Interim report of Hypoport SE for the period ended at 31 March 2020

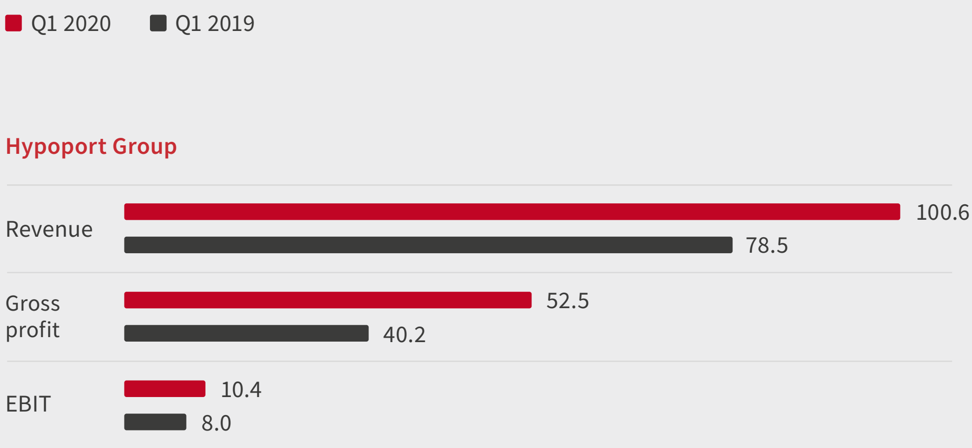
11 May 2020

Key performance indicators

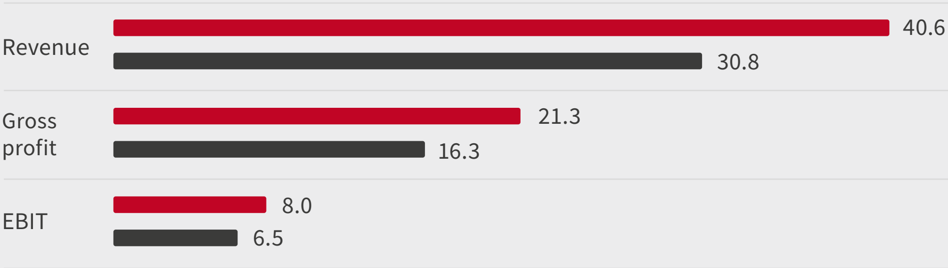
Revenue and earnings (€'000)	Q1 2020	Q1 2018	Change
Revenue	100,638	78,455	28%
Gross profit	52,540	40,190	31%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	16,671	12,371	35%
Earnings before interest and tax (EBIT)	10,518	8,022	31%
EBIT margin (EBIT as a percentage of gross profit)	20,0	20,0	0%
Net income	7,998	6,165	30%
attributable to Hypoport SE shareholders	7,992	6,157	30%
Earnings per share (€)	1.27	0.99	28%

Financial position (€'000)	31.03.2020	31.12.2019	Veränderung
Current assets	93,429	87,129	7%
Non-current assets	368,465	304,450	21%
Equity	201,183	178,375	13%
attributable to Hypoport SE shareholders	200,835	178,033	13%
Equity ratio (%)	43.6	45.6	–4%
Total assets	461,894	391,579	18%

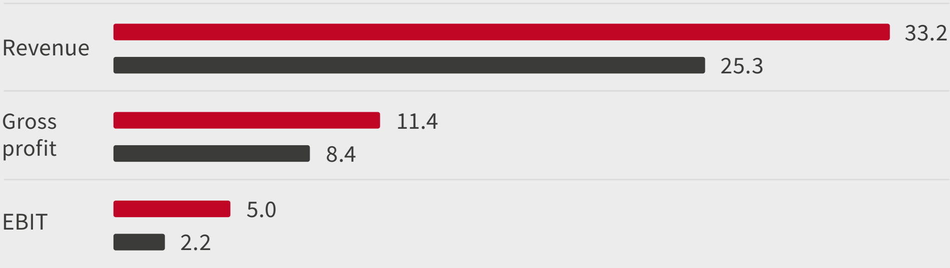
Revenue, Gross profit and EBIT (€ million)



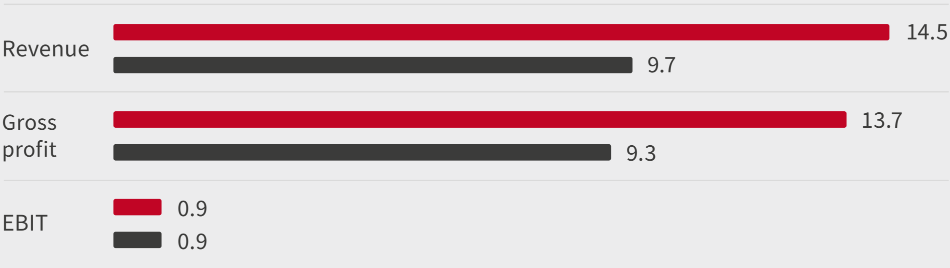
Credit Platform



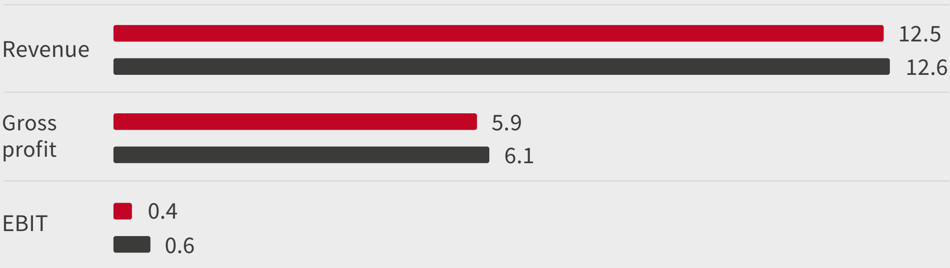
Privat Clients



Real Estate Platform



Insurance Platform



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Letter to shareholders

Dear shareholder,

In the first three months of 2020, we made a successful start to the new financial year. Our revenue rose by 28 per cent to more than €100 million. This exceptional growth was driven by almost all of the Hypoport companies.

The social distancing measures imposed and the reduction in consumer spending as a result of the spread of coronavirus (referred to in this report as the 'coronavirus crisis') has had a dramatic impact on the German economy as a whole and on many listed companies in particular. Some readers may therefore be surprised by Hypoport's strong performance, especially as the volumes on the platforms and the revenue in the individual segments in March – the period affected by the coronavirus crisis – were not lower than the average figures for the quarter.

We have identified two key reasons why our business fared well despite the coronavirus crisis. Firstly, the markets in which we operate – the German credit, housing and insurance sectors – tend to be fairly immune to short-term economic trends and only react later in the cycle, if at all. Secondly, we are a cutting-edge company that is currently capturing market share from traditional competitors thanks to our much greater level of efficiency. The best examples of this are the use of video chat in advisory meetings with end customers and the digital processing of financing applications that are submitted to banks on Europace. This is significantly strengthening our position compared with market participants that do not use digitalised technologies to the same extent.

This competitive edge is also the result of the capital investment and expenditure in 2019 and previous years on new technology, the expansion of sales capacity and the connection of new product partners. Overall, our EBIT increased by a substantial 31 per cent to €10.5 million in the first quarter of 2020.

This positive trend across the Group as a whole was attributable to the performance of the individual segments:

Our **Credit Platform segment,** which centres around the online B2B lending marketplace Europace, fared extremely well in the first three months of 2020. The transaction volume on Europace amounted to €20.8 billion, an impressive increase of 34 per cent compared with the first quarter of 2019. At the same time, GENOPACE maintained the buoyant growth trend that began in 2018, which meant that the volume of transactions from cooperative institutions surged by 159 per cent to €7.1 billion. The sub-marketplace for savings banks, FINMAS, also performed well, with the volume of transactions rising by 50 per cent to €2.0 billion.

Our offerings in the Credit Platform segment are thus continuing to rapidly establish themselves with Germany's two large associations of regional banks this year. The increases in revenue from the sales-supporting brokerage pools and from REM Capital, which specialises in corporate finance advice, meant that the segment's revenue rose by 32 per cent to almost €41 million (Q1 2019: €31 million). The segment's EBIT advanced by 24 per cent to €8.0 million (Q1 2019: €6.5 million) despite continued high levels of capital expenditure.

