cost				
	Balance 1 Jan 2020 €'000	Additions €'000	Disposals €'000	Reclassifi-cation €'000	Changes in consolidation €'000
I. Intangible assets					
1. Licences, trademarks and similar rights and assets, including licences for such rights and assets	26,119	3,393	143	11	7,898
2. Development costs	93,753	21,995	0	1,842	571
3. Goodwill	186,439	0	0	0	35,524
4. 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	4,281	316	0	3,801	0
2. Other facilities, office furniture and equipment	16,634	6,426	164	2,095	112
3. Use rights	26,952	67,764	0	0	0
4. 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 2018 €'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**
8,398	585	161	0	746	7,652	3,696
25,103	10,302	4,695	0	14,997	10,106	6,332
94,716	5,503	9,840	0	15,343	79,373	21,449
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**

Report of the supervisory board

The Supervisory Board hereby reports on the discharge of its responsibilities at Hypoport SE (‘Company’) in the 2021 financial year.

In 2021, the Supervisory Board continued to apply due care and diligence in discharging 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 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 budgeting, 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 Supervisory 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 Management 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 five scheduled meetings in 2021. Furthermore, three 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, who are also the members of the Audit Committee in accordance with section 107 (4) sentence 2 of the German Stock Corporation Act (AktG), attended every meeting and took part in the other resolutions adopted outside meetings. As the Audit Committee was established at the meeting on 31 August 2021, it also convened – with all members in attendance – at the Supervisory Board’s final scheduled meeting of the financial year on 3 December 2021.

No members of the Management Board or Supervisory Board were subject to conflicts of interest 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.

On **27/29 January 2021,** the Supervisory Board adopted a written resolution approving the conclusion of a loan agreement with Hamburger Sparkasse for a loan of €10,000,000.00.

At the meeting held on **28 January 2021,** the Management Board set out the operating policy and the strategic planning. One focal topic in this context was the exploration of ways to retain the autonomy of Hypoport Group companies while exploiting synergies at the same time.

Beforehand, the Management Board also reported on developments in the fourth quarter of 2020. After the Management Board had answered the Supervisory Board's questions, the Supervisory Board noted the updated multi-year plans for each segment with approval.

In addition, the members of the Management Board of REM Capital AG presented the Credit Platform segment, with a particular focus on REM Capital AG. The report included a company profile and information on important trends impacting the Company and key performance indicators. Potential for synergies and the significance of digitalisation were discussed as part of the presentation. The Supervisory Board's questions about the segment presentation were answered by members of the Management Boards of Hypoport SE and REM Capital AG.

Finally, the Supervisory Board defined 'risk management and risk monitoring system' as the topic for the upcoming internal audit report.

On **9/11 March 2021,** the Supervisory Board adopted a written resolution approving the conclusion of a commercial premises lease for the establishment of a central Hypoport office in Leipzig, Germany.

A representative of the Company's auditors, BDO AG Wirtschaftsprüfungsgesellschaft, attended the meeting held on **23 March 2021** and presented a comprehensive report on BDO's audit of the separate financial statements for 2020 and the consolidated financial statements for 2020. The representative also answered the Supervisory Board's questions. As required by section 171 AktG, the Supervisory Board reviewed and approved the separate and consolidated financial statements for 2020 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 2021 Annual Shareholders' Meeting, and the Supervisory Board acknowledged them.

At this meeting, the Management Board also reported on the fourth quarter of 2020 and the performance of the individual segments. Furthermore, the Management Board of Dr. Klein Wowi Finanz AG presented the Real Estate Platform segment, with a particular focus on Dr. Klein Wowi Finanz AG. Key developments and updates on the current situation regarding the organisational structure, the medium-term planning, the brand strategy and the insurance and mortgage finance subsegments 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 remuneration 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 noted it with approval. The Supervisory Board also adopted its own report on the 2020 financial year and the corporate governance declaration for 2020, discussed the internal audit function's compliance management summary report on events in 2020 and noted that the Hypoport Group had not had to investigate any compliance incidents in 2020. Moreover, the Supervisory Board reviewed the declaration regarding the audit of the 2020 non-financial report. It also adopted a resolution on a remuneration system for the Management Board and discussed a proposal for a remuneration system for the Supervisory Board together with the Management Board.

