

Interim report  
of Hypoport SE  
for the period ended  
30 Sep 2020

Berlin, 2 Nov 2020

The background features a light blue gradient with various geometric shapes, including circles, squares, and lines, in shades of blue, teal, and red, arranged in a pattern that suggests movement and growth.

## Keyperformance indicators

Interim report of Hypoport SE for the period ended 30 Sep 2020

# Keyperformance indicators

Revenue and earnings (€'000)	9M 2020	9M 2019	Change
Revenue	284,834	247,663	15%
Gross profit	149,728	130,856	14%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	43,832	38,956	13%
Earnings before interest and tax (EBIT)	24,218	25,045	-3%
EBIT margin (EBIT as a percentage of Gross profit)	16.2	19.1	-15%
Net profit for the year	17,743	18,938	-6%
attributable to Hypoport SE shareholders	17,713	18,910	-6%
Earnings per share (€) (undiluted/diluted)	2.81	3.02	-7%

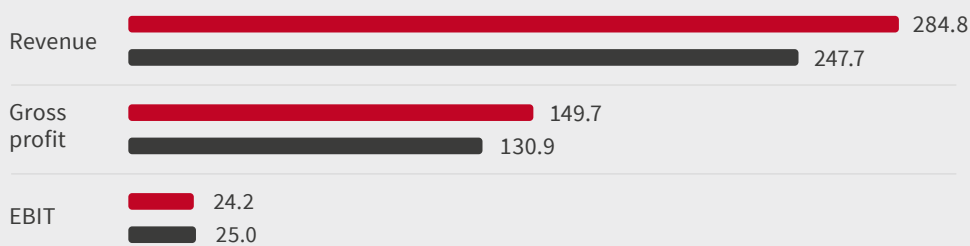
	Q3 2020	Q3 2019	Change
Revenue	95,419	90,595	5%
Gross profit	49,875	48,701	2%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	13,859	14,231	-3%
Earnings before interest and tax (EBIT)	7,124	9,232	-23%
EBIT margin (EBIT as a percentage of Gross profit)	14.3	19.0	-25%
Net profit for the year	5,393	6,925	-22%
attributable to Hypoport SE shareholders	5,372	6,917	-22%
Earnings per share (€) (undiluted/diluted)	0.85	1.10	-23%

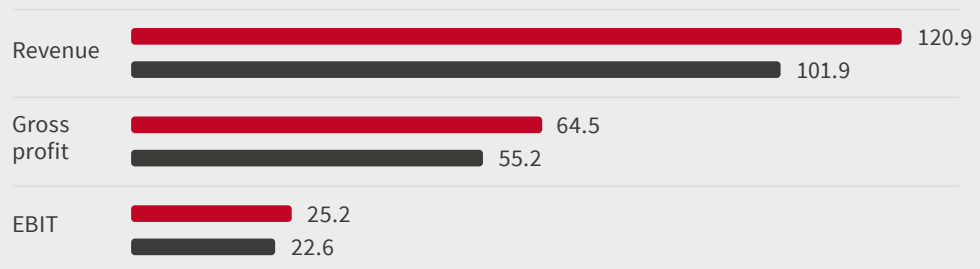
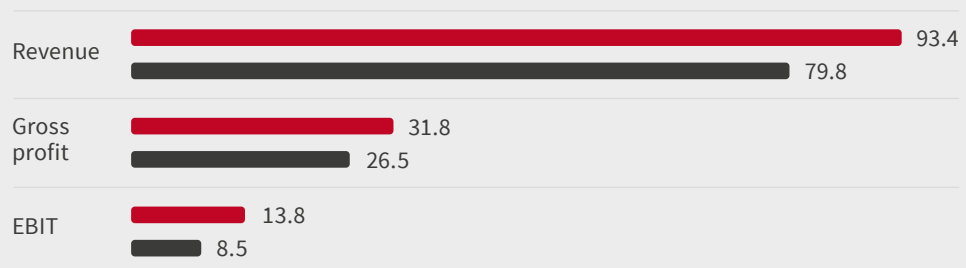
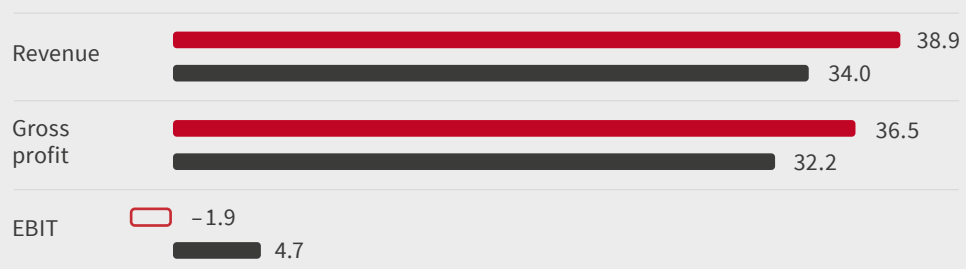
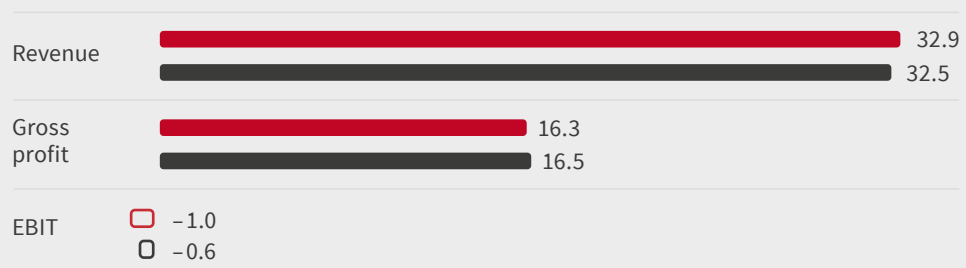
Financial position (€'000)	30.09.2020	31.12.2019	Change
Current assets	103,351	87,129	19%
Non-current assets	420,776	304,450	39%
Equity	213,690	178,375	20%
attributable to Hypoport SE shareholders	210,750	178,033	18%
Equity ratio (%)	40.8	45.6	-10%
Total assets	524,127	391,579	34%

## Revenue, Gross profit and EBIT (€ million)

■ 9M 2020 ■ 9M 2019

### Hypoport Group



**Credit Platform segment****Privat Clients segment****Real Estate Platform segment****Insurance Platform segment**



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# Letter to shareholders

Dear shareholder, dear Hypoport employees,

Since March 2020, the dramatic impact of the social distancing measures imposed in combination with the reduction in consumer spending as a result of the spread of coronavirus (referred to in this report as the ‘coronavirus crisis’) has had a huge effect on the German economy as a whole and on many individual companies, including some illustrious names.

This has resulted in a severe recession, and Germany’s economic output is expected to contract by between 5 per cent and 7 per cent this year. Against this backdrop, Hypoport SE can look back on an extremely successful first nine months of 2020. Our revenue growth of 15 per cent was driven by all Hypoport segments and resulted in revenue of almost €285 million.

As stated in the half-year report, our double-digit growth in the face of the coronavirus crisis was due to two key factors. Firstly, the markets in which we operate – the German credit, housing and insurance sectors – tend to be fairly immune to short-term economic trends and only react later in the cycle, if at all. Secondly, we are a cutting-edge technology company that is currently capturing market share from traditional competitors thanks to our much greater level of efficiency. Examples include the use of video chat in Dr. Klein franchisees’ advisory meetings with consumers and the digital processing of financing applications that are submitted to banks on Europace. This strong market position is also the result of the investment in previous years in new technology, the expansion of sales capacity and the integration of new product partners.

As well as gaining market share, Hypoport also strengthened its employer brand during the coronavirus crisis. The ability of our more than 2,000 employees to work entirely remotely, flexible working hours to enable employees to look after their children when childcare is unavailable and coronavirus crisis communications are just some of the aspects of the modern, decentralised organisational structure and corporate culture that have been our hallmark for many years. Going forward, this professional approach to crisis management and the further boost to our employer brand compared with our more traditional competitors will help us to attract talented people to work for the Hypoport network.