The **Private Clients segment,** with its main B2C brand Dr. Klein, captured significant market share as a result of using Europace and deploying video conferencing technology for its advisory meetings. The sales volume in the first three months of 2020 increased by a substantial 39 per cent to €2.4 billion. Revenue in the Private Clients segment came to €33 million, a rise of 31 per cent (Q1 2019: €25 million). Because of a high level of capital expenditure in the first quarter of 2019, the segment recorded a disproportionately strong increase in EBIT to reach €5.0 million in the reporting period (Q1 2019: €2.2 million).

In the **Real Estate Platform segment,** FIO Systems and its property sales and property management platforms generated a strong increase in revenue. The property valuation platform, which is closely integrated with the credit platform, was able to almost double its revenue. The property financing platform for the housing industry reported an increase in revenue due to very volatile interest rates in March. The Real Estate Platform segment's overall revenue advanced by 49 per cent to €15 million (Q1 2019: €10 million). EBIT went up by 5 per cent to €0.9 million (Q1 2019: €0.9 million).

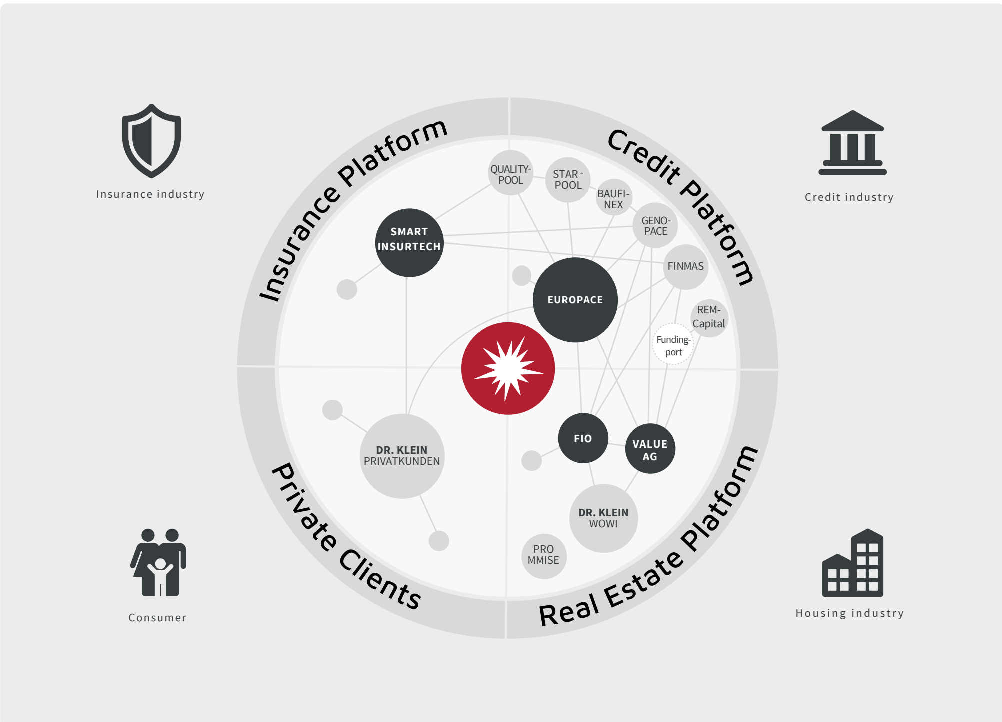
The **Insurance Platform segment,** which is centred on the fully integrated SMART INSUR platform, was able to gradually expand its business relationships with existing clients. Moreover, additional small and medium-sized enterprises were signed up as pilot customers for the platform in 2019 and this year, resulting in increasing buy-in among the target group of large distribution organisations and brokerage pools. Revenue decreased slightly on the prior-year period, by 1 per cent, to reach €12.5 million due to a reduction in project business and the focus on recurring revenue streams from the platform business. EBIT declined slightly from €0.6 million to €0.4 million.

It currently remains difficult to predict the magnitude of the effects of the coronavirus crisis in the short to medium term. A severe recession in Germany may lead to a temporary dip in consumer demand for housing and for new mortgage finance and insurance policies. It is still too soon to predict whether the Hypoport Group would merely be able to mitigate the impact of such a fall in consumer demand, or would in fact be able to more than offset this impact, thanks to its gains in market share resulting from its advantages as a large and modern technology network.

What we do know, however, is that the additional market share gained in the first quarter of 2020 has taken us another big step closer to achieving our mission of digitalising the German credit, property and insurance industries in the long term.

Stay safe and keep well.
Kind regards,

Ronald Slabke



Management report

Business and economic conditions

Macroeconomic environment

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. In 2020, the coronavirus outbreak will also impact on the macroeconomic environment and sectoral conditions. This impact is not yet quantifiable, although a first assessment of the qualitative effects is provided in this section, the 'Business performance' section and the outlook.

In 2019, the German economy expanded for the tenth year in succession, the longest period of growth in reunified Germany. Europe's largest economy saw its GDP increase by 0.6 per cent last year. International trade and tariff disputes held back growth in the German economy, which is traditionally very export-focused. Growth was primarily driven by consumer spending. The macroeconomic effect of the health and safety measures taken to contain coronavirus cannot yet be conclusively quantified. However, researchers at the leading economic research institutions agree that Germany is likely to suffer a significant recession in 2020 but anticipate a return to strong economic growth in 2021.

In 2019, consumer prices in Germany went up by 1.4 per cent, which was well under the inflation target of the European Central Bank (ECB) of "below, but close to, 2.0 per cent". The rate of inflation ranged from 1.4 per cent to 1.7 per cent in the first three months of this year, but consumer prices are expected to fall sharply in 2020 due to the anticipated recession. These conditions mean that the current environment of low interest rates is here to stay, and there may even be a slight fall in interest rates.

Sectoral performance

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

The companies within the first two segments (Credit Platform and Private Clients) are primarily involved in the brokerage of financial products for private residential mortgage finance, the development of technology platforms for such brokerage, and related services. The key target sector for these segments is therefore the credit industry for residential property in Germany.
The Real Estate Platform segment is involved in the sale, valuation, financing and management of residential properties. The volume of housing market transactions in Germany is this segment's best possible market benchmark, because it has a bearing on the development of the relevant business processes.

The fourth segment – Insurance Platform – 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.

Credit industry for residential property

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

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

These factors have been pushing up demand for residential property for many years. On the supply side, the regulation of residential construction and a shortage of building resources mean that new construction is rising only slightly. The result is a gap between supply and demand, which different experts estimate at between one and two million homes. Given this surplus demand, the Hypoport Group believes that the volume of private housing market transactions in Germany will increase in the medium to long term.

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 [1] a property research institution, the Hypoport Group estimates that this volume of housing market transactions in Germany was almost €200 billion in 2019. The small year-on-year increase of between 4 and 5 per cent was driven by a rise in property prices, as the number of property transactions was down slightly.

However, operational developments in the housing market were overshadowed by the current coronavirus outbreak in the final few weeks of the first quarter of 2020 and this is likely to remain the case as the year continues. Nevertheless, the long-term trend is intact.

In early March, demand for housing in Germany fell sharply due to the lockdown, as did supply, but was already staging a marked recovery by the end of the quarter. Having a home of one's own immediately became more important for many people during the lockdown. All indicators now show that demand has gone back up to its pre-crisis level.

The supply of housing also improved again slightly at the end of the quarter, but remains well below the level at the start of the year. As in recent years, the level of supply is limiting the number of transactions, which led to sharp price rises in the past. A significant increase in housing transaction prices was registered again in the period January to March 2020. It remains to be seen whether the imbalance will cause prices to rise in the coming months. In general, economists anticipate that property prices will fall slightly over the rest of 2020 because incomes are declining as a result of the crisis.

[1] *IMA® information on the German property market in 2019, GEWOS,*

There is greater certainty, however, surrounding the medium-term forecast. The expected increase in incomes – in 2021 at the latest – and net inward migration to Germany are likely to push up demand for housing, and thus lead to significant price rises, thanks to Germany's predicted healthy economic growth relative to other EU member states.

Irrespective of prices, the social distancing measures imposed in order to tackle coronavirus will probably result in a temporary fall in housing transactions, which in turn could have an adverse effect on the total volume of mortgage finance in Germany.

