Interim report of Hypoport SE first half-year 2020

Berlin, 3 Aug 2020

Key performance indicators

Revenue and earnings (€'000)	H1 2020	H1 2019	Change
Revenue	189,415	157,068	21%
Gross profit	99,853	82,155	22%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	29,973	24,725	21%
Earnings before interest and tax (EBIT)	17,094	15,813	8%
EBIT margin (%, EBIT as a percentage of gross profit)	17.1	19.2	– 11%
Net profit for the year	12,350	12,013	3%
attributable to Hypoport SE shareholders	12,341	11,993	3%
Earnings per share (€) (undiluted/diluted)	1.91	1.92	– 1%

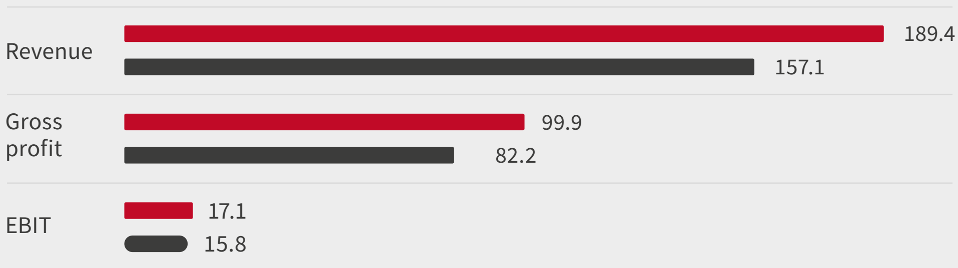
	Q2 2020	Q2 2019	Change
Revenue	88,777	78,613	13%
Gross profit	47,313	41,965	13%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	13,302	12,354	8%
Earnings before interest and tax (EBIT)	6,576	7,791	– 16%
EBIT margin (%, EBIT as a percentage of gross profit)	13.9	18.6	– 25%
Net profit for the year	4,352	5,848	– 26%
attributable to Hypoport SE shareholders	4,349	5,836	– 25%
Earnings per share (€) (undiluted/diluted)	0.64	0.93	– 31%

Financial position (€'000)	30 Jun 2020	31 Dec 2019	Change
Current assets	93,405	87,129	7%
Non– current assets	376,436	304,450	24%
Equity	205,689	178,375	15%
attributable to Hypoport SE shareholders	205,338	178,033	15%
Equity ratio (%)	43.8	45.6	– 4%
Total assets	469,841	391,579	20%

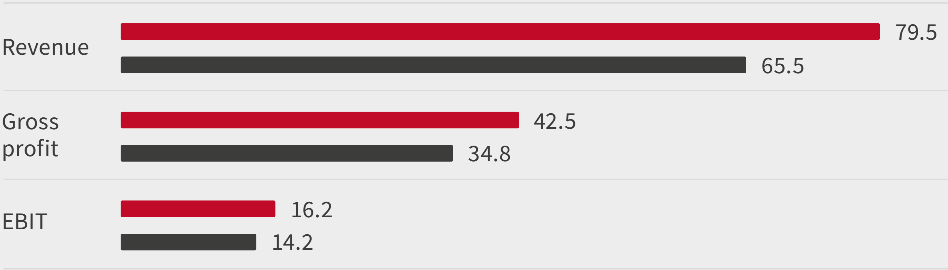
Revenue, Gross profit and EBIT (€ million)