For reporting purposes, our network is broken down into four segments, whose performance in the first three quarters of 2020 was as follows:

The **Credit Platform segment**, which centres around the online B2B lending marketplace Europace, fared extremely well in the first nine months of 2020. The transaction volume on Europace amounted to €65.5 billion, an impressive increase of 30 per cent compared with the first nine months of 2019. The platform’s transaction volume in the reporting period was thus only just short of the figure of €68.0 billion for the whole of 2019. At the same time, GENOPACE maintained the buoyant growth trend that had begun in 2018, which meant that the volume of transactions from cooperative institutions increased by 85 per cent to €5.6 billion. The sub-marketplace for savings banks, FINMAS, also performed well, with the volume of transactions rising by 33 per cent to €6.1 billion. When viewed in comparison with the 4 per cent growth of the overall mortgage finance market, it is easy to see that Hypoport is continuing to rapidly

establish itself with Germany's two large associations of regional banks and that the platforms are enabling it to quickly increase its market share at the moment. Another contributor to the segment's revenue growth was the increase in revenue from the sales-supporting brokerage pools and from REM Capital, which specialises in corporate finance advice. By contrast, the coronavirus crisis caused revenue to decline in the white-label personal loans business. The total revenue of the segment rose by 19 per cent to €121 million (Q1–Q3 2019: €102 million). The segment's EBIT advanced by 11 per cent to €25.2 million (Q1–Q3 2019: €22.6 million) despite continued high levels of investment.

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 nine months of 2020 increased by 24 per cent to a record €6.8 billion. Revenue in the Private Clients segment came to €93 million, a rise of 17 per cent (Q1–Q3 2019: €80 million). Because of a high level of investment in the prior-year period, the segment recorded a disproportionately strong 61 per cent increase in EBIT to reach €13.8 million in the reporting period (Q1–Q3 2019: €8.5 million).

In the **Real Estate Platform segment**, revenue from the property sales platform and property management platform fell slightly due to the decision to forego individual project business in favour of a scalable platform business model. By contrast, the property valuation platform, which is closely integrated with the credit platform, generated substantial revenue growth in the first three quarters of the year, although the social-distancing measures introduced due to the coronavirus crisis resulted in a slight loss of momentum for the property valuation platform in the second quarter and, to some extent, in the third quarter too after business had slowly picked up again. The property financing platform for the housing industry reported a small increase in revenue due to slightly heightened interest-rate volatility in 2020. The segment's overall revenue advanced by 14 per cent to €39 million (Q1–Q3 2019: €34 million). EBIT fell sharply from €4.7 million to a loss of €1.9 million owing to the high levels of investment and the planned reduction of individual project business.

The **Insurance Platform segment**, which is centred around the fully integrated SMART INSUR platform, has signed up additional small and medium-sized enterprises as pilot customers for the platform this year, resulting in increasing buy-in among the target group of large distribution organisations and brokerage pools. Revenue rose by just 1 per cent compared with the prior-year period to reach €33 million (Q1–Q3 2019: €32.5 million) due to the reduction in project business and the focus on recurring revenue streams from the platform business. EBIT deteriorated slightly from a loss of €0.6 million to a loss of €1.0 million.

As a result, the EBIT of the Hypoport Group as a whole declined slightly, by 3 per cent, to €24.2 million in the first nine months of the year due to high levels of investment in the operating business models of the individual Hypoport segments and, at group level, investment in projects such as new offices and Hypoport SE's innovation hub. This small decrease was also attributable to non-recurring expenses for the conversion of Hypoport AG into a European

**Letter to shareholders**

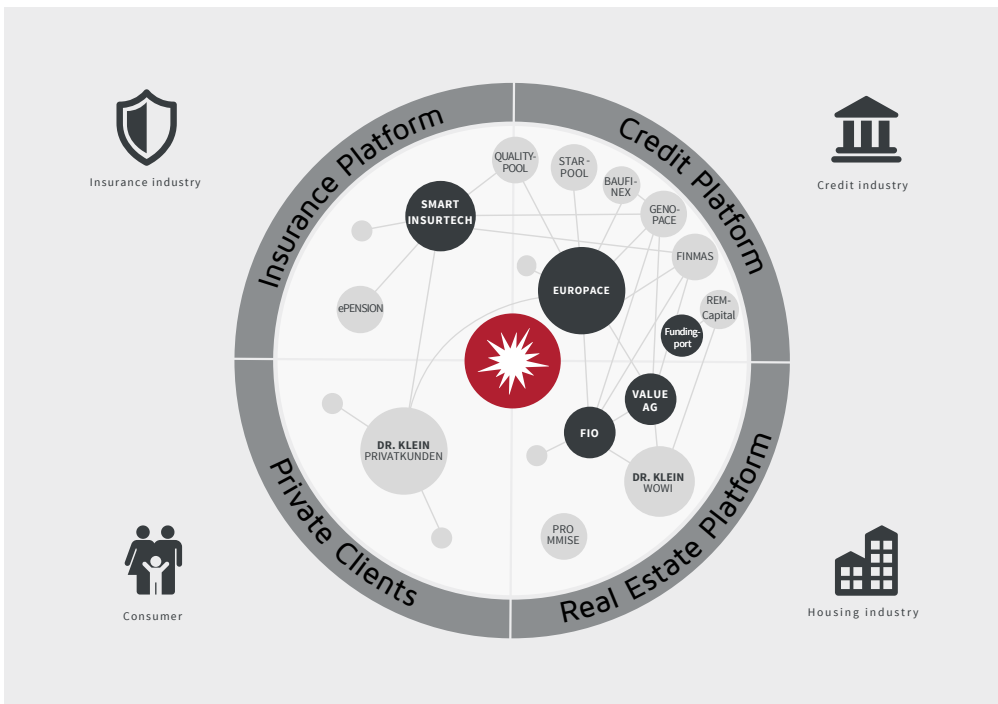
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Company (Societas Europaea, SE), moving costs and the reduction of individual project business in the Real Estate Platform segment.

The magnitude of the medium-term impact of the coronavirus crisis remains difficult to predict. At the time of preparation of this report, the number of coronavirus cases in Germany was climbing sharply again and the German government was reimposing measures to contain the spread of infection. These measures could herald the introduction of further restrictions on consumers and business partners. Given our experiences during the first lockdown in March to May, however, we do not currently anticipate any tangible constraints for our business processes. The Hypoport Group therefore remains optimistic that it can comfortably get through the coronavirus crisis. Having generated growth of more than 15 per cent despite what is probably the worst global recession for decades, we have already demonstrated that this optimism is not misplaced.

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 and the necessary countermeasures taken to contain the pandemic will also impact on the macroeconomic environment and sectoral conditions. The precise impact is not yet conclusively quantifiable, although a current assessment of the effects is provided in this section and in the ‘Business performance’ and ‘Outlook’ sections.

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 caused GDP in the first quarter of 2020 to fall by 2.0 per cent compared with the previous quarter. This trend became more pronounced in the second quarter with a further fall of 10.1 per cent.

The macroeconomic impact of these measures on 2020 as a whole cannot yet be conclusively quantified. However, researchers at the leading economic research institutions agree that Germany is likely to suffer a significant recession, with a decline in the range of 5 per cent to 7 per cent this year. They forecast a return to strong economic growth in the range of 3 per cent to 5 per cent 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”. As a result of the recession, inflation gradually fell from 1.7 per cent in March to minus 0.2 per cent in September, although there was a short-lived increase in June. 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 seg-

ment’s best possible market benchmark, because it has a bearing on the development of the relevant business processes.