At the same meeting, the Supervisory Board approved the conclusion of a loan agreement with Deutsche Bank AG for a loan of €10,000,000.00.

On **3/5 April 2021,** after making appropriate preparations and discussing the draft agenda for the 2021 Annual Shareholders' Meeting, the Supervisory Board adopted a written resolution on convening the Annual Shareholders' Meeting on 21 May 2021 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 23 March 2021.

At the Supervisory Board meeting held on **21 May 2021** immediately after the Annual Shareholders' 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 covered subjects such as the market and the competitive environment, the current strategic position (including the growth strategy) as well as the company's unique selling points and the related challenges.

In addition, the Management Board reported on developments in the individual segments during the first quarter of 2021.

The Supervisory Board also discussed the internal audit report on the risk management and monitoring system. Questions of the Supervisory Board on this subject were answered. The report, which did not identify any material shortcomings, was noted with approval by the Supervisory Board.

Following the reelection of the existing members of the Supervisory Board at the Annual Shareholders' Meeting, the Supervisory Board reappointed Mr Dieter Pfeiffenberger as Supervisory Board chairman and Mr Roland Adams as vice-chairman.

The Supervisory Board also considered and approved a proposal for an amendment to the Hy-poport Group's policy on authority levels.

At the Supervisory Board meeting held on **31 August 2021,** the Management Board reported on the second quarter of 2021 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 Management Board provided an update on the Group structure, the Group's management, the organisational structure and the allocation of responsibilities for the individual segments, Hypoport companies and functions among the Management Board members.

The meeting also included a presentation on the Insurance Platform segment, with a particular focus on strategic aspects. The presentation was given by members of the Management Board of Smart InsurTech AG and provided information on key financials. A particular emphasis was also placed on the planned strategic focus on the private clients business and insurance business and the resulting revenue potential. Furthermore, an update on the current compe-titive environment and a SWOT analysis were presented along with a summary of the benefits, consequences and challenges derived from this data, and questions of the Supervisory Board in relation to this presentation were answered.

In addition, the Supervisory Board adopted a resolution to amend the rules of procedure in light of the now mandatory requirement to form an Audit Committee. From among its members, the Supervisory Committee elected Mr Martin Krebs as chairman of the Audit Committee and established that the members fulfilled the relevant requirements regarding expertise and independence.

The Company's operating performance in the third quarter of 2021 as well as the latest developments in the business units were discussed extensively with the Management Board at the Supervisory Board meeting held on **3 December 2021.** An outlook for the remainder of 2021 was also provided.

Moreover, the managing directors of Hypoport hub SE presented the Holding segment, with a particular focus on Hypoport hub SE. They provided information on current trends, including up-to-date figures, and described internal and external challenges and key measures that were being taken to tackle these.

Another agenda item was the Management Board's report on capital expenditure in 2021, the current debt finance situation and the resulting funding policy.

In addition, the Supervisory Board reviewed the effectiveness of its own work over the past year and the effectiveness of the work of the Audit Committee that had been established on 31 August 2021.

The Supervisory Board also approved the issuance of the declaration of conformity as presented to the Supervisory Board and noted the internal audit function's report on company credit cards and occupational health and safety with approval.

Finally, the Supervisory Board adopted a resolution approving the conclusion of a loan agreement with Commerzbank AG for a loan of €10,000,000.00 as well as another separate resolution permitting the Chief Executive Officer to take up an additional post.

Committees

With the exception of the mandatory formation of an Audit Committee, 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 2021, the Supervisory Board once again discussed the content of the German Corporate Governance Code and adopted the necessary resolutions on compliance with its recommendations and on exceptions where individual recommendations are not followed. More information about corporate governance at the Company can be found in the corporate-governance declaration pursuant to sections 289f and 315d of the German Commercial Code (HGB). Detailed information on the level and structure of remuneration for the Supervisory Board and Management Board can be found in the remuneration report pursuant to section 162 AktG and in the remuneration system for the Supervisory Board that was adopted by the Annual Shareholders' Meeting on 21 May 2021 in accordance with section 113 (3) AktG and can be accessed from the Company's website. 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 2021, no additional training and development activities were required to enable the existing members of the Supervisory Board to carry out their duties. However, the Supervisory Board will review on an ongoing basis whether such activities are required in future in relation to their work for the Company. The Supervisory Board is supported by the Company's Management Board in this regard.