H1 2020 H1 2019

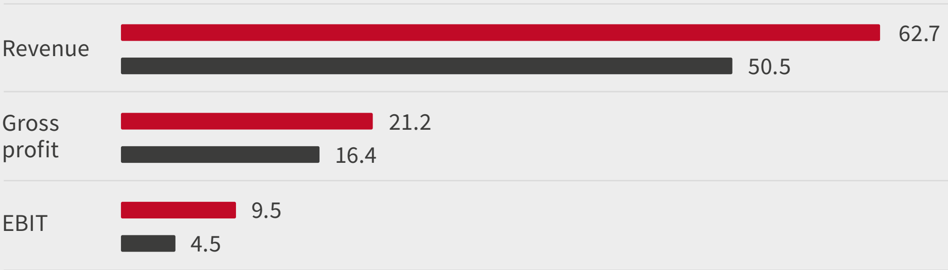
Hypoport Group



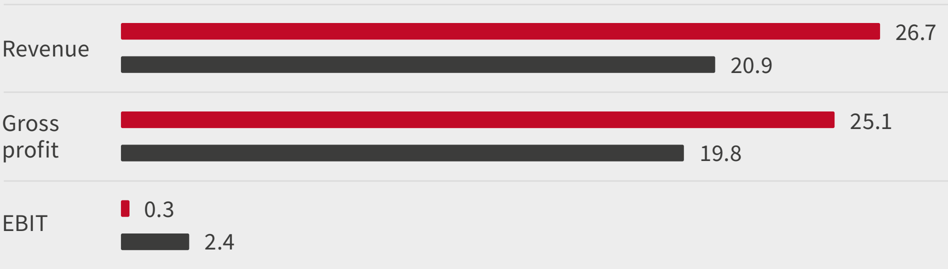
Credit Platform segment



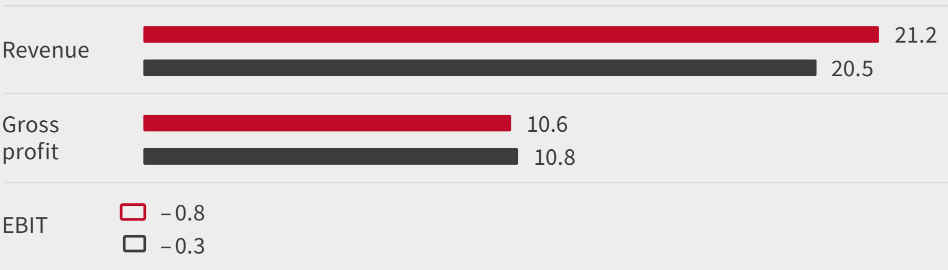
Private Clients segment



Real Estate Platform segment



Insurance Platform segment



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Letter to shareholders

Dear shareholder, dear Hypoport employee,

In the first half of this year, the dramatic impact of 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') had a huge effect on the German economy as a whole and on many companies in particular, including some illustrious names.

This has resulted in a severe recession, and Germany's economic output is expected to contract by between 6 per cent and 9 per cent this year. Against this backdrop, Hypoport SE can look back on an extremely successful first half of 2020. Our revenue saw an increase of more than 20 per cent to just under €190 million that was driven by every Hypoport segment.

As was becoming clear at the end of the first quarter, the Hypoport Group's growth in the face of this economic 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. The use of video chat in Dr. Klein franchisees' advisory meetings with consumers, the digital processing of financing applications that are submitted to banks on Europace and the ability of our more than 2,000 employees to work entirely remotely are some of the advantages that are enabling us to significantly strengthen our position relative to market participants that do not use digitalised technologies to the same extent.

This strong market position 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 integration of new product partners. The Hypoport Group has had a decentralised organisational structure for many years, and this proved particularly helpful at the start of the coronavirus crisis because it enabled the individual Hypoport companies to make their own decisions regarding critical aspects of their operational capability.

The aforementioned 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 six months of 2020. The transaction volume on Europace amounted to €41.9 billion, an impressive increase of 31 per cent compared with the first half 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 more than doubled to €3.5 billion. The sub-marketplace for savings banks, FINMAS, also continued to perform well, with the volume of transactions rising by 40 per cent to €3.8 billion. When viewed in comparison with the 8 per cent growth of the overall mortgage finance market, it is easy to see that we are continuing to rapidly establish ourselves with Germany's two large associations of regional banks and that we are quickly increasing our 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. Total revenue for the segment amounted to almost €80 million, a year-on-year increase of 21 per cent (H1 2019: €66 million). The segment's EBIT advanced by 14 per cent to €16.2 million (H1 2019: €14.2 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 six months of 2020 increased by 30 per cent to €4.6 billion. Revenue in the Private Clients segment came to €63 million, a rise of 24 per cent (H1 2019: €50 million). Because of a high level of capital expenditure in the prior-year period, the segment recorded a disproportionately strong increase in EBIT to reach €9.5 million in the reporting period (H1 2019: €4.5 million).