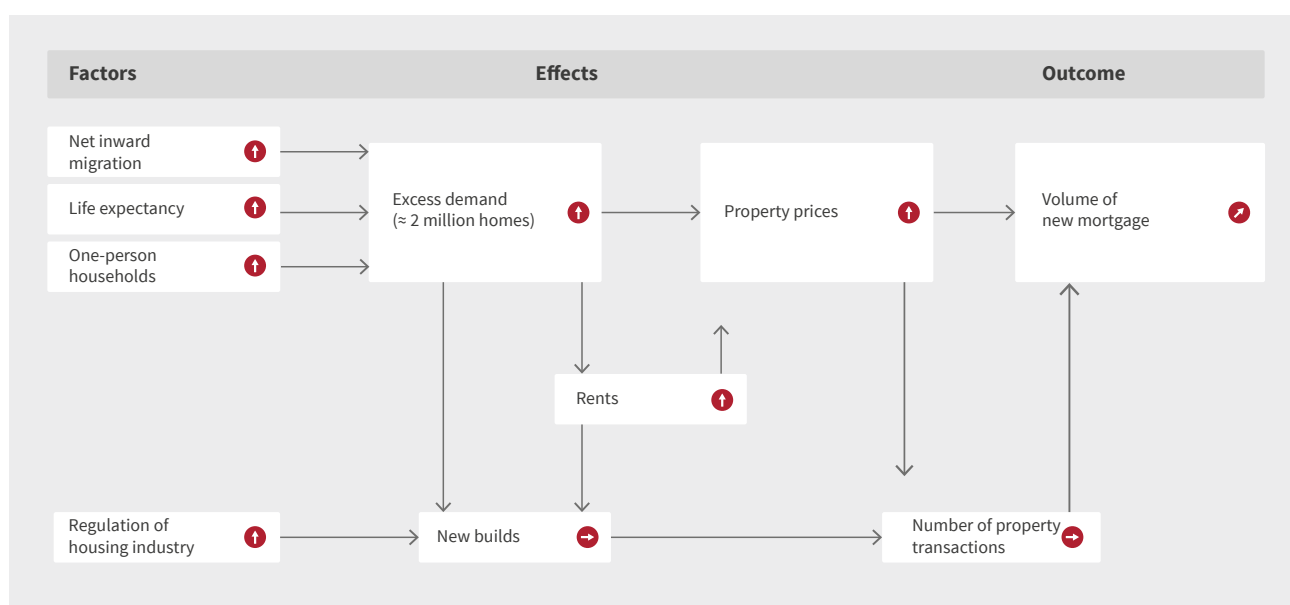
The fourth segment – Insurance Platform – provides software solutions for traditional distribution organisations and B2C insurtech start-ups. The German insurance industry therefore constitutes the key market environment for this segment’s operations.

**Market for residential mortgage finance**

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

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

These four 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. These changes in the situation for supply and demand have resulted in excess demand, which different experts put at between one and two million homes and which primarily affects metropolitan areas. The surplus demand is causing property prices to rise and, in consequence, leading to growth in the volume of housing market transactions (see the ‘Volume of housing market transactions’ section) and in the volume of private residential mortgage finance (see the ‘Market for residential mortgage finance’ section).



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

Based on Deutsche Bundesbank's data for the market volume of new mortgage finance business, the data obtained from Europace and a study from GEWOS, a property research institution<sup>1</sup>, 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.

Operational developments in the housing market were overshadowed by the current coronavirus outbreak in the first three quarters of 2020 and this will probably remain the case for the rest of the year. Nevertheless, the long-term trend is intact due to the aforementioned excess demand for residential properties.

In March, housing demand and supply in Germany fell sharply due to the lockdown (March to May) but soon staged a marked recovery. Having a home of one's own immediately became more important for a significant proportion of the population during the lockdown because many people were working from home and/or looking after their children at home. Consequently, the second quarter saw demand for housing bounce back to reach a record high, and this recovery continued until the middle of the third quarter.

The supply of housing also began to improve noticeably again in the second quarter. As in recent years, the low level of available homes is limiting the number of completed transactions, which – as was the case in the past – is leading to sharp price rises. This was reflected in Europace's EPX price index, which rose by 8 per cent from 170 points at the end of September 2019 to 184 points at the end of September 2020.

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

It remains to be seen whether, as Hypoport expects, the aforementioned surplus demand will cause prices to carry on rising in the fourth quarter of 2020. In general, most economists continue to anticipate that property prices will fall in the short term because the coronavirus crisis has been causing household incomes to decline since it began.

The consensus for the medium-term and long-term forecast is that household incomes will rise – in 2021 at the latest – and net inward migration to Germany will increase, once travel restrictions have been eased, due to Germany's predicted healthier economic growth relative to other EU member states. The greater demand for housing resulting from these two medium-term factors – rising household incomes and net inward migration – and the unchanged long-term factors (nos. 2–4 above) will lead to further price rises in the property market.

<sup>1</sup> IMA® information on the German property market in 2019, GEWOS.

### **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.

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. 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 €204.9 billion in the first nine months of 2020, a year-on-year increase of 3.8 per cent (Q1–Q3 2019: €197.5 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. 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. The GDV predicted a rise of around 1.0 per cent for life insurance and 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 the GDV's forecasts for 2020 were prepared before the coronavirus crisis, they may be a little too optimistic. 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 nine months of 2020, the Hypoport Group increased its revenue by 15 per cent to €284.8 million (Q1–Q3 2019: €247.7 million). Excluding selling expenses of €135.1 million (Q1–Q3 2019: €116.8 million), the full Hypoport network's gross profit amounted to €149.7 million (Q1–Q3 2019: €130.9 million), an increase of 14 per cent. This year, Hypoport is therefore already reaping the benefits of its very high levels of investment 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.

As a result of the high level of investment aimed at generating future growth in the individual target markets and the decision to forego non-recurring income from project business in the Real Estate Platform and Insurance Platform segments, earnings before interest and tax (EBIT) fell by 3 per cent to €24.2 million (Q1–Q3 2019: €25.0 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, insurance companies, savings banks and cooperative banks). The volume of transactions processed on Europace in the first nine months of 2020 went up by 30 per cent to €65.5 billion, compared with €50.4 billion in the corresponding prior-year period. Mortgage finance, which is by far the largest product group, saw its transaction volume grow by 34 per cent year on year to €52.9 billion (Q1–Q3 2019: €39.5 billion). The second-largest product group, building finance, increased its transaction volume by 20 per cent to €9.9 billion (Q1–Q3 2019: €8.2 billion). The volume in the smallest product group, personal loans, went up by 2 per cent to €2.70 billion (Q1–Q3 2019: €2.64 billion). All three product groups using Europace thus grew at significantly faster rates than their respective markets once again.

FINMAS, the sub-marketplace for institutions in the Savings Banks Finance Group, increased its transaction volume by 33 per cent to €6.1 billion in the first nine months of 2020 (Q1–Q3 2019: €4.6 billion). In the cooperative banking sector, institutions used the dedicated GENOPACE sub-marketplace to generate a volume of €5.6 billion, a rise of 85 per cent (Q1–Q3 2019: €3.0 billion). The two platforms therefore again brought the affiliated banks substantial productivity gains.

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

<b>Financial figures – Credit Platform</b>	<b>9M 2020</b>	<b>9M 2019</b>	<b>Q3 2020</b>	<b>Q3 2019</b>	<b>9M Change</b>
<b>Transaction volume (€ billion)</b>					
Total	65.5	50.4	23.6	18.5	 30%
thereof Mortgage finance	52.9	39.5	19.1	14.6	 34%
thereof building finance (Bausparen)	9.9	8.2	3.6	3.0	 20%
thereof personal loans	2.7	2.6	0.9	0.9	 2%
<b>Contractual partners (number)</b>					
Europace (incl. GENOPACE + FINMAS)	758	688			 10%
GENOPACE	368	342			 8%
FINMAS	302	262			 15%
<b>Revenue and earnings (€ million)</b>					
Revenue	120.9	101.9	41.4	36.4	 19%
Gross profit	64.5	55.2	22.0	20.4	 17%
EBIT	25.2	22.6	9.0	8.4	 11%

The much greater volume of transactions on Europace and the growth of revenue from the two brokerage pools for independent loan brokerage advisors, Qualitypool and Starpool, and from REM Capital AG's corporate finance advice business led to an increase in revenue. Only the white-label personal loans business saw a fall in revenue due to the difficult conditions in the consumer loans market and was dragged down by consumers' reluctance to take out loans and by banks' more restrictive lending. The total revenue of the Credit Platform segment amounted to €120.9 million in the first three quarters of 2020, which was 19 per cent more than in the same period of 2019 (Q1–Q3 2019: €101.9 million). After deduction of selling expenses, gross profit went up by 17 per cent to €64.5 million (Q1–Q3 2019: €55.2 million). The segment's EBIT rose by 11 per cent to €25.2 million in the first nine months of 2020 (Q1–Q3 2019: €22.6 million) despite high levels of investment in 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 approximately 230 locations. At these locations, the advice is mainly provided through a franchise system. Dr. Klein also has eight flagship stores located in large metropolitan areas in Germany. The network of sites has already been optimised in terms of coverage, which means the opening of new locations will not be the main source of growth in future. Instead, further expansion will largely be determined by the number and performance of the advisors<sup>2</sup> at the existing locations. As at 30 September 2020, the number of advisors had grown by 9 per cent year on year, taking the total to 557 (30 September 2019: 511). The difficulties in recruiting new employees in the second quarter (increase of four) as a result of the coronavirus crisis eased noticeably in the third quarter (increase of 26), which was almost back at the level of recruitment seen in the first quarter (increase of 29).