Separate and consolidated financial statements

The Management Board submitted to the Supervisory Board the 2021 separate financial statements that it had prepared in accordance with the HGB, the 2021 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 appropriation of profit and the corresponding independent auditors' reports. The Management Board and the Supervisory Board jointly prepared the remuneration report pursuant to section 162 AktG and presented it to the independent auditor for review.

BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, the auditors appointed by the Company, audited its separate financial statements, the consolidated financial statements and both management reports for the year ended 31 December 2021 and issued an unqualified opinion in each case. The independent auditor also reviewed the remuneration report pursuant to section 162 AktG and issued an opinion on the audit of the remuneration report. As required by section 171 AktG, the Supervisory Board reviewed and discussed the separate and consolidated financial statements for 2021 and both management reports. At the Supervisory Board meeting held on **22 March 2022** to discuss the Company's financial statements, the auditors reported in person to the Supervisory Board and provided exhaustive answers 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 2021 prepared by the Management Board. The financial statements for 2021 have thus been adopted. In addition, the Supervisory Board reviewed and approved the separate non-financial Group report for 2021. 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.

Last but not least, the Supervisory Board would like to thank the Management Board and all employees of the Hypoport Group for their hard work and valuable support.

Barsbüttel, March 2022

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 SE is 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 the implementation of these standards at regular intervals in order to ensure full compliance with them for the benefit of shareholders, employees and, not least, the Company itself.

Declaration of conformity with the German Corporate Governance Code

The Management Board and Supervisory Board have carefully examined the German Corporate Governance Code 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 3 December 2021 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 in December 2020, Hypoport SE has complied – 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 by the Annual Shareholders' Meeting on 21 May 2021 as members of the Supervisory Board of Hypoport 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.5 of the 2020 Code recommends that the supervisory board form a nominations committee that consists exclusively of shareholder representatives and that nominates suitable candidates whom the supervisory board then recommends to the annual shareholders' meeting for election as supervisory board members.

   To date, the Supervisory Board has not formed a nominations committee as described in paragraph D.5 of the 2020 Code. Because the Supervisory Board consists of only three members, as specified in the Company's statutes, all aspects of its work will for now continue to be carried out by the entire Supervisory Board, with the exception of those matters pertaining to the remit of the Audit Committee as described in paragraphs D.3 and D.4 of the 2020 Code. Consequently, Hypoport SE does not consider it necessary to form further committees, including a nominations committee, at this point in time. 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. However, the Supervisory Board will review on an ongoing basis whether the formation of a nominations committee may be helpful in the future.

4. Paragraph G.1, bullet point 1, first half-sentence of the 2020 Code recommends that the remuneration system specify the method by which the target total remuneration is determined for each individual management board member, while paragraph G. 1, bullet point 2 recommends that it also specify the proportions of fixed remuneration and short-term and long-term variable remuneration components relative to the target total remuneration. Moreover, paragraph G.2 of the 2020 Code 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.

   Because of the particular design of the remuneration system for the Management Board of Hypoport SE, 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 assessment base for remuneration components will take account of positive as well as negative performance aspects and the remuneration will not exceed the usual level of remuneration without specific reasons.

5. 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.

6. 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 and the applicable remuneration system for the Management Board of Hypoport SE specify a multi-year assessment base for all remuneration components (including the fixed salary component).

7. 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 provisions of the existing employment contracts of the members of the Management Board and the applicable remuneration system for the Management Board of Hypoport SE are geared towards 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. The specific way in which this remuneration system is designed should ensure that no incentives are created that are contrary to or incompatible with the strategic objectives of Hypoport SE or encourage inappropriate risk-taking.

8. 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 re-elected by the Annual Shareholders' Meeting on 21 May 2021 as members of the Supervisory Board of Hypoport 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 actions of the Supervisory Board members for the 2025 financial year. 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. Over the course of 2022, the Supervisory Board will conduct a similar self-assessment in respect of the activities of the Audit Committee, which was newly formed during the reporting period.