In the **Real Estate Platform segment,** the property sales platform, the property management platform and the property valuation platform, which is closely integrated with the credit platform, all generated substantial revenue growth, 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. The property financing platform for the housing industry also reported a small increase in revenue in the first half of the year due to very volatile interest rates. The segment's overall revenue advanced by 28 per cent to €27 million (H1 2019: €21 million). EBIT fell sharply from €2.4 million to €0.3 million owing to the high levels of capital expenditure.

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 slightly compared with the prior-year period, by 3 per cent, to reach €21 million (H1 2019: €20.5 million) due to a reduction in project business and the focus on recurring revenue streams from the platform business. EBIT declined slightly from a loss of €0.3 million to a loss of €0.8 million.

As a result, we were able to increase the EBIT of the Hypoport Group as a whole by 8 per cent to €17.1 million in the first half of the year despite high levels of capital expenditure on the operating business models of the individual Hypoport segments and, at group level, capital expenditure on projects such as Hypoport SE's innovation hub for the Hypoport network. In the second quarter, the Group's earnings were squeezed by non-recurring expenses for the conversion of Hypoport AG into a European Company (Societas Europaea, SE) and by the Berlin Senate's anti-business economic policy, which forced us to relocate from our long-standing headquarters into a new office building and therefore resulted in removal costs.

It is still difficult to predict the magnitude of the effects of the coronavirus crisis. Nevertheless, the Hypoport Group remains optimistic that it can comfortably get through the coronavirus crisis, as it demonstrated in the first half of the year with growth of more than 20 per cent despite what is probably the worst global recession for decades.

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 quantifiable, although a first assessment of the qualitative effects is provided in this section and in the 'Business performance' and 'Outlook' sections.

In 2019, the German economy expanded for the tenth year in succession, the longest period of growth in reunified Germany. The effects of the public health measures taken to contain coronavirus caused GDP in the first quarter of 2020 to fall by 2.2 per cent compared with the previous quarter and by 1.9 per cent compared with the first quarter of 2019.

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 9 per cent this year. They forecast a return to economic growth – strong growth, in some cases – in the range of 2 per cent to 6 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 at the start of 2020 to 0.6 per cent in May. The figure for June was 0.9 per cent. 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.

Housing market in Germany

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

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

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.

Operational developments in the housing market were overshadowed by the current coronavirus outbreak in the first half 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 first quarter. 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.

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

The supply of housing also began to improve again at the end of the first quarter of 2020. As in recent years, the low level of supply is limiting the number of transactions, which led to sharp price rises in the past. A significant increase in transaction prices in the housing market was registered again in the period January to June 2020. This was reflected in Europace's EPX price index, which rose by 5 per cent from 170 points to 179 points over this period. It remains to be seen whether the aforementioned imbalance will cause prices to rise in the second half of 2020. In general, economists 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 forecast is that incomes will rise – in 2021 at the latest – and net inward migration to Germany will increase 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.

Irrespective of prices, the social distancing measures imposed in order to tackle coronavirus are likely to have resulted in a temporary fall in housing transactions at the end of the first quarter and beginning of the second quarter. The adverse effect on the total volume of mortgage finance in Germany was limited because it was more than offset by the aforementioned rise in property prices (see the 'Market for residential mortgage finance' section below).

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 housing market,
- Regulatory requirements for brokers and suppliers of residential mortgages,
- Level of interest rates for mortgage finance.

See the 'Housing market in Germany' section 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 (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 €137.5 billion in the first six months of 2020, a year-on-year increase of 7.8 per cent (H1 2019: €127.5 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 2 per cent in January to minus 0.8 per cent in March before rising sharply again to around minus 0.3 per cent at the end of March. In the period April to June, yields fluctuated between minus 0.3 per cent and minus 0.5 per cent before rising at the end of the second 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. However, the current coronavirus crisis has had only a peripheral effect on the housing industry. Neither rental arrears nor significant delays to ongoing construction projects have been recorded.

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 half of 2020, the Hypoport Group increased its revenue by 21 per cent to €189.4 million (H1 2019: €157.1 million). Excluding selling expenses of €89.6 million (H1 2019: €74.9 million), the full Hypoport network's gross profit amounted to €99.9 million (H1 2019: €82.2 million), an increase of 22 per cent. In the first half of 2020, Hypoport therefore 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 by 8 per cent to €17.1 million (H1 2019: €15.8 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 six months of 2020 went up by 31 per cent to €41.9 billion, compared with €31.9 billion in the first half of 2019.