In the first three quarters of 2020, the volume of mortgage finance, building finance and personal loan products brokered by Dr. Klein amounted to approximately €6.8 billion (Q1-Q3 2019: €5.5 billion), which equates to a sharp rise of 24 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 (lockdown). Consequently, the coronavirus crisis did not have any tangible negative effect on the segment's business model in the first nine months of 2020.

<b>Financial figures – Private Clients</b>	<b>9M 2020</b>	<b>9M 2019</b>	<b>Q3 2020</b>	<b>Q3 2019</b>	<b>9M Change</b>
Transaction volume (€ billion)	6.8	5.5	2.3	2.1	 24%
Number of franchise advisors (financing)*	557	511			 9%
<b>Revenue and earnings (€ million)</b>					
Revenue	93.4	79.8	30.7	29.3	 17%
Gross profit	31.8	26.5	10.6	10.1	 20%
EBIT	13.8	8.5	4.3	4.0	 61%

\* Improved definition introduced for 2020 onwards. Only those people whose main occupation is mortgage finance advisor now count as Dr. Klein advisors

Revenue in the Private Clients segment as a whole advanced by 17 per cent to €93.4 million in the first three quarters of the year (Q1-Q3 2019: €79.8 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 20 per cent

<sup>2</sup> Improved definition introduced for 2020 onwards. Only those people whose main occupation is mortgage finance advisor now count as Dr. Klein advisors.



to €31.8 million (Q1–Q3 2019: €26.5 million). The EBIT of the Private Clients segment jumped by 61 per cent, from €8.5 million to €13.8 million. This was due to higher levels of investment in 2019 than in 2020 in improving the contractual integration of a large number of new regional product partners, 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 and expanding the platform offerings. As at 30 September 2020, the sales solution was used by 324 savings banks within the Savings Banks Finance Group (30 September 2019: 314). The number of affiliated institutions in the cooperative banking group grew to 82 (30 September 2019: 67). The difference between the growth rates for the savings bank sector (3 per cent) and cooperative bank sector (22 per cent) is attributable to the different degree of market penetration. Whereas 324 of the 376 savings banks work with FIO's property sales platform, only 82 of the approximately 812 cooperative banks use the platform. This huge potential for new clients is being steadily unlocked. The total value of all properties sold via the platform was €10.1 billion in the first three quarters of 2020, a small decrease of 3 per cent compared with the prior-year period (Q1–Q3 2019: €10.4 billion). This fall can be explained by the lower level of selling activity by estate agents in the credit industry in the second quarter of 2020 due to the coronavirus crisis. In the third quarter of 2020, selling activity was almost back to the level seen in the third quarter of 2019.

The number of banking partners using the property valuation platform increased by 22 per cent to 405 as at 30 September 2020 (30 September 2019: 332). The value of the properties valued also rose substantially, by around 42 per cent, from €13.0 billion to €18.4 billion. At 10 per cent, the year-on-year growth rate in the second quarter was slightly slower due to the temporary restrictions on inspecting properties as a result of the social distancing measures imposed during the coronavirus crisis. Despite a few banking partners still battling with the coronavirus crisis in their day-to-day operations, the year-on-year growth rate was significantly higher again in the third quarter at 50 per cent.

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The volume of new loans brokered on the property financing platform for the housing industry amounted to €1.24 billion in the first three quarters of this year, which was on a par with the prior-year period (Q1–Q3 2019: €1.25 billion).

<b>Financial figures – Real Estate Platform</b>	<b>9M 2020</b>	<b>9M 2019</b>	<b>Q3 2020</b>	<b>Q3 2019</b>	<b>9M Change</b>
<b>Operative figures (€ billion)</b>					
Transaction volume of financing platform	1.24	1.25	0.26	0.29	-1%
Value properties sold via property sales platform	10.11	10.37	3.82	3.84	-3%
Value properties valued by property valuation platform	18.44	12.97	6.74	4.49	42%
<b>Revenue and earnings (€ million)</b>					
Revenue	38.9	34.0	12.3	13.1	14%
thereof property financing platform	9.4	8.9	1.9	1.5	5%
thereof Property management platform (ERP) & Property sales platform	14.4	15.3	4.5	7.8	-6%
thereof Property valuation platform	15.1	9.8	5.9	3.8	55%
Gross profit	36.5	32.2	11.4	12.4	13%
EBIT	-1.9	4.7	-2.1	2.2	-

Revenue from the property sales platform and property management platform amounted to €14.4 million (Q1–Q3 2019: €15.3 million). This small decrease of 6 per cent was due to the decision to forego individual project business, which had been particularly strong in the third quarter of 2019, in favour of a scalable platform business model. Despite reduced momentum in the second quarter, the property valuation platform's revenue jumped by 55 per cent to €15.1 million (Q1–Q3 2019: €9.8 million). Revenue from the property financing platform for the housing industry edged up by 5 per cent to €9.4 million, despite the volume of transactions remaining unchanged (Q1–Q3 2019: €8.9 million).

This shows that, in the first nine months of 2020, the segment suffered a noticeable negative impact from the coronavirus crisis only in respect of its property valuation platform business model and only in the second quarter. However, there was no impact on the segment's revenue because the lockdown lasted only for a relatively short period of time. The segment's overall revenue advanced by 14 per cent to €38.9 million (Q1–Q3 2019: €34.0 million). This operating performance should be viewed in the context of the strategic reduction of project business compared with the third quarter of 2019. Gross profit for the segment rose at a similar rate to revenue (13 per cent) to reach €36.5 million, up from €32.2 million in the prior-year period. The Real Estate Platform segment is a focal point of the Hypoport Group's investment in 2020, and the high levels of investment meant that the segment's EBIT fell from €4.7 million to a loss of €1.9 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. 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.






Financial figures – Insurance Platform (€ million)	9M 2020	9M 2019	Q3 2020	Q3 2019	9M Change
Revenue	32.9	32.5	11.8	11.9	1%
Gross profit	16.3	16.5	5.7	5.7	-1%
EBIT	-1.0	-0.6	-0.3	-0.3	▬ -66%

Expansion of existing client 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.

As a result of the reduction in project business and the focus on expanding the platform, revenue rose only slightly to €32.9 million in the first three quarters of 2020 (Q1–Q3 2019: €32.5 million). The segment's gross profit nudged down by 1 per cent to €16.3 million (Q1–Q3 2019: €16.5 million). EBIT fell slightly, declining from a loss of €0.6 million in the prior-year period to a loss of €1.0 million owing to the reduction in project business.

## Earnings

Against the backdrop of the operating performance described above, EBITDA rose from €39.0 million to €43.8 million in the first three quarters of 2020. EBIT dropped from €25.0 million to €24.2 million. In the third quarter of 2020, the Company generated EBITDA of €13.9 million (Q3 2019: €14.2 million) and EBIT of €7.1 million (Q3 2019: €9.2 million).

Revenue and earnings (€ million)	9M 2020	9M 2019	Q3 2020	Q3 2019	9M Change
Revenue	284.8	247.7	95.4	90.6	 15%
Gross profit	149.7	130.9	49.9	48.7	 14%
EBITDA	43.8	39.0	13.9	14.2	 13%
EBIT	24.2	25.0	7.1	9.2	 -3%
EBIT margin (EBIT as percentage of gross profit)	16.2%	19.1%	14.3%	19.0%	 -15%

### Own work capitalised

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







The Company invested a total of €8.4 million in expansion in the third quarter of 2020 (Q3 2019: €9.7 million) and €27.5 million in the first nine months of the year (Q1–Q3 2019: €24.4 million). Of these totals, €5.0 million was capitalised in the third quarter of 2020 (Q3 2019: €4.2 million) and €15.0 million in the first nine months of this year (Q1–Q3 2019: €12.0 million), while amounts of €3.4 million for the third quarter of 2020 (Q3 2019: €5.5 million) and €12.5 million for the first nine months of this year (Q1–Q3 2019: €12.4 million) were expensed as incurred. These amounts represent the personnel expenses and operating costs attributable to software development.