Market for residential mortgage finance

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

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

Regarding the second factor, regulations, it is evident that European and domestic regulation – which has been mounting for years – is adversely affecting the financial services market in Germany. For years, banks and insurance companies in particular have been required to use significant resources to implement laws and directives (e.g. the EU's Mortgage Credit Directive, Basel III, Solvency II, MiFID 2 and IDD 2). As these resources could otherwise have been used to strengthen operations, the overall impact of the regulations has been to inhibit market performance.

The third factor, the level of interest rates, plays a subordinate role when consumers are deciding whether to buy property. For this group, being able to secure the right property at the right time for an affordable price is more important than the current mortgage rate.
The interaction of these factors caused the volume of new mortgage finance business, based on Deutsche Bundesbank statistics (Bundesbank time series BBK01.SUD231), to rise to €67.7 billion in the first three months of 2020, a year-on-year increase of 10.0 per cent (Q1 2019: €61.6 billion).

Interest-rate changes affect the property financing platform for the housing industry in the Real Estate Platform segment. The benchmark yields on ten-year German government bonds fell substantially from minus 0.2 per cent at the start of the year to minus 0.8 per cent before rising sharply again in mid-March to around 0.3 per cent at the end of the quarter. This strong interest-rate volatility resulted in relatively benign market conditions. However, debate about further regulation of the rental accommodation market has been dampening the housing industry's propensity to invest for a number of quarters. At present, the coronavirus crisis is having only a peripheral effect on the housing industry. There has been barely any increase in rental arrears. The only potential impact is that current construction projects may be slightly delayed due to disruptions in the supply chain.

Insurance market

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

In January 2020, the German Insurance Association (GDV) anticipated that premium growth would return to a more normal level of between 1.5 per cent and 2.0 per cent this year. A rise of around 1.0 per cent was predicted for life insurance, while the GDV expected an increase of around 2.5 per cent for non-life insurance. The coronavirus crisis may make consumers temporarily less inclined to take out policies for new insurance products, such as endowment insurance. As already explained, however, such short-term developments are fairly insignificant to the overall assessment of the market conditions for the Insurance Platform segment.

Business performance

In the first quarter of 2020, Hypoport increased its revenue by 28 per cent to €100.6 million (Q1 2019: €78.5 million). Excluding selling expenses of €48.1 million (Q1 2019: €38.3 million), the full Hypoport network's gross profit amounted to €52.5 million (Q1 2019: €40.2 million), an increase of 30 per cent. In the first quarter of 2020, Hypoport began to reap the benefits of its very high levels of capital expenditure in 2019 in the following areas:

- Ongoing development of the individual platforms,
- Leveraging of synergies between the platforms' business models,
- Key account manager capacity, particularly for the regional banks.

Despite the high level of capital expenditure aimed at generating future growth in the individual target markets, earnings before interest and tax (EBIT) rose at a similar rate of 31 per cent to reach €10.5 million (Q1 2019: €8.0 million).

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. Furthermore, Hypoport began to establish a corporate finance advice business and a corporate finance platform within the Credit Platform segment in 2019.

Europace brings together two groups: distribution organisations (non-captive distribution organisations, private commercial banks, savings banks, cooperative banks) and product suppliers (private commercial banks and insurance companies, savings banks and cooperative banks). The volume of transactions processed on Europace in the first three months of 2020 went up by 34 per cent to €20.8 billion, compared with €15.5 billion in the first quarter of 2019.

The transaction volume for mortgage finance, which is by far the largest product group, rose by 38 per cent year on year to €16.7 billion in the first quarter of 2020 (Q1 2019: €12.1 billion). The second-largest product group, building finance, increased its transaction volume by 22 per cent to €3.1 billion in the first three months (Q1 2019: €2.5 billion). The volume in the smallest product group, personal loans, also went up in the first quarter, rising by 14 per cent to €1.0 billion (Q1 2019: €0.9 billion).

All three product groups thus grew at significantly faster rates than their respective markets once again (see the 'Sectoral performance' section).

FINMAS, the sub-marketplace for institutions in the Savings Banks Finance Group, increased its transaction volume by 50 per cent to €2.0 billion in the first three months of 2020 (Q1 2019: €1.3 billion). The platform therefore again brought the affiliated banks substantial productivity gains. In the cooperative banking sector, institutions used the dedicated GENOPACE sub-marketplace to generate a volume of €1.7 billion, a rise of 159 per cent (Q1 2019: €0.7 billion). Alongside these encouraging trends at the savings banks and cooperative banks, the volumes generated by the non-captive financial distributors and private commercial banks that use Europace also expanded at a faster rate than the market.

Product suppliers on the Europace lending marketplace are divided into three groups: private commercial banks and insurance companies, savings banks and cooperative banks. Private commercial banks and insurance companies remain the largest group, granting loans with a volume of €14.6 billion as product suppliers in the first quarter of 2020 (Q1 2019: €11.7 billion). The lending volume of the savings banks rose to €3.4 billion (Q1 2019: €2.3 billion). The volume of loans granted by the cooperative banks as product suppliers amounted to €2.8 billion (Q1 2019: €1.5 billion). The savings banks and cooperative banks thus further increased their new lending business relative to private commercial banks and insurance companies by using the marketplace.

This shows that the coronavirus crisis did not have any negative effect in the first quarter of 2020.

Financial figures Credit Platform	Q1 2020	Q1 2019	Change
Transaction volume (billion €)			
Total	20.8	15.5	34%
thereof Mortgage finance	16.7	12.1	38%
thereof Building finance / 'Bausparen'	1.0	0.9	14%
thereof Personal loan	3.1	2.5	22%
Partners (number)			
Europace (incl. GENOPACE und FINMAS)	726	662	10%
GENOPACE	354	323	10%
FINMAS	287	246	17%
Revenue and earnings (million €)			
Revenue	40.6	30.8	32%
Gross profit	21.3	16.3	30%
EBIT	8.0	6.5	24%

In the first three months of 2020, total revenue in the Credit Platform segment was up by 32 per cent compared with the same period of 2019 as a result of the much greater volume of transactions on Europace and the increase in revenue from the two brokerage pools for independent loan brokerage advisors, Qualitypool and Starpool, from white-label personal loans business and from REM Capital AG's corporate finance advice business. The revenue of the Credit Platform segment as a whole amounted to €40.6 million in the first three months of 2020 (Q1 2019: €30.8 million). After deduction of selling expenses, the segment's gross profit was therefore up by 30 per cent to €21.3 million (Q1 2019: €16.3 million). The segment's EBIT rose by 24 per cent to €8.0 million in the first three months of 2020 (Q1 2019: €6.5 million) despite high levels of capital expenditure on the next generation of Europace, establishment of the 'fundingport' corporate finance platform and expansion of key account resources, particularly for regional banks.

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 200 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 2) Improved definition introduced for 2020 onwards. Only those people whose main occupation is mortgage finance advisor now count as Dr. Klein advisors. at the existing locations. As at 31 March 2020, the number of advisors had grown by 12 per cent year on year, taking the total to 528 (31 March 2019: 473).

In the first quarter of 2020, the volume of mortgage finance, building finance and personal loan products brokered by Dr. Klein ('volume of new loans brokered') amounted to approximately €2.4 billion (Q1 2019: €1.7 billion). This equates to a considerable year-on-year increase of 39 per cent.

Dr. Klein advisors have been offering advice via video as well as in face-to-face meetings for years, which has proved to be a huge competitive advantage over less tech-savvy advisors in dealing with the social distancing requirements imposed due to the coronavirus outbreak. Consequently, the coronavirus crisis did not have any tangible negative effect on the segment's business model in the first quarter of 2020.

Financial figures Private Clients	Q1 2020	Q1 2019	Change
Transaction volume financing (billion €)	2.35	1.69	39%
Number of franchise advisors (financing) *	528	473	12%
Revenue and earnings (million €)			
Revenue	33.2	25.3	31%
Gross profit	11.4	8.4	36%
EBIT	5.0	2.2	123%

* Only those people whose main occupation is mortgage finance advisor now count as Dr. Klein advisors. Prior-year figures adjusted.

Revenue in the Private Clients segment as a whole advanced by 31 per cent to around €33.2 million in the first three months of the year (Q1 2019: €25.3 million). Commission is paid to franchisees and lead acquisition fees are paid to third parties and recognised as selling expenses. The gross profit remaining after deduction of these selling expenses went up by 36 per cent to €11.4 million (Q1 2019: €8.4 million). The EBIT of the Private Clients segment jumped by 123 per cent, from €2.2 million to €5.0 million. This was due to higher levels of capital expenditure in 2019 than in 2020 on improving the contractual integration of a large number of new regional product partners, digitalising processes and building up the workforce.