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 remuneration report pursuant to section 162 AktG for 2021 and the independent auditors' report are available at www.hypoport.com/investor-relations/publications/. Information about the applicable remuneration system and the most recent resolution on remuneration are also 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, or the Audit Committee, 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 and that any such incident be noted in the auditors' report. The independent auditors notify the Supervisory Board immediately of any findings or events of material importance to the Supervisory Board's work that arise during the course of the audit. The Supervisory Board periodically reviews the quality of the audit of the financial statements.

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 2021.

Group Management Board	Shares (number)
Ronald Slabke	2,240,381
Stephan Gawarecki	101,802
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. No directors' dealings as defined in article 19 MAR occurred in 2021, so no further directors' dealings were published.

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 24 March 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 31 August 2021. They can be accessed online at https://www.hypoport.com/investor-relations/corporate-governance/. As the Supervisory Board consists of only three members, its current members – Mr Martin Krebs, Mr Dieter Pfeiffenberger and Mr Roland Adams – also form the Audit Committee pursuant to section 107 (4) sentence 2 AktG. Mr Martin Krebs is the chairman of the Audit Committee. To date, the Supervisory Board has not set up any committees, with the exception of the mandatory formation of an Audit Committee (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 at the Annual Shareholders' Meeting on 21 May 2021 for the period up to the end of the Annual Shareholders' Meeting that votes on the formal approval of the actions of the Supervisory Board members for the 2025 financial year. The next elections to the Supervisory Board are therefore scheduled to be held at the 2026 Annual Shareholders' Meeting.

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.

The Supervisory Board is of the opinion that setting a target of more than 0 per cent for the proportion of women or men on the Supervisory Board or Management Board would not be helpful, because the selection of any member of the Supervisory Board or Management Board should be based purely on the independence and the professional and personal suitability of the candidate, irrespective of their gender. It is the view of the Supervisory Board that the definition of specific gender targets would undermine the appropriate consideration of these essential criteria when it comes to proposing candidates for the Supervisory Board and selecting and appointing members of the Management Board.

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 defined and includes the roles Head of People & Organisation and Head of Hypoport Solutions. The second level encompasses the group of team leaders. The deadline for achieving the targets is 30 June 2022.

At the time of the adoption of the resolution, the Company performed the centralised advisory and support services for the entities in the Hypoport Group (‘central functions’) and also the role of a strategic and management holding company. The Hypoport Group promotes the concept of self-management. As a result, large parts of the Group are based on organisational structures that do not rely on conventional hierarchies and instead use so-called ‘circles’ that are not led by traditional managers (holacratic organisational structure). The aforementioned targets were set in order to ensure that it remains possible for vacant positions to be filled exclusively based on aspects of professional and personal suitability while also ensuring that staffing at the highest management level below the Management Board complies with the provision under section 76 (4) sentence 2 AktG (wording prior to the latest amendment), which prohibits companies from dropping below a target quota once it has been reached. The Management Board has historically also focused exclusively on aspects of professional and personal suitability when selecting staff for the two highest management levels below the Management Board. The Management Board firmly believes that vacancies at these two management levels should continue to be filled on the basis of professional and personal suitability alone, irrespective of gender.

Due to the fact that a holacratic organisational structure has since been implemented in the Company and a part of the business, which includes the central functions, has been transferred, the management levels that were defined in the resolution dated 29 January 2018 have ceased to exist. In the current organisational structure, management levels below the Management Board exist in the Company only to a very limited extent (if at all), as the Company's sole function is now that of a strategic and management holding company. Operational activities and central functions are being performed by the other entities in the Hypoport Group. The Management Board will review and update the definition of the management levels and the relevant targets ahead of the target achievement deadline and report on the achievement of the targets during the reporting period in the next corporate governance declaration.