### Other income and expenses

Other operating income mainly comprised income of €1.8 million from other accounting periods (Q1–Q3 2019: €0.5 million), income of €1.0 million from employee contributions to vehicle purchases (Q1–Q3 2019: €0.9 million) and income of €0.9 million from the reversal of provisions (Q1–Q3 2019: €0.8 million).

In the first nine months of 2020, personnel expenses went up because of salary increases and because the average number of employees in the period rose from 1,658 to 2,022.

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

<b>Other operating expenses (€ million)</b>	<b>9M 2020</b>	<b>9M 2019</b>	<b>Q3 2020</b>	<b>Q3 2019</b>	<b>9M Change</b>
Operating expenses	8.1	6.2	2.7	2.5	 30%
Other selling expenses	4.5	5.3	1.3	1.9	 -15%
Administrative expenses	13.1	12.4	4.0	4.8	 6%
Other personnel expenses	1.2	1.4	0.4	0.5	 -14%
Other expenses	2.0	2.5	0.5	0.3	 -18%
	<b>28.9</b>	<b>27.8</b>	<b>8.9</b>	<b>10.0</b>	 4%

The operating expenses consisted mainly of servicing and IT maintenance costs of €4.2 million (Q1–Q3 2019: €3.4 million) and vehicle-related costs of €1.6 million (Q1–Q3 2019: €1.1 million). The other selling expenses related to advertising costs and travel expenses. The administrative expenses largely comprised IT-related costs of €5.7 million (Q1–Q3 2019: €5.8 million) and legal and consultancy expenses of €3.5 million (Q1–Q3 2019: €2.7 million). The latter included expenses for the conversion of Hypoport AG into Hypoport SE. The other personnel expenses mainly consisted of training costs of €0.8 million (Q1–Q3 2019: €1.1 million).

#### **Depreciation, amortisation expense and impairment losses**

Of the depreciation, amortisation expense and impairment losses of €19.6 million (Q1–Q3 2019: €13.9 million), €8.5 million (Q1–Q3 2019: €6.8 million) was attributable to intangible assets and €11.1 million (Q1–Q3 2019: €7.1 million) to property, plant and equipment. The depreciation and impairment losses on property, plant and equipment largely consisted of a sum of €7.5 million for depreciation and impairment recognised on rental/leasing-related right-of-use assets (Q1–Q3 2019: €4.3 million).

#### **Net financial income/finance costs**

The net finance costs primarily included interest expense and similar charges of €1.4 million incurred by the drawdown of loans and the use of credit lines (Q1–Q3 2019: €1.2 million).

## Balance sheet

The Hypoport Group's consolidated total assets as at 30 September 2020 amounted to €524.1 million, which was a 34 per cent increase on the total as at 31 December 2019 (€391.6 million).

### Aktiva



■ Non-current assets      ■ Current assets

### Passiva



■ Equity      ■ Non-current liabilities      ■ Current liabilities

Non-current assets totalled €420.8 million (31 December 2019: €304.5 million). They largely consisted of goodwill of €228.6 million (31 December 2019: €186.4 million) and development costs for the financial marketplaces of €58.5 million (31 December 2019: €46.7 million). The €49.0 million rise in property, plant and equipment to €84.0 million is mainly attributable to the recognition of rental/leasing-related right-of-use assets amounting to €52.1 million, in particular in connection with office leases.

Other current assets essentially comprised prepaid expenses of €2.5 million (31 December 2019: €2.2 million) and advances paid of €0.9 million (31 December 2019: €0.7 million).

The equity attributable to Hypoport SE shareholders as at 30 September 2020 had grown by €32.7 million, or 18.4 per cent, to €210.8 million. The equity ratio decreased from 45.6 per cent to 40.8 per cent owing to the growth of total assets.

The €92.6 million increase in non-current liabilities to €224.0 million stemmed primarily from the €58.3 million rise in non-current financial liabilities, including rental/lease liabilities.

Total financial liabilities comprised bank loans of €112.5 million (31 December 2019: €93.1 million) and rental/lease liabilities of €67.0 million (31 December 2019: €21.7 million). Financial liabilities arising from bank loans went up because scheduled repayments of loans amounting to €10.5 million were outweighed by new borrowing of €30.0 million. The increase in liabilities arising from rentals/leases was largely the result of new office leases being signed.

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

Other current liabilities mainly comprised bonus commitments of €5.3 million (31 December 2019: €4.5 million) and tax liabilities of €2.2 million (31 December 2019: €3.4 million).

## Cash flow

Cash flow grew by €3.7 million to €36.0 million during the reporting period. The total net cash generated by operating activities in the first three quarters of 2020 amounted to €29.3 million (Q1–Q3 2019: €22.5 million). There was an improvement of €3.1 million in cash used for working capital to minus €6.7 million (Q1–Q3 2019: minus €9.8 million).

The net cash outflow of €52.5 million for investing activities (Q1–Q3 2019: €46.0 million) consisted primarily of a total amount of €17.9 million for the long-term equity investment in AMEXPool AG and the acquisitions of ePension GmbH & Co. KG and E&P Pensionsmanagement, capital expenditure of €18.9 million on non-current intangible assets (Q1–Q3 2019: €14.3 million) and cash payments of €5.5 million in connection with two debtor warrants (Q1–Q3 2019: €2.6 million).

The net cash of €27.1 million provided by financing activities (Q1–Q3 2019: €11.5 million) consisted of an amount of €14.5 million from the sale of treasury shares (Q1–Q3 2019: €0.0 million), new borrowing from banks of €30.0 million (Q1–Q3 2019: €23.5 million), the scheduled repayment of bank loans in an amount of €10.5 million (Q1–Q3 2019: €8.1 million) and the repayment of lease liabilities in an amount of €6.8 million (Q1–Q3 2019: €3.9 million).

Cash and cash equivalents as at 30 September 2020 totalled €28.9 million, which was €4.0 million higher than at the beginning of the year.

## Investment

Most of the investment was in refinement of the platforms. There was also further investment in new advisory systems for consumers and distributors.

## Employees

The number of employees in the Hypoport Group rose by 6 per cent compared with the end of 2019 to 2,059 (31 December 2019: 1,941 employees). The average headcount during the first nine months of 2020 was 2,022 (Q1–Q3 2019: 1,658 employees).

## 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 led to a significant decrease in GDP in the first and second quarters. The leading economic research institutions and government institutions are predicting a fall in GDP in the range of 5 per cent to 7 per cent for 2020. They forecast a return to strong economic growth in the range of 3 per cent to 5 per cent in 2021.

The Hypoport Group’s B2B platform-based business models do not involve direct contact with clients. 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.

At the time of preparation of this report, the number of coronavirus cases in Germany was climbing sharply again and the German government was reimposing measures to contain the spread of infection. These measures could herald the introduction of further restrictions on consumers and business partners. Given our experiences during the first lockdown in March to May, however, we do not currently anticipate any tangible constraints for our business processes over the remainder of 2020.

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

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

## Share price performance

On Xetra, Hypoport shares gained in value by almost 70 per cent over the first nine months of 2020. The performance of Hypoport shares was therefore significantly better than that of the capital markets in general (DAX down by 4 per cent, SDAX down by 0 per cent, TecDAX up by 2 per cent). The daily volume of Hypoport shares traded on all German stock exchanges averaged €4.8 million.

## Performance of Hypoport's share price (daily closing prices on Frankfurt Stock Exchange, Euro)



## Membership of indices

In terms of market capitalisation, Hypoport shares were highly ranked at 75th place in the SDAX in September owing to their rise in price over recent quarters. This means that they meet the criteria for admission to the MDAX. Hypoport shares are now positioned in the upper third of the SDAX on the basis of trading volume, having progressively risen from a ranking of 133 in January to 113 in September.