Real Estate Platform segment

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

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

The focus for both the property sales platform and the property management platform was again on acquiring new clients. As at 31 March 2020, the sales solution was used by 319 savings banks within the Savings Banks Finance Group (31 March 2019: 310). The number of users in the cooperative banking group grew to 73 institutions (31 March 2019: 59). The total value of all properties sold via the platforms was €3.3 billion in the first quarter of 2020, a rise of 10 per cent compared with the prior-year period (Q1 2019: €3.0 billion).

The number of banking partners using the property valuation platform increased from approximately 250 as at 31 March 2019 to 367 as at 31 March 2020. The value of the properties valued also rose substantially, by around 70 per cent, from €3.9 billion to €6.7 billion.

The volume of new loans brokered on the property financing platform for the housing industry amounted to €0.5 billion in the first quarter of this year, a significant improvement of 54 per cent (Q1 2019: €0.3 billion).

Financial figures Real Estate Platform	Q1 2020	Q1 2019	Change
Brokered loans property financing platform (billion €)	0.51	0.33	54%
Value properties valued by property valuation platform (billion €)	6.68	3.92	71%
Value properties sold via property sales platform (billion €)	3.34	3.04	10%
Revenue and earnings (million €)			
Revenue	14.5	9.7	49%
thereof thereof property financing platform	4.0	3.5	15%
thereof property sales platform + property management platform	5.5	3.6	51%
thereof property valuation platform	5.0	2.6	91%
Gross profit	13.7	9.3	48%
EBIT	0.9	0.9	5%

Revenue from the property sales platform and property management platform climbed by 51 per cent to reach €5.5 million (Q1 2019: €3.6 million). This sharp rise was attributable to the gradual increase in recurring revenue from software as a service (SaaS) and a good level of project business in the first quarter of 2020. The property valuation platform's revenue also surged, jumping by 91 per cent to €5.0 million (Q1 2019: €2.6 million). Revenue from the property financing platform for the housing industry grew by 15 per cent to €4.0 million owing to the larger volume of transactions (Q1 2019: €3.5 million).

Apart from minor constraints for the property valuation platform, the coronavirus crisis did not have any tangible negative effect on the Real Estate Platform segment's business models in the first quarter of 2020. The segment's overall revenue advanced by 49 per cent to €14.5 million (Q1 2019: €9.7 million). Gross profit for the segment rose at a similar rate (48 per cent) to reach €13.7 million, up from €9.3 million in the prior-year period. The Real Estate Platform segment will remain a focus of the Hypoport Group's capital expenditure in 2020. Therefore the segment's EBIT increased by 5 per cent to €0.91 million (Q1 2019: €0.87 million).

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. During the first quarter of 2020, the Hypoport Group invested in AMEXPool AG, an insurance pool specialising in insurance for businesses, and ePension GmbH & Co. KG, a digital platform for the administration of occupational pension schemes.

Financial figures Insurance Platform	Q1 2020	Q1 2019	Change
Revenue and earnings (million €)			
Revenue	12.5	12.6	– 1%
Gross profit	5.9	6.1	– 3%
EBIT	0.4	0.6	– 36%

Expansion of existing customer relationships and the signing up of additional small and medium-sized enterprises as pilot customers for the platform in 2019 and this year are resulting in increasing buy-in among the target group of large financial product distributors and brokerage pools. Revenue declined slightly due to a reduction in project business and the focus on expanding the platform. Consequently, revenue amounted to €12.5 million in the first quarter of 2020 (Q1 2019: €12.6 million), a decline of 1 per cent. The segment's gross profit declined by 3 per cent to €5.9 million (Q1 2019: €6.1 million). At €0.4 million, EBIT was lower than the figure of €0.6 million in the prior-year quarter owing to the reduction in project business.

Earnings

Against the backdrop of the operating performance described above, EBITDA rose substantially (by 35 per cent) from €12.4 million to €16.7 million and EBIT advanced (by 31 per cent) from €8.0 million to €10.5 million.

The EBIT margin (EBIT as a percentage of gross profit) increased slightly from 19.96 per cent to 20.02 per cent.

Revenue and earnings (million €)	Q1 2020	Q1 2019	Change
Revenue	100.6	78.5	28%
Gross profit	52.5	40.2	31%
EBITDA	16.7	12.4	35%
EBIT	10.5	8.0	31%
EBIT margin (EBIT as percentage of gross profit)	20.0 %	20.0 %	0%

Own work capitalised

In the first quarter of 2020, the Company continued to attach considerable importance to investing in the further expansion of its platforms. There was also further capital expenditure on new advisory systems for consumers and distributors. This capital expenditure underpins the further growth of all of the segments.

The Company invested a total of €9.6 million in expansion in the first quarter of 2020 (Q1 2019: €7.1 million). Of this total, €5.0 million was capitalised (Q1 2019: €3.7 million) and €4.6 million was expensed as incurred (Q1 2019: €3.4 million). These amounts represent the personnel expenses and operating costs attributable to software development.

Other income and other expenses

Other operating income mainly comprised income of €1.2 million from other accounting periods (Q1 2019: €0.3 million) and income of €0.3 million from employee contributions to vehicle purchases (Q1 2019: €0.3 million).

Personnel expenses went up because of salary increases and the rise in the number of employees to 1,998 as at the reporting date (31 March 2019: 1,576).

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

Other operating expenses (million €)	Q1 2020	Q1 2019
Operating expenses	2.7	1.8
Other selling expenses	2.5	1.7
Administrative expenses	4.9	3.4
Other personnel expenses	0.5	0.5
Other expenses	1.1	1.0
	11.7	**8.4**

The operating expenses consisted mainly of servicing and IT maintenance costs of €1.5 million (Q1 2019: €0.7 million) and vehicle-related costs of €0.5 million (Q1 2019: €0.5 million). The other selling expenses related to advertising costs and travel expenses. The administrative expenses largely comprised IT-related costs of €2.4 million (Q1 2019: €1.7 million) and legal and consultancy expenses of €1.0 million (Q1 2019: €0.6 million). The other personnel expenses mainly consisted of training costs of €0.4 million (Q1 2019: €0.4 million).

Depreciation, amortisation expense and impairment losses

Of the depreciation, amortisation expense and impairment losses of €6.2 million (Q1 2019: €4.4 million), €2.6 million (Q1 2019: €2.2 million) was attributable to intangible assets and €3.6 million (Q1 2019: €2.2 million) to property, plant and equipment.

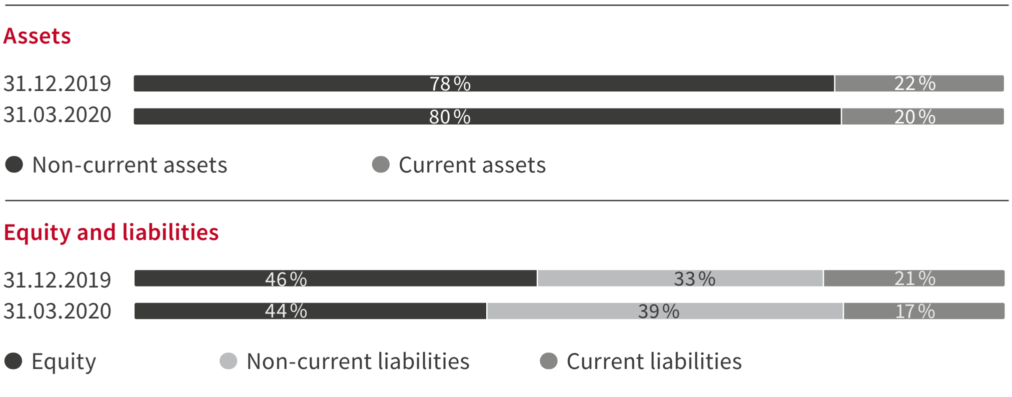
Net financial income/finance costs

The net finance costs primarily included interest expense and similar charges of €0.5 million incurred by the drawdown of loans and the use of credit lines (Q1 2019: €0.3 million).