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 Annual Shareholders' Meeting is usually chaired by the chairman of the Supervisory Board or by another member of the Supervisory Board appointed by this chairman. 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 a proxy appointed by the Company – 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 2022

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 2021, 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 2021 to 31 December 2021, 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 2021 to 31 December 2021. 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 2021 and its financial performance in the financial year from 1 January 2021 to 31 December 2021 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 2021 to 31 December 2021. 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. 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 2.18 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. Impairment of goodwill

Issue

The Company reported goodwill totalling €222 million under the 'Intangible assets' line item on the balance sheet as at 31 December 2021 in its consolidated financial statements (37 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 judgements. 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 judgements 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 (3a) HGB

Audit opinion

In accordance with section 317 (3a) 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 file „Hypoport_KA_2021.zip“ (SHA256-Hashwert: 26797f2e1315202efb-dc2262fbaa86f7bcdf804a585c6895013980413b5add37) 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 2021 to 31 December 2021, 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 (3a) HGB and taking account of the IDW EPS 410 10.2021 audit standard (audit of electronic reproductions of financial statements and management reports prepared for publication purposes in accordance with section 317 (3a) 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.

The Supervisory Board is responsible for monitoring the process of preparing 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 in accordance with articles 4 and 6 of Delegated Regulation (EU) 2019/815 in the version valid as at the reporting date.

Other disclosures pursuant to article 10 of the eu audit regulation

We were elected by the Annual General Meeting on 21 May 2021 to audit the financial statements. The Supervisory Board engaged us on 3 November 2021. 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.

Other matter – use of the auditors’ report

Our auditors’ report should always be read in conjunction with the audited consolidated financial statements and audited group management report and in conjunction with the audited ESEF documents. The consolidated financial statements and group management report converted into the ESEF format – including the versions to be announced in the German Federal Gazette – are merely electronic reproductions of the audited consolidated financial statements and audited group management report and do not replace them. In particular, the ESEF report and our audit opinion contained therein may only be used in conjunction with the audited ESEF documents provided electronically.

Responsible auditor

The auditor responsible for the audit is Dr Ralf Wißmann.

Lübeck, 22 March 2022

BDO AG
Wirtschaftsprüfungsgesellschaft

Dr Faßhauer
Wirtschaftsprüfer
(German Public Auditor)

Dr Wißmann
Wirtschaftsprüfer
(German Public Auditor)

Single-entity financial statements

of Hypoport SE 2021 (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 2021

	2021 €'000	2020 €'000
Revenue	7,806	18,161
Other operating income	1,014	824
Material costs	0	– 6,749
Personnel expenses	– 12,496	– 15,794
Depreciation, amortisation and write-downs on intangible fixed assets and on property, plant and equipment	– 580	– 1,143
Other operating expenses	– 17,735	– 16,051
Income from long-term equity investments	8,819	8,480
Income from profit transfer agreements	44,784	39,755
Income from loans from financial assets	1,831	1,630
Other interest and similar income	304	250
Expense in respect of loss transfers	– 10,210	– 4,898
Interest expense and similar charges	– 1,897	– 1,957
Profit from ordinary activities	**21,640**	**22,508**
Income taxes	– 3,801	– 4,614
Other taxes	– 16	– 6
Deferred taxes	874	– 608
Net profit for the year	**18,697**	**17,280**
Profit brought forward	111,027	93,301
Settlement purchase of treasury shares	10	446
Distributable profit	**129,734**	**111,027**

Balance sheet as at 31 December 2021

Assets	31.12.2021 €'000	31.12.2020 €'000
Fixed assets		
Intangible assets	74	486
Property, plant and equipment	3,778	4,244
Financial assets	255,562	239,067
	259,414	**243,797**
Current assets		
Trade receivables	10	32
Receivables from affiliated companies	65,349	63,348
Receivables from other long-term investees and investors	1,505	1,280
Other assets	1,342	619
Cash and cash equivalents	7,148	5,328
	75,354	**70,607**
Prepaid expenses	**181**	**304**
	334,949	**314,708**
Equity and liabilities		
Equity		
Issued capital	6,493	6,493
Thereof treasury shares	– 192	– 193
Thereof subscribed capital	6,301	6,300
Capital reserves	66,925	65,773
Retained earnings	7	7
Distributable profit	129,734	111,027
	202,967	**183,107**
Provisions	**3,315**	**4,189**
Liabilities		
Liabilities to banks	111,884	107,008
Liabilities to affiliated companies	567	460
Liabilities to companies with which an investment relationship exists	10,652	14,460
Other liabilities	1,818	865
	124,921	**122,793**
Deferred tax liabilities	**3,746**	**4,619**
	334,949	**314,708**

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