Hypoport expressly welcomes the discussion about expansion of the DAX and changes to the admission rules and has played an active role in Deutsche Börse's ongoing market consultation.

## Shareholder structure

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

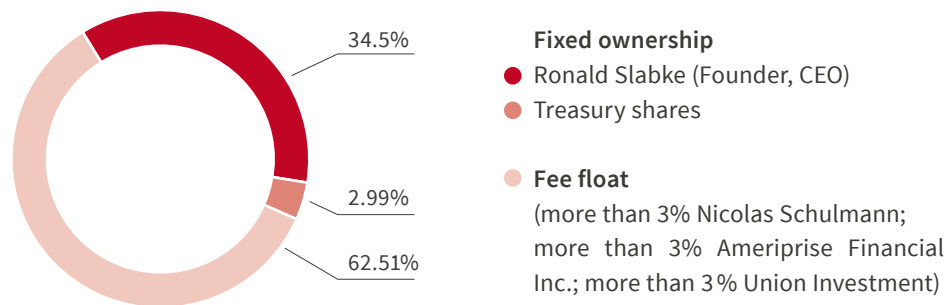
WA Holdings, Inc. / Wasatch Advisors informed us that its stake in Hypoport AG (now Hypoport SE) had fallen below the 3 per cent threshold on 13 January 2020 and stood at 2.99 per cent on that date.

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

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

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

**Hypoport SE shareholder structure as at 30 September 2020:**



**Research**

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

## Shares and investor relations

Interim report of Hypoport SE for the period ended 30 Sep 2020

### Activities in the capital markets

<b>Event</b>	<b>location</b>	<b>Date</b>
Conference (digital)	Munich	09/2020
Roadshow (digital)	D-A-CH, Kopenhagen	09/2020
Conference (digital)	Frankfurt	09/2020
Roadshow (digital)	London, Edinburgh	08/2020
Roadshow (digital)	USA	08/2020
Roadshow (digital)	USA / Kanada	05/2020
Roadshow (digital)	D-A-CH, 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, Roadshow	New York, Chicago	05/2019

### Annual Shareholders' Meeting

In view of the situation created by coronavirus, the Management Board's speech at the Annual Shareholders' Meeting of Hypoport SE was recorded and made permanently available in full on Hypoport SE's YouTube channel.

### 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 2020 to 30 September 2020

	9M 2020 €'000	9M 2019 €'000	Q3 2020 €'000	Q3 2019 €'000
Revenue	284,834	247,663	95,419	90,595
Commissions and lead costs	-135,106	-116,807	-45,544	-41,894
<b>Gross profit</b>	<b>149,728</b>	<b>130,856</b>	<b>49,875</b>	<b>48,701</b>
Own work capitalised	15,043	12,047	5,044	4,210
Other operating income	4,184	2,076	802	449
Personnel expenses	-96,371	-77,499	-33,015	-28,884
Other operating expenses	-28,923	-27,779	-8,962	-9,963
Income from companies accounted for using the equity method	171	-745	115	-282
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>43,832</b>	<b>38,956</b>	<b>13,859</b>	<b>14,231</b>
Depreciation, amortisation expense and impairment losses	-19,614	-13,911	-6,735	-4,999
<b>Earnings before interest and tax (EBIT)</b>	<b>24,218</b>	<b>25,045</b>	<b>7,124</b>	<b>9,232</b>
Financial income	29	133	3	6
Finance costs	-2,217	-1,527	-790	-590
<b>Earnings before tax (EBT)</b>	<b>22,030</b>	<b>23,651</b>	<b>6,337</b>	<b>8,648</b>
Income taxes and deferred taxes	-4,287	-4,713	-944	-1,723
<b>Net profit for the period</b>	<b>17,743</b>	<b>18,938</b>	<b>5,393</b>	<b>6,925</b>
attributable to non-controlling interests	30	28	21	8
<b>attributable to Hypoport SE shareholders</b>	<b>17,713</b>	<b>18,910</b>	<b>5,372</b>	<b>6,917</b>
<b>Earnings per share (€) (undiluted/diluted)</b>	<b>2.81</b>	<b>3.02</b>	<b>0.85</b>	<b>1.10</b>

## Consolidated statement of comprehensive income for the period 1 January 2020 to 30 September 2020

	9M 2020 €'000	9M 2019 €'000	Q3 2020 €'000	Q3 2019 in €'000
<b>Net profit for the period</b>	<b>17,743</b>	<b>18,938</b>	<b>5,393</b>	<b>6,925</b>
Total income and expenses recognised in equity*)	0	0	0	0
<b>Total comprehensive income</b>	<b>17,743</b>	<b>18,938</b>	<b>5,393</b>	<b>6,925</b>
attributable to non-controlling interests	30	28	21	8
<b>attributable to Hypoport SE shareholders</b>	<b>17,713</b>	<b>18,910</b>	<b>5,372</b>	<b>6,917</b>

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

**Consolidated balance sheet as at 30 September 2020**

<b>Assets</b>	<b>30 Sep 2020</b>	<b>31 Dec 2019</b>
	<b>€'000</b>	<b>€'000</b>
<b>Non-current assets</b>		
Intangible assets	308,435	248,241
Property, plant and equipment	83,964	34,987
Investments accounted for using the equity method	10,928	5,904
Financial assets	373	190
Trade receivables	5,713	6,889
Other assets	421	401
Deferred tax assets	10,942	7,838
	<b>420,776</b>	<b>304,450</b>
<b>Current assets</b>		
Inventory	1,670	1,087
Trade receivables	68,508	56,181
Other assets	4,194	4,393
Income tax assets	104	576
Cash and cash equivalents	28,875	24,892
	<b>103,351</b>	<b>87,129</b>
	<b>524,127</b>	<b>391,579</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Subscribed capital	6,493	6,493
Treasury shares	- 194	- 241
Reserves	204,451	171,781
	<b>210,750</b>	<b>178,033</b>
Non-controlling interests	2,940	342
	<b>213,690</b>	<b>178,375</b>
<b>Non-current liabilities</b>		
Financial liabilities	156,760	98,455
Provisions	157	147
Other liabilities	49,561	19,766
Deferred tax liabilities	17,472	13,030
	<b>223,950</b>	<b>131,398</b>
<b>Current liabilities</b>		
Provisions	567	770
Financial liabilities	22,785	16,413
Trade payables	39,178	39,581
Current income tax liabilities	2,886	3,484
Other liabilities	21,071	21,558
	<b>86,487</b>	<b>81,806</b>
	<b>524,127</b>	<b>391,579</b>

## Abridged consolidated statement of changes in equity for the nine months ended 30 September 2020

<b>2019 in €'000</b>	<b>Subscribed capital</b>	<b>Capital reserves</b>	<b>Retained earnings</b>	<b>Equity attributable to Hypoport SE shareholders</b>	<b>Equity attributable to non-controlling interests</b>	<b>Equity</b>
Balance as at 1 January 2019	6,247	50,678	96,245	153,170	314	153,484
Dissemination of own shares	4	1,017	41	1,062	0	1,062
Changes to the basis of consolidation	0	0	0	0	10	10
Total comprehensive income	0	0	18,910	18,910	28	18,938
<b>Balance as at 30 September 2019</b>	<b>6,251</b>	<b>51,695</b>	<b>115,196</b>	<b>173,142</b>	<b>352</b>	<b>173,494</b>
<b>2020 in €'000</b>	<b>Subscribed capital</b>	<b>Capital reserves</b>	<b>Retained earnings</b>	<b>Equity attributable to Hypoport SE shareholders</b>	<b>Equity attributable to non-controlling interests</b>	<b>Equity</b>
Balance as at 1 January 2020	6,252	51,111	120,670	178,033	342	178,375
Dissemination of own shares	46	14,515	443	15,004	0	15,004
Changes to the basis of consolidation	0	0	0	0	2,568	2,568
Total comprehensive income	0	0	17,713	17,713	30	17,743
<b>Balance as at 30 September 2020</b>	<b>6,298</b>	<b>65,626</b>	<b>138,826</b>	<b>210,750</b>	<b>2,940</b>	<b>213,690</b>