Balance sheet

The Hypoport Group's consolidated total assets as at 31 March 2020 amounted to €461.9 million, which was an 18 per cent increase on the total as at 31 December 2019 (€391.6 million).

Balance sheet structure



Non-current assets totalled €368.5 million (31 December 2019: €304.5 million). They largely consisted of goodwill of €186.4 million (31 December 2019: €186.4 million) and development costs for the financial marketplaces of €50.4 million (31 December 2019: €46.7 million). The €41.5 million rise in property, plant and equipment to €76.5 million is mainly attributable to the recognition of leasing-related right-of-use assets amounting to €42.2 million, in particular in connection with office leases.

Other current assets essentially comprised prepaid expenses of €2.7 million (31 December 2019: €2.2 million) and advances paid of €1.4 million (31 December 2019: €0.7 million).

The equity attributable to Hypoport SE shareholders as at 31 March 2020 had grown by €22.8 million, or 12.8 per cent, to €200.8 million. The equity ratio decreased slightly, from 45.6 per cent to 43.6 per cent, owing to the increase in total assets.

The €50.7 million increase in non-current liabilities to €182.1 million stemmed primarily from the €51.8 million rise in non-current financial liabilities.

Total financial liabilities comprised bank loans of €109.9 million (31 December 2019: €93.1 million) and leases of €61.8 million (31 December 2019: €21.7 million). Financial liabilities arising from bank loans went up because scheduled repayments of loans amounting to €3.2 million were outweighed by new borrowing of €20.0 million. The increase in liabilities arising from leases was largely the result of new office leases being signed.

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

Other current liabilities mainly comprised bonus commitments of €3.6 million (31 December 2019: €4.5 million) and tax liabilities of €2.9 million (31 December 2019: €3.4 million).

Cash flow

Cash flow grew by €5.1 million to €14.9 million during the reporting period. The total net cash generated by operating activities in the first quarter of 2020 amounted to €6.4 million (Q1 2019: €6.9 million). The cash used for working capital rose by €5.6 million to minus €8.5 million (Q1 2019: minus €2.9 million).

The net cash outflow of €26.9 million for investing activities (Q1 2019: €8.5 million) consisted primarily of a total amount of €17.9 million for the acquisitions of AMEXPool AG, ePension GmbH & Co. KG and E & P Pensionsmanagement and capital expenditure of €6.1 million on non-current intangible assets (Q1 2019: €4.6 million).

The net cash of €29.1 million provided by financing activities (Q1 2019: net cash outflow of €4.1 million) consisted of an amount of €14.5 million from the sale of treasury shares (Q1 2019: €0.0 million), new borrowing from banks of €20.0 million (Q1 2019: €0.0 million), the scheduled repayment of bank loans in an amount of €3.2 million (Q1 2019: €2.8 million) and the repayment of lease liabilities in an amount of €2.2 million (Q1 2019: €1.2 million).

Cash and cash equivalents as at 31 March 2020 totalled €33.6 million, which was €8.7 million higher than at the beginning of the year.

Capital expenditure

Most of the capital investment was spent on refining the platforms. There was also further capital expenditure on new advisory systems for consumers and distributors.

Employees

The Hypoport Group employed 1,998 people as at 31 March 2020 (31 March 2019: 1,576 people). Total headcount had increased by 57 people compared with the end of 2019 (31 December 2019: 1,941 people).

Outlook

Some aspects of our assessment of the sector-specific market environment have changed since we presented it in the 2019 annual report.

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 only macroeconomic variables that, along with industry-specific factors, have a degree of influence on consumers' and the housing industry's willingness to borrow are GDP, interest rates and inflation. The reduction in consumer spending and in companies' inclination to invest as a result of the impact of the coronavirus crisis is likely to lead to a temporary decrease in GDP over the course of 2020. It is still too soon to reliably quantify the scale of this decrease.

In the first quarter of 2020, the coronavirus crisis had no tangible effect on the Hypoport Group's ability to operate its business models within the individual segments. To protect the health of its employees and of their families, friends and acquaintances as well as that of its business partners, the Hypoport Group took steps at an early stage to reduce the potential for infection in the workforce. As the Group is a modern technology company, its employees have been used to working at home for many years. Hypoport has also been using video-conferencing tools for some time. Consequently, it has had less work to do to adapt to the current situation, unlike some of its more conservative competitors.

The Hypoport Group's B2B platform-based business models do not involve direct contact with customers. The only segment with a material number of customer meetings is Private Clients, with its brand Dr. Klein Privatkunden. However, it has continued to fully meet customers' needs by offering advice via video.

At the time of preparation of this report, the German government was announcing the first easing of restrictions for consumers and business partners, so we continue to believe there are no tangible constraints for our business processes across the Group.

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

As a result, there are no material changes for the four segments of the Hypoport Group compared with the forecast in the 2019 annual report:

The **Credit Platform** segment is focusing on further increasing its market share through quantitative and, in particular, qualitative expansion of its base of contractual partners. In addition to growth for the marketplace as a whole, Europace anticipates a year-on-year increase in the volume of transactions of between 15 per cent and 20 per cent. This will be driven primarily by the FINMAS and GENOPACE sub-marketplaces. We predict growth rates for FINMAS ranging between 30 per cent and 70 per cent, while GENOPACE's expansion is expected to be around 100 per cent. The volume of transactions attributable to non-captive brokers and private commercial banks using Europace is also expected to grow in 2020. 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. Acquired in 2019, REM Capital will contribute higher levels of revenue and earnings in 2020. As a result, the Credit Platform segment is predicted to generate sharp rises in overall revenue and earnings (EBIT) in 2020.

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 2020. 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 Private Clients segment is predicted to generate sharp rises in overall revenue and earnings (EBIT) in 2020.

In the **Real Estate Platform** segment, Hypoport expects the positive growth trends to continue for the property sales, property valuation and property management platforms. Revenue from the property valuation business, in particular, is expected to increase at a rate that is well into double figures.

The property financing platform 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.

Capital expenditure aimed at expanding business activities is planned for 2020 in order to significantly increase the growth rates of all companies in the Real Estate Platform segment. Consequently, we anticipate significant revenue growth, combined with a temporary but sharp drop in profitability (EBIT) for the segment as a whole in 2020.

The **Insurance Platform segment** is striving to become the market standard for the insurance industry, similar to Europace's role in the credit industry. A substantial increase in revenue and a strong improvement in earnings (EBIT) compared with the previous year are predicted for 2020.

Assuming that there continues to be no significant turmoil in the credit, property or insurance industries, we still expect the **Hypoport Group** as a whole to achieve a double-digit growth rate in 2020 with consolidated revenue of between €400 million and €440 million and EBIT of €35 million to €40 million.

Please note that this interim report contains statements about economic and political developments as well as the future performance of the Hypoport Group. 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.

Shares and investor relations

Performance of Hypoport shares (daily closing prices, Xetra, €) up to 31 Mar 2020

Share price performance

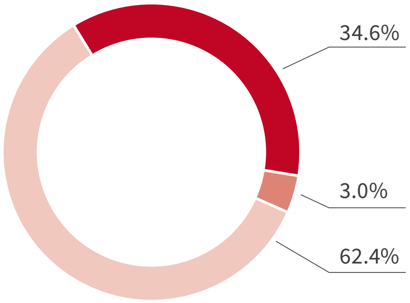
On Xetra, Hypoport shares went down in value by 15 per cent over the first three months of 2020. This decrease was much smaller than the falls in the wider capital market environment (DAX down by 28 per cent, SDAX down by 26 per cent). The daily volume of Hypoport shares traded on all German stock exchanges averaged €4.7 million.

Hypoport shares occupy the midfield in the SDAX index on the basis of free-float trading volume. In terms of market capitalisation, Hypoport shares are now highly ranked owing to their rise in price over recent quarters.

Shareholder structure

There were two notifiable changes necessitating a voting right notification in the first quarter of 2020. WA Holdings, Inc. / Wasatch Advisors informed us that its stake in Hypoport SE had fallen below the 3 per cent threshold on 13 January 2020 and stood at 2.99 per cent on that date. Ameriprise Financial, Inc. informed us that its stake in Hypoport SE had exceeded the 3 per cent threshold on 25 March 2020 and stood at 3.26 per cent on that date.