**Consolidated cash flow statement for the period 1 January to 30 September 2020**

	9M 2020 €'000	9M 2019 €'000
Earnings before interest and tax (EBIT)	24,218	25,045
Non-cash income / expense	-1,134	462
Interest received	29	68
Interest paid	-2,217	-1,527
Income taxes paid	-5,418	-5,270
Current tax	126	-271
Change in deferred taxes	1,005	-828
Income from companies accounted for using the equity method	-171	761
Depreciation on non-current assets	19,614	13,911
Income from disposal of intangible assets and property, plant and equipment and financial assets	-56	-11
<b>Cash flow</b>	<b>35,996</b>	<b>32,340</b>
Increase / decrease in current provisions	-203	96
Increase / decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	-3,629	-9,055
Increase / decrease in trade payables and other liabilities not attributable to investing or financing activities	-2,820	-833
<b>Change in working capital</b>	<b>-6,652</b>	<b>-9,792</b>
<b>Cash flows from operating activities</b>	<b>29,344</b>	<b>22,548</b>
Payments to acquire property, plant and equipment / intangible assets	-29,682	-19,260
Cash outflows for acquisitions less acquired cash	-22,918	-26,771
Proceeds from the disposal of financial assets	115	164
Purchase of financial assets	-8	-113
<b>Cash flows from investing activities</b>	<b>-52,493</b>	<b>-45,980</b>
Release of treasury shares	14,535	0
Repayments of lease liabilities	-6,841	-3,853
Proceeds from the drawdown of financial loans	30,000	23,500
Redemption of financial loans	-10,562	-8,116
<b>Cash flows from financing activities</b>	<b>27,132</b>	<b>11,531</b>
Net change in cash and cash equivalents	3,983	-11,901
Cash and cash equivalents at the beginning of the period	24,892	31,761
<b>Cash and cash equivalents at the end of the period</b>	<b>28,875</b>	<b>19,860</b>

## Verkürzte Segmentberichterstattung für die Zeit vom 01. Januar 2020 bis zum 30. September 2020

€'000	Credit Platform	Private Clients	Real Estate Platform	Insurance Platform	Holding*	Reconciliation*	Group
<b>Segment revenue in respect of third parties</b>							
9M 2020	119,897	93,107	38,547	32,608	675	0	284,834
9M 2019	101,293	79,638	34,011	32,142	579	0	247,663
Q3 2020	41,006	30,623	11,895	11,668	227	0	95,419
Q3 2019	36,185	29,241	13,138	11,832	199	0	90,595
<b>Segment revenue in respect of other segments</b>							
9M 2020	976	264	387	340	19,149	-21,116	0
9M 2019	572	157	0	325	14,085	-15,139	0
Q3 2020	346	83	387	110	6,541	-7,467	0
Q3 2019	178	72	0	108	5,041	-5,399	0
<b>Total segment revenue</b>							
9M 2020	120,873	93,371	38,934	32,948	19,824	-21,116	284,834
9M 2019	101,865	79,795	34,011	32,467	14,664	-15,139	247,663
Q3 2020	41,352	30,706	12,282	11,778	6,768	-7,467	95,419
Q3 2019	36,363	29,313	13,138	11,940	5,240	-5,399	90,595
<b>Gross profit</b>							
9M 2020	64,483	31,774	36,493	16,303	19,824	-19,149	149,728
9M 2019	55,174	26,465	32,188	16,468	14,646	-14,085	130,856
Q3 2020	21,957	10,550	11,407	5,734	6,768	-6,541	49,875
Q3 2019	20,377	10,086	12,373	5,656	5,222	-5,013	48,701
<b>Segment earnings before interest, tax, depreciation and amortisation (EBITDA)</b>							
9M 2020	29,998	14,246	2,322	1,315	-4,049	0	43,832
9M 2019	26,345	9,233	7,870	1,402	-5,891	-3	38,956
Q3 2020	10,657	4,429	-598	625	-1,254	0	13,859
Q3 2019	9,775	4,218	3,488	350	-3,599	-1	14,231
<b>Segment earnings before interest and tax (EBIT)</b>							
9M 2020	25,189	13,767	-1,855	-1,003	-11,880	0	24,218
9M 2019	22,644	8,530	4,654	-603	-10,177	-3	25,045
Q3 2020	8,963	4,269	-2,105	-213	-3,790	0	7,124
Q3 2019	8,421	4,007	2,209	-335	-5,069	-1	9,232
<b>Segment assets</b>							
30 Sep 2020	122,300	31,812	145,186	143,245	81,584	0	524,127
31 Dec 2019	108,153	30,949	139,568	77,514	35,395	0	391,579

\* The comparative prior-year tax figures have been adjusted and are explained in the notes to the interim consolidated financial statements

# 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 sale, valuation, financing and management 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 advance-

ment 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 30 September 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–Q3 and Q3 2019**

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.

**Notes to the interim consolidated financial statements**

Interim report of Hypoport SE for the period ended 30 Sep 2020

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

9M 2019 €'000	Reconci- liation as reported	Holding adjusted	Reconci- liation adjus- ted
<b>Segment revenue in respect of third parties</b>			
9M 2019	579	579	0
Q3 2019	199	199	0
<b>Segment revenue in respect of third parties</b>			
9M 2019	-1,054	14,085	-15,139
Q3 2019	-358	5,041	-5,399
<b>Total segment revenue</b>			
9M 2019	-475	14,664	-15,139
Q3 2019	-159	5,240	-5,399
<b>Gross profit</b>			
9M 2019	561	14,646	-14,085
Q3 2019	209	5,222	-5,013
<b>Segment earnings before interest, tax, depreciation and amortisation (EBITDA)</b>			
9M 2019	-5,894	-5,891	-3
Q3 2019	-3,600	-3,599	-1
<b>Segment earnings before interest and tax (EBIT)</b>			
9M 2019	-10,180	-10,177	-3
Q3 2019	-5,070	-5,069	-1
<b>Segmentvermögen (30.06.2019)</b>	<b>13.271</b>	<b>13.271</b>	<b>0</b>

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 30 September 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.

<b>Parent company</b>	<b>Holding (%)</b>
1blick GmbH, Heidelberg	100.00
asseQ GmbH, Lübeck	100.00
Basler Service GmbH, Bayreuth	70.00
Bayreuth Am Pfaffenleck 15 Objektgesellschaft mbH, Bayreuth	100.00
Dr. Klein Finance S.L.U., Santa Ponca (Spain)	100.00
Dr. Klein Wowi Finanz AG, Lübeck	100.00
Dr. Klein Privatkunden AG, Lübeck	100.00
Dr. Klein Ratenkredit GmbH, Lübeck	100.00
Dr. Klein Wowi Digital AG, Berlin	100.00
ePension GmbH & Co. KG, Hamburg	51.00
ePension Verwaltungs-GmbH, Hamburg	51.00
ePension Holding GmbH, Berlin	51.00
E&P Pensionsmanagement GmbH, Hamburg	51.00
Europace AG, Berlin	100.00
FIO SYSTEMS AG, Leipzig	100.00
FIO SYSTEMS Bulgaria EOOD, Sofia (Bulgaria)	100.00
FM InsurTech GmbH, Berlin	100.00
FUNDINGPORT GmbH, Hamburg	100.00
Fundingport Sofia EOOD, Sofia, (Bulgaria)	100.00
GENOPACE GmbH, Berlin	45.025
Growth Real Estate EOOD, Sofia (Bulgaria)	100.00
helber innomaxx GmbH, Stuttgart	100.00
Hypoport B.V., Amsterdam (Netherlands)	100.00
Hypoport Holding GmbH, Berlin	100.00
Hypoport Grundstücksmanagement GmbH, Berlin	100.00
Hypoport Mortgage Market Ltd., Westport (Ireland)	100.00
Hypoport Sofia EOOD, Sofia (Bulgaria)	100.00
Hypoport Systems GmbH, Berlin	100.00
Maklaro GmbH, Hamburg	100.00
Primstal – Alte Eiweiler Straße 38 Objektgesellschaft mbH, Nonnweiler	100.00
Qualitypool GmbH, Lübeck	100.00
REM CAPITAL AG, Stuttgart	100.00
Smart BancAssurance GmbH, Bonn (formerly Kartenhaus GmbH, Bonn)	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
FINMAS GmbH, Berlin	50.00
Hypoport on-geo GmbH i. L., Berlin	50.00
LBL Data Services B.V., Amsterdam (Netherlands)	50.00