Shareholder structure to 31 Mar 2020



Fixed ownership
- Ronald Slabke (CEO)
- Eigene Aktien der Gesellschaft

Free float
(of which
more than 3% held by Union Investment,
more than 3% by Nicolas Schulmann
and more than 3% by Ameriprise Financial)

Research

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

Activities in the capital markets

Type of event	Location	Month
Roadshow (digital)	DACH Countries, UK	04/2020
Conference	London	03/2020
Conference	Lyon	01/2020
Conference	London	12/2019
Conference	Berlin	11/2019
Conference	Frankfurt	11/2019
Roadshow	Edinburgh	11/2019
Conference	Munich	09/2019
Roadshow	Paris	09/2019
Conference	Frankfurt	08/2019
Roadshow	Zürich	08/2019
Roadshow	London	08/2019
Conference	Hamburg	06/2019
Conference	Berlin	06/2019
Conferenz, Roadshow	New York, Chicago	05/2019
Conference	Warsaw	04/2019
Roadshow	Copenhagen, Helsinki	04/2019
Roadshow, Conference	Brussels, Paris	04/2019
Roadshow	London	03/2019
Conference	Frankfurt	02/2019

Designated sponsor

Designated sponsors enhance a share’s liquidity by quoting binding prices at which they will buy and sell the share. The designated sponsor for Hypoport SE was ODDO SEYDLER BANK AG, Frankfurt am Main, in the reporting period.

Interim consolidated financial statements

Consolidated income statement for the period 1 January to 31 March 2020

	Q1 2020 €'000	Q1 2019 €'000
Revenue	100,638	78,455
Selling expenses	– 48,098	– 38,265
Gross profit	**52,540**	**40,190**
Own work capitalised	4,979	3,691
Other operating income	1,977	820
Personnel expenses	– 31,000	– 23,635
Other operating expenses	– 11,734	– 8,392
Income from companies accounted for using the equity method	– 91	– 303
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**16,671**	**12,371**
Depreciation, amortisation expense and impairment losses	– 6,153	– 4,349
Earnings before interest and tax (EBIT)	**10,518**	**8,022**
Financial income	10	74
Finance costs	– 675	– 462
Earnings before tax (EBT)	**9,858**	**7,634**
Income taxes and deferred taxes	– 1,855	– 1,469
Net profit for the year	**7,988**	**6,165**
attributable to non–controlling interest	6	8
attributable to Hypoport AG shareholders	**7,992**	**6,157**
Earnings per share (€) (non-diluted/diluted)	**1.27**	**0.99**

Consolidated statement of comprehensive income for the period 1 January to 31 March 2020

	Q1 2020 €'000	Q1 2019 €'000
Net profit (loss) for the year	**7,998**	**6,165**
Total income and expenses recognized in equity*	0	0
Total comprehensive income	**7,988**	**6,165**
attributable to non-controlling interest	6	8
attributable to Hypoport AG shareholders	**7,992**	**6,157**

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

Consolidated balance sheet as at 31 March 2020

Assets	31 Mar 2020 €'000	31 Dec 2019 €'000
Non-current assets		
Intangible assets	251,733	248,241
Property, plant and equipment	76,491	34,987
Investments accounted for using the equity method	10,839	5,904
Financial assets	13,064	190
Trade receivables	6,842	6,889
Other assets	398	401
Deferred tax assets	9,098	7,838
	368,465	**304,450**
Current assets		
Inventories	1,313	1,087
Trade receivables	52,859	56,181
Other current items	5,517	4,393
Income tax assets	106	576
Cash and cash equivalents	33,634	24,892
	93,429	**87,129**
	461,894	**391,579**
Equity and Liabilities		
Equity		
Subscribed capital	6,493	6,493
Treasury shares	-195	-241
Reserves	194,537	171,781
	200,835	**178,033**
Non-controlling interest	348	342
	201,183	**178,375**
Non-current liabilities		
Financial liabilities	150,302	98,455
Provisions	147	147
Other liabilities	17,066	19,766
Deferred tax liabilities	14,581	13,030
	182,096	**131,398**
Current liabilities		
Provisions	772	770
Financial liabilities	21,358	16,413
Trade payables	27,066	39,581
Current income tax liabilities	3,606	3,484
Other liabilities	25,813	21,558
	78,615	**81,806**
	461,894	**391,579**

Abridged consolidated statement of changes in equity for the three months ended 31 March 2020

2019 €'000	Subscribed capital	Capital reserves	Retained earnings	Equity attributable to Hypoport SE shareholders	Equity attributable to non-controlling interest	Equity
Balance as at 1 January 2019	6,247	50,678	96,245	153,170	314	153,484
Sale of own shares	2	255	17	274	0	274
Changes to the basis of consolidation	0	0	0	0	10	10
Total comprehensive income	**0**	**0**	**6,157**	**6,157**	**8**	**6,165**
Balance as at 31 March 2019	**6,249**	**50,933**	**102,419**	**159,601**	**332**	**159,933**

2020 €'000	Subscribed capital	Capital reserves	Retained earnings	Equity attributable to Hypoport SE shareholders	Equity attributable to non-controlling interest	Equity
Balance as at 1 January 2020	6,252	51,111	120,670	178,033	342	178,375
Sale of own shares	46	14,328	436	14,810	0	14,810
Total comprehensive income	0	0	7,992	7,992	6	7,998
Balance as at 31 March 2020	**6,298**	**65,439**	**129,098**	**200,835**	**348**	**201,183**

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

	Q1 2020 €'000	Q1 2019 €'000
Earnings before interest and tax (EBIT)	10,518	8,022
Non-cash income / expense	672	– 158
Interest received	9	9
Interest paid	– 675	– 356
Income taxes paid	– 1,289	– 2,352
Current tax	– 275	470
Change in deferred taxes	– 291	– 413
Income from companies accounted for using the equity method	91	303
Depreciation and amortisation expense, impairment losses on non-current assets	6,153	4,349
Income from disponal of intangible assets and property, plant and equipment and financial assets	– 8	– 56
Cashflow	**14,906**	**9,818**
Increase / decrease in current provisions	2	27
Increase / decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	2,492	7,957
Increase / decrease in trade payables and other liabilities not attributable to investing or financing activities	–10,966	– 10,906
Change in working capital	**–8,472**	**– 2,922**
Cash flows from operating activities	**6,434**	**6,896**
Payments to acquire property, plant and equipment / intangible assets	– 8,951	– 5,642
Cash outflows for acquisitions less acquired cash	– 17,891	– 2,829
Proceeds from the disposal of financial assets	15	84
Purchase of finance assets	0	– 105
Cash flows from investing activities	**– 26,827**	**– 8,492**
redemption of own share	14,535	0
Repayments of lease liabilities	– 2,212	– 1,216
Proceeds from the drawdown of loans under finance facilities	20,000	0
Redemption of loans	**– 3,188**	**– 2,835**
Cash flows from financing activities	29,135	– 4,051
Net change in cash and cash equivalents	8,742	– 5,647
Cash and cash equivalents at the beginning of the period	**24,892**	**31,761**
Cash and cash equivalents at the end of the period	**33,634**	**26,114**

Abridged segment reporting for the period 1 January to 31 March 2020

€'000	Credit Platform	Private Clients	Real Estate Platform	Insurance Platform	Holding*	Reconciliation*	Group
Segment revenue in respect of third parties	**40,242**	**33,140**	**14,533**	**12,378**	**345**	**0**	**100,638**
1 Jan – 31 Mar 2019	30,691	25,239	9,732	12,606	187	0	78,455
Segment revenue in respect of other segments	**352**	**85**	**0**	**112**	**5,966**	**–6,515**	**0**
1 Jan – 31 Mar 2019	154	44	0	0	4,207	–4,405	0
Total segment revenue	**40,594**	**33,225**	**14,533**	**12,490**	**6,311**	**–6,515**	**100,638**
1 Jan – 31 Mar 2019	30,845	25,283	9,732	12,606	4,394	–4,405	78,455
Gross profit	**21,275**	**11,364**	**13,698**	**5,858**	**6,311**	**–5,966**	**52,540**
1 Jan – 31 Mar 2019	16,311	8,355	9,269	6,068	4,394	–4,207	40,190
Segment earnings before interest, tax, depreciation and amortisation (EBITDA)	**9,544**	**5,130**	**2,281**	**1,028**	**–1,312**	**0**	**16,671**
1 Jan – 31 Mar 2019	7,628	2,507	1,829	1,223	–815	–1	12,371
Segment earnings before interest and tax (EBIT)	**8,017**	**4,995**	**914**	**363**	**–3,771**	**0**	**10,518**
1 Jan – 31 Mar 2019	6,480	2,236	870	563	–2,126	–1	8,022
Segment assets							
31.03.2020	**105,569**	**18,377**	**169,923**	**78,789**	**89,236**	**0**	**461,894**
31.12.2019	108,153	20,141	150,376	77,514	35,395	0	391,579

* The comparative prior-year figures have been adjusted

Notes to the interim consolidated financial statements

Information about the Company

The companies in the Hypoport Group develop technology platforms for the credit, property and insurance industries (fintech, proptech, insurtech). The Hypoport companies are divided 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.