### Associates

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; Acquisitions

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

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

The purchase of the remaining 49 per cent has been agreed for 31 December 2023. The purchase price for all of ePension's shares is €22.0 million. In addition, a debtor warrant of up to €20.0 million in total was agreed with the existing shareholders of ePension. It is dependent on ePension's earnings performance in 2023. The purchase consideration was largely attributable to an insurance portfolio, software and goodwill.

ePension holds all shares in E&P Pensionsmanagement GmbH, Hamburg. The company's subscribed capital amounts to €25 thousand and is fully paid-up. The object of the company is to advise on and manage occupational pension schemes. The acquisitions were accounted for using the acquisition method. ePension and its subsidiary were included in the interim consolidated financial statements with effect from 1 August 2020. Their activities were allocated to the Insurance Platform segment. Since the date of acquisition, ePension has contributed €0.8 million to revenue and €0.1 million to net profit for the period. If the business combination had taken place at the start of the year, consolidated revenue would have amounted to €288.2 million and net profit for the period to €17.7 million.



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

<b>Initial consolidation ePension including subsidiary</b>	<b>Fair value recognises on acquisition €'000</b>
<b>Fair value recognises on acquisition €'000</b>	
<b>Assets</b>	
Intangible assets	7,561
Property, plant and equipment	113
Financial assets	228
Trade receivables	6,932
Other current items	522
Cash and cash equivalents	308
	<b>15,664</b>
<b>Liabilities</b>	
Financial liabilities	(0)
Trade payables	(3,177)
Other liabilities	(4,929)
Deferred tax liabilities	(2,343)
	<b>(10,449)</b>
Total identifiable net assets at fair value	5,215
Goodwill arising on acquisition (provisional)	2,555
Purchase consideration transferred	39,340
	<b>42,000</b>
<b>Analysis of cash flows on acquisition:</b>	
Net cash acquired with the subsidiary (included in Cashflow from investing activities)	
Cash paid	308
Net cash outflow	(12,864)
Tatsächlicher Zahlungsmittelabfluss	<b>12,556</b>

If new information comes to light within a year of the acquisition date about facts and circumstances that existed at the date of acquisition and that would have led to adjustments to the amounts above or would have led to additional provisions being recognised, the accounting treatment of the acquisitions will be restated.

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

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

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

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

### Income taxes and deferred taxes

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

Income taxes and deferred taxes (€'000)	9M 2020	9M 2019	Q3 2020	Q3 2019
Income taxes and deferred taxes	4,287	4,713	944	1,723
current income taxes	5,292	5,542	2,233	1,852
deferred taxes	-1,005	-829	-1,298	-129
in respect of timing differences	-2,933	-351	-984	729
in respect of tax loss carryforwards	-1,928	-478	-305	-858

The average combined income tax rates computed on the basis of current legislation remain unchanged at just under 31 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 nine months of 2020, there were no share options that would have a dilutive effect on earnings per share.

Earnings per share	9M 2020	9M 2019	Q3 2020	Q3 2019
Net income for the year (€'000)	17,743	18,938	5,393	6,925
of which attributable to Hypoport SE shareholders	17,731	18,910	5,372	6,917
Basic weighted number of outstanding shares (€'000)	6,293	6,251	6,299	6,252
<b>Earnings per share (€) (undiluted/diluted)</b>	<b>2.81</b>	<b>3.02</b>	<b>0.85</b>	<b>1.10</b>

As a result of the release of treasury shares, the number of shares in issue rose by 46,461, from 6,252,685 as at 31 December 2019 to 6,299,146 as at 30 September 2020.

### **Intangible assets and property, plant and equipment**

Intangible assets primarily comprised goodwill of €228.6 million (31 December 2019: €186.4 million) and development costs of €58.5 million for the financial marketplaces (31 December 2019: €46.7 million).

Property, plant and equipment largely consisted of rental/leasing-related right-of-use assets of €66.0 million (31 December 2019: €21.4 million) and office furniture and equipment amounting to €9.8 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 five 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), AMEXPool AG, Buggingen (Hypoport's interest: 49.997 per cent) and BAUFINEX Service GmbH, Berlin (Hypoport's interest: 50 per cent), 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) and the four former joint ventures ePension GmbH & Co. KG, Hamburg, ePension Verwaltungs-GmbH, Hamburg, ePension Holding GmbH, Berlin, and E&P Pensionsmanagement GmbH, Hamburg. In the first nine months of 2020, the profit from equity-accounted long-term equity investments amounted to €171 thousand (Q1–Q3 2019: loss of €745 thousand).

### **Subscribed capital**

The Company's subscribed capital as at 30 June 2020 was unchanged at €6,493,376.00 (31 December 2019: €6,493,376.00) and was divided into 6,493,376 (31 December 2019: 6,493,376) fully paid-up, registered no-par-value shares.

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

### **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 €2,799,061.00 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.

### Treasury shares

Hypoport held 194,230 treasury shares as at 30 September 2020 (equivalent to €194,230.00, or 2.99 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	Proportion of subscribed 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 January 2020	30,722	30,722.00	0,473	301,863.37	9,777,090.36	9,475,226.99
Dissemination February 2020	15,127	15,127.00	0,233	179,785.33	5,032,771.20	4,852,985.87
Dissemination April 2020	419	419.00	0,006	5,023.81	122,942.00	117,918.19
Dissemination May 2020	79	79.00	0,001	947.21	31,244.50	30,297.29
Dissemination July 2020	114	114.00	0,002	1,366.86	39,861.00	38,494.14
<b>Balance as at 30 Sep 2020</b>	<b>194,230</b>	<b>46,461.00</b>	<b>2,991</b>	<b>9,294,146.18</b>	<b>15,003,909.06</b>	<b>14,514,922.48</b>

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 (€16.782 million, of which €14.515 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 nine months of 2020 attributable to non-controlling interests was €30 thousand (Q1–Q3 2019: €28 thousand). Total non-controlling interests amounted to €2.940 million as at 30 September 2019 (31 December 2019: €342 thousand), of which €258 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), minus €5 thousand (31 December 2019: €1 thousand) to Basler Service GmbH (non-controlling interest of 30.0 per cent), €2.565 million (31 December 2019: €0 thousand) to ePension GmbH & Co. KG, Hamburg (non-controlling interest of 49 per cent), €12 thousand (31 December 2019: €0 thousand) to ePension Verwaltungs-GmbH, Hamburg (non-controlling interest of 49 per cent), minus €12 thousand (31 December 2019: €0 thousand) to ePension Holding GmbH, Berlin (non-controlling interest of 49 per cent) and €12 thousand (31 December 2019: €0 thousand) to E&P Pensionsmanagement GmbH, Hamburg (non-controlling interest of 49 per cent).

#### **Share-based payment**

No share options were issued in the third 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 30 September 2020.

	Shares (number) 30 Sep 2020	Shares (number) 31 Dec 2019
<b>Group Management Board</b>		
Ronald Slabke	2,240,381	2,248,381
Stephan Gawarecki	101,800	142,800
<b>Supervisory Board</b>		
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 generated by joint ventures totalled €289 thousand in the third quarter of 2020 (Q3 2019: €195 thousand) and €740 thousand in the first nine months of this year (Q1–Q3 2019: €575 thousand). As at 30 September 2020, receivables from joint ventures amounted to €1.803 million (31 December 2019: €1.432 million) and liabilities to such companies totalled €242 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 despite the refinement of the assessment in light of the coronavirus crisis in the third quarter.

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 nine months of 2020. 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, 2 November 2020  
Hypoport SE – The Management Board



Ronald Slabke



Stephan Gawarecki

**Hypoport SE**

Heidestraße 8 · 10557 Berlin

Tel.: +49 (0)30 420 86 - 0 · Fax: +49 (0)30 420 86 - 1999

E-Mail: [ir@hypoport.de](mailto:ir@hypoport.de) · [www.hypoport.com](http://www.hypoport.com)