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. Sub-marketplaces and distribution companies that are tailored to individual target groups also belong to the Credit Platform segment. Furthermore, Hypoport began to establish a corporate finance advice business and a corporate finance platform within the Credit Platform segment in 2019.

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

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 financing, management, sale and valuation of properties. The Dr. Klein Wowi Finanz AG brand (formerly DR. KLEIN Firmenkunden AG) has been a major financial service partner to the housing industry since 1954. Dr. Klein Wowi Finanz provides its institutional clients in Germany with a fully integrated service comprising expert advice in the business lines of loan brokerage, insurance, portfolio management and digitalisation. FIO Systems GmbH offers software as a service (SaaS) solutions for the housing industry that focus on enterprise resource planning (ERP), rental management, payments processing and management of insurance claims. FIO Systems also provides a comprehensive platform that enables bank-affiliated estate agents and large independent estate agents in Germany to fully digitalise their business operations. Operating across Germany, Value AG provides mortgage valuation services to help banks, insurers and building finance associations make their lending decisions. Hypoport B.V., the Group's subsidiary based in Amsterdam, helps banks to analyse and report on securitised or collateralised loan portfolios.

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. In addition, Qualitypool GmbH (insurance business) and further distribution service companies provide support services to small and medium-sized financial product distributors in relation to the brokerage of insurance.
The parent company is Hypoport SE, which is headquartered in Lübeck. Within the Hypoport Group, Hypoport SE performs the role of a strategic and management holding company and provides corresponding shared services. Hypoport SE's objectives are the advancement and expansion of its network of subsidiaries along value chains, while making use of synergies. Hypoport SE

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.

Basis of presentation

The condensed interim consolidated financial statements for the period ended 31 March 2020 for Hypoport SE have been prepared in accordance with the provisions of IAS 34 (Interim Financial Reporting). They are based on the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as adopted by the European Union and take into account the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC). The report has been condensed in accordance with IAS 34 compared with the scope of the consolidated financial statements for the year ended 31 December 2019. These condensed interim consolidated financial statements should therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2019 and the disclosures contained in the notes thereto. These condensed interim consolidated financial statements and the interim group management report have not been audited or reviewed by an auditor.

These condensed interim consolidated financial statements are based on the accounting policies and the consolidation principles applied to the consolidated financial statements for the year ended 31 December 2019. However, the changes presented below have been introduced due to the adoption of new or revised accounting standards and due to a review of the expected useful life of software.

The interim consolidated financial statements and the separate financial statements for the entities included in the IFRS interim consolidated financial statements are prepared in euros.

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

All disclosures on the number and volume of financial products processed 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 transactions on the Europace transaction platform. The volume of transactions is the indicator used by the management to measure the current intensity with which the Europace marketplace is being used. Transactions are initiated at the end of the advisory process. They take place after the advisor/consumer has selected a specific product and include a check against all of the product supplier's lending rules stored in the system. A query is also sent to the product supplier's external decision-making systems. Transactions are then frequently cancelled, for example because the consumer allows the offering period to expire, the product supplier rejects the transaction following the individual credit check or the consumer exercises his or her right to withdraw. The revenue for a transaction may be recognised up to three months later. This means that it is only possible to draw limited conclusions about revenue for a period from the volume of transactions in that period. The consolidated income statement is presented under the nature-of-expense method.

Accounting policies

The accounting policies applied are those used in 2019, with the following exceptions:

- Definition of Material (Amendments to IAS 1 and IAS 8)
- Definition of a Business (Amendments to IFRS 3)
- Framework: Amendments to References to the Conceptual Framework in IFRS Standards

The first-time adoption of the standards and interpretations listed above has had no significant impact on the financial position or financial performance of the Hypoport Group or on its earnings per share.

Comparative figures for Q1 2018

In the fourth quarter of 2019, the Hypoport Group restructured its segment reporting with retroactive effect from 1 January 2019.

Previously aggregated under Reconciliation, the activities assigned to the holding company and consolidation effects have been separated and are shown under Holding and Reconciliation respectively.

The comparative segment reporting figures for the first quarter of 2019 have been restated as follows as a result of the separation:

2019 €'000	Reconciliation as reported	Holding adjusted	Reconciliation adjusted
Segment revenue in respect of third parties	187	187	0
Segment revenue in respect of other segments	– 198	4,207	– 4,405
Total segment revenue	– 11	4,394	– 4,405
Gross profit	187	4,394	– 4,207
Segment earnings before interest, tax, depreciation and amortisation (EBITDA)	– 816	– 815	– 1
Segment earnings before interest and tax (EBIT)	– 2,127	– 2,126	– 1
Segment assets	8,462	8,462	0

The separation did not affect either the net profit for the period or the earnings per share reported by the Hypoport Group.

Basis of consolidation

The consolidation as at 31 March 2020 included all entities controlled by Hypoport SE in addition to Hypoport SE itself.

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

Subsidiaries	Holding in %
asseQ GmbH, Lübeck	100.00
Basler Service GmbH, Bayreuth	70.00
Bayreuth Am Pfaffenfleck 15 Objektgesellschaft mbH, Bayreuth	100.00
1blick GmbH, Heidelberg	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
Europace AG, Berlin	100.00
FIO SYSTEMS AG, Leipzig	100.00
FIO SYSTEMS Bulgaria EOOD, Sofia (Bulgaria)	100.00
FUNDINGPORT GmbH, Hamburg	100.00
Fundingport Sofia EOOD, Sofia, (Bulgaria)	100.00
GENOPACE GmbH, Berlin	45.025
Growth Real Estate EOOD, Sofia (Bulgaria)	100.00
helber innomaxx GmbH, Stuttgart	100.00
Hypoport B.V., Amsterdam (Netherlands)	100.00
Hypoport Holding GmbH, Berlin	100.00
Hypoport Grundstücksmanagement GmbH, Berlin	100.00
Hypoport Mortgage Market Ltd., Westport (Ireland)	100.00
Hypoport Sofia EOOD, Sofia (Bulgaria)	100.00
Hypoport Systems GmbH, Berlin	100.00
Kartenhaus GmbH, Bonn	100.00
Maklaro GmbH, Hamburg	100.00
Primstal - Alte Eiweiler Straße 38 Objektgesellschaft mbH, Nonnweiler	100.00
Qualitypool GmbH, Lübeck	100.00
REM CAPITAL AG, Stuttgart	100.00
Smart InsurTech AG, Berlin	100.00
source.kitchen GmbH, Leipzig	100.00
Starpool Finanz GmbH, Berlin	50.025
Value AG the valuation group, Berlin	100.00
Vergleich.de Gesellschaft für Verbraucherinformation mbH, Berlin	100.00
Vergleich.de Versicherungsservice GmbH, Lübeck	100.00
VS Direkt Versicherungsmakler GmbH, Bayreuth	100.00
Volz Vertriebsservice GmbH i.L., Ulm	100.00
Winzer - Kneippstraße 7 Objektgesellschaft mbH, Berlin	100.00

Joint ventures	
AMEXPool AG, Buggingen	49.997
BAUFINEX Service GmbH, Berlin	50.00
ePension GmbH & Co.KG, Hamburg	49.00
ePension Verwaltungs-GmbH, Hamburg	49.00
ePension Holding GmbH, Berlin	49.00
E & P Pensionsmanagement GmbH, Hamburg	49.00
FINMAS GmbH, Berlin	50.00
Hypoport on-geo GmbH i. L., Berlin	50.00
LBL Data Services B.V., Amsterdam (Netherlands)	50.00

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

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.

Changes to the basis of consolidation; corporate transactions

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

In early March, 49.997 per cent of the shares in AMEXPool AG ('AP'), Buggingen, were acquired. AP specialises in insurance for businesses, particularly non-life insurance for businesses and motor vehicle insurance. By acquiring AP, the Hypoport Group is extending the range of services relating to insurance for businesses. Its activities were allocated to the Insurance Platform segment. In addition to the acquisition of 49.997 per cent of the shares in AP, the parties agreed an option for Hypoport to acquire the remaining shares in the coming years.

On 4 March 2020, 49 per cent of the shares in ePension GmbH & Co. KG ('EP'), Hamburg, were acquired. EP provides a digital platform for the administration of occupational pension schemes. Together with its wholly owned subsidiary E & P Pensionsmanagement GmbH, it is also a service provider for employers and their staff in the field of occupational retirement pensions. By incorporating products for the administration of retirement pensions from EP, the Hypoport Group is expanding its fully integrated digital insurance platform. EP's activities were allocated to the Insurance Platform segment. In addition to the acquisition of 49 per cent of the shares in EP, the parties agreed an option for Hypoport to acquire the remaining shares in the future.

Other corporate transactions had no material impact, either individually or collectively, on the Group's financial position or financial performance.

Income taxes and deferred taxes

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

Income taxes and deferred taxes	Q1 2020 €'000	Q1 2019 €'000
Income taxes and deferred taxes	1,855	1,469
current income taxes	1,564	1,882
deferred taxes	291	– 413
in respect of timing differences	1,423	247
in respect of tax loss carryforwards	– 1,132	– 660

The average combined income tax rates computed on the basis of current legislation remain unchanged at just under 30 per cent for Hypoport Group companies in Germany and between 12.5 per cent and 25.5 per cent for subsidiaries outside Germany.

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 period attributable to the shareholders of Hypoport SE by the weighted average number of outstanding shares. In the first quarter of 2020, there were no share options that would have a dilutive effect on earnings per share.

Earnings Per Share	Q1 2020 €'000	Q1 2019 €'000
Net incomefor the year (€'000)	7,998	6,165
of which attributable to Hypoport SE stockholders	7,992	6,157
Basic weighted number of outstanding shares (€'000)	6,282	6,249
Earnings per share (€)	**1.27**	**0.99**

As a result of the release of treasury shares, the number of shares in issue rose by 45,849, from 6,252,685 as at 31 December 2019 to 6,298,534 as at 31 March 2020.

Intangible assets and property, plant and equipment

Intangible assets primarily comprised goodwill of €186.4 million (31 December 2019: €186.4 million) and development costs for the financial marketplaces of €50.4 million (31 December 2019: €46.7 million).

Property, plant and equipment largely consisted of rental/leasing-related right-of-use assets of €61.2 million (31 December 2019: €21.4 million) and office furniture and equipment amounting to €6.6 million (31 December 2019: €6.3 million).

Equity-accounted investments

The change in the carrying amounts of equity-accounted investments relates to the pro-rata net profit (loss) for the period of the nine joint ventures 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 (Hypoport's interest: 50 per cent), BAUFINEX Service GmbH, Berlin (Hypoport's interest: 50 per cent), AMEXPool AG, Buggingen (Hypoport-Anteil 49,997%), ePension GmbH & Co. KG, Hamburg (Hypoport's interest: 49 per cent), ePension Verwaltungs-GmbH, Hamburg (Hypoport's interest: 49 per cent), ePension Holding GmbH, Berlin (Hypoport's interest: 49 per cent) and E & P Pensionsmanagement GmbH, Hamburg (Hypoport's interest: 49 per cent) as well as of the three associates BAUFINEX GmbH, Schwäbisch Hall (Hypoport's interest: 30 per cent), finconomy AG, Munich (Hypoport's interest: 25 per cent) and IMMO Check Gesellschaft für Informationsservice mbH i.L., Bochum (Hypoport's interest: 33.33 per cent). In the first quarter of 2020, the loss from equity-accounted long-term equity investments amounted to €91 thousand (Q1 2019: €303 thousand).

Subscribed capital

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

The Annual Shareholders' Meeting held on 15 May 2019 voted to carry forward the distributable profit of Hypoport AG (now Hypoport SE) of €80,967,245.25 to the next accounting period.

Authorised capital

The Annual Shareholders' Meeting held on 5 May 2017 voted to set aside the unused authorisation granted on 1 June 2012 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 €3,097,479.00 by issuing new registered no-par-value shares for cash or non-cash capital contribution on one or more occasions on or before 4 May 2022. Following the capital increase of €298,418.00 carried out in 2018 for the purpose of acquiring the shares in FIO SYSTEMS AG, the authorisation now applies to the remaining maximum amount of €2,799,061.00. The Management Board can decide – subject to the consent of the Supervisory Board – to disapply the shareholders' statutory pre-emption rights.

Treasury shares

Hypoport held 194,842 treasury shares as at 31 March 2020 (equivalent to €194,842.00, or 3.0 per cent, of the subscribed capital of Hypoport SE), which are mainly intended to be issued to employees. The change in the balance of treasury shares and the main data relating to transactions in 2020 are shown in the following table:

Change in the balance of treasury shares in 2020	Number of shares	Amount of share capital €	Proportion of subscribed capital (%)	Cost of purchase (€)	Sale price (€)	Gain or loss on sale (€)
Opening balance as at 1 January 2020	**240,691**		**3,707**	**9,783,132.76**		
Dissemination in January 2020	30,722	30,722.00	0,473	301,863.37	9,777,090.36	9,475,226.99
Dissemination in February 2020	15,127	15,127.00	0,233	179,785.33	5,032,771.20	4,852,985.87
Balance as at 31 March 2020	**194,842**	**45,849,00**	**3,001**	9,301,484.06	**14,809,861.56**	**14,328,212.86**

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

Reserves

The breakdown of reserves can be found in the above 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) and income from the sale and transfer of shares to employees (€16.595 million, of which €14.328 million relates to 2020).

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

The cumulative net profits and losses for all periods since 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, and a statutory reserve of €7 thousand (31 December 2019: €7 thousand) are also reported under this item.

Non-controlling interests

The net profit for the first quarter of 2020 attributable to non-controlling interests was €6 thousand (Q1 2019: €8 thousand). Total non-controlling interests amounted to €348 thousand as at 31 March 2020 (31 December 2019: €342 thousand), of which €240 thousand (31 December 2019: €231 thousand) related to the non-controlling interest in the equity of Starpool Finanz GmbH (non-controlling interest of 49.975 per cent), €110 thousand (31 December 2019: €110 thousand) to GENOPACE GmbH (non-controlling interest of 54.975 per cent) and minus €2 thousand (31 December 2019: €1 thousand) to Basler Service GmbH (non-controlling interest of 30.0 per cent).

Share-based payment

No share options were issued in the first quarter of 2020.

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.

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

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

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 €345 thousand was generated by joint ventures in the first quarter of 2020 (Q1 2019: €187 thousand). As at 31 March 2020, receivables from joint ventures amounted to €14.166 million (31 December 2019: €1.432 million) and liabilities to such companies totalled €264 thousand (31 December 2019: €772 thousand).

Opportunities and risks

Please refer to the opportunities and risks report that forms part of the group management report in our 2019 annual report. It provides a comprehensive presentation of the Hypoport Group's risks and opportunities, which remained largely unchanged in the period currently under review.

The risks to which the Hypoport Group is exposed are limited, both in terms of individual risks and their interactions with other risks, and are not currently believed to jeopardise the existence of individual subsidiaries or the Group as going concerns.

Opportunities and risks, including positive or negative changes to them, are not offset against each other.

Seasonal influences on business activities

There were no seasonal effects in the housing market or credit industry during the first quarter. The impact of the coronavirus crisis is explained in the 'Sectoral performance' section. The Company is assuming that there will be growth in the distribution of insurance products for private and institutional clients during the course of the year, partly as a result of certain industry-wide cancellation deadlines and tax issues.

Events after the reporting period

No material events have occurred since the balance sheet date that are of particular significance to the financial position and financial performance of the Hypoport Group in 2020.

Responsibility statement

“We assure that, to the best of our knowledge and in accordance with the accounting standards applicable to interim financial reporting, the interim consolidated financial statements give a fair presentation of the Hypoport Group’s financial position and financial performance, the interim 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 during the remainder of the financial year are described.”

Berlin, 11 May 2020
Hypoport SE – The Management Board

Ronald Slabke

Stephan Gawarecki

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