The transaction volume for mortgage finance, which is by far the largest product group, rose by 36 per cent year on year to €33.8 billion in the first half of 2020 (H1 2019: €25.0 billion). The second-largest product group, building finance, increased its transaction volume by 21 per cent to €6.3 billion (H1 2019: €5.2 billion). The volume in the smallest product group, personal loans, went up by 3 per cent to €1.8 billion (H1 2019: €1.7 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 39 per cent to €3.8 billion in the first six months of 2020 (H1 2019: €2.8 billion). In the cooperative banking sector, institutions used the dedicated GENOPACE sub-marketplace to generate a volume of €3.5 billion, a rise of 108 per cent (H1 2019: €1.7 billion). The two platforms therefore again brought the affiliated banks substantial productivity gains. 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 much faster rate than the market, with increases in a range of around 25 per cent to 35 per cent.

Financial figures – Credit Platform	H1 2020	H1 2019	Q2 2020	Q2 2019	H1 Change
Transaction volume (€ billion)					
Total	41.9	31.9	21.1	16.4	31%
thereof mortgage finance	33.8	25.0	17.1	12.9	36%
thereof building finance ("Bausparen")	6.3	5.2	3.2	2.7	21%
thereof personal loans	1.8	1.7	0.8	0.8	3%
Partners (number)					
Europace (incl. GENOPACE and FINMAS)	739	674			10%
GENOPACE	358	331			8%
FINMAS	294	255			15%
Revenue and earnings (€ million)					
Revenue	79.5	65.5	38.9	34.7	21%
Gross profit	42.5	34.8	21.3	18.5	22%
EBIT	16.2	14.2	8.2	7.7	14%

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 €79.5 million in the first half of 2020, which was 21 per cent more than in the first half of 2019 (H1 2019: €65.5 million). After deduction of selling expenses, gross profit went up by 22 per cent to €42.5 million (H1 2019: €34.8 million). The segment's EBIT rose by 14 per cent to €16.2 million in the first six months of 2020 (H1 2019: €14.2 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 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 at the existing locations. As at 30 June 2020, the number of advisors had grown by 7 per cent year on year, taking the total to 531 (30 June 2019: 498). The coronavirus crisis made it significantly harder to recruit new employees in the second quarter.

In the first half of 2020, the volume of mortgage finance, building finance and personal loan products brokered by Dr. Klein amounted to approximately €4.6 billion (H1 2019: €3.5 billion), which equates to a sharp rise of 30 per cent.

Dr. Klein advisors[2] 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 half of 2020.

Financial figures – Private Clients	H1 2020	H1 2019	Q2 2020	Q2 2019	H1 Change
Operative figures					
Transaction volume financing (billion €)	4.6	3.5	2.2	1.8	30%
Number of branch advisors (loan brokerage)*	531	498			7%
Revenue and earnings (€ million)	**H1 2020**	**H1 2019**	**Q2 2020**	**Q2 2019**	**H1 Change**
Revenue	62.7	50.5	29.4	25.2	24%
Gross profit	21.2	16.4	9.9	8.0	30%
EBIT	9.5	4.5	4.5	2.3	110%

* 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 24 per cent to around €62.7 million in the first six months of the year (H1 2019: €50.5 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 30 per cent to €21.2 million (H1 2019: €16.4 million). The EBIT of the Private Clients segment jumped by 110 per cent, from €4.5 million to €9.5 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.

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

Real Estate Platform segment

All property-related activities of the Hypoport Group, 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 30 June 2020, the sales solution was used by 322 savings banks within the Savings Banks Finance Group (30 June 2019: 311). The number of users in the cooperative banking group increased to 79 institutions (30 June 2019: 63). The difference between the growth rates for the savings bank sector (3 per cent) and cooperative bank sector (25 per cent) is attributable to the different degree of market penetration. Whereas 320 of the 377 savings banks work with FIO's property sales platform, only 79 of the approximately 830 cooperative banks use the platform. This huge potential for new clients is being unlocked at an ever increasing rate. The total value of all properties sold via the platforms was €6.3 billion in the first half of 2020, a small decrease of 4 per cent compared with the prior-year period (H1 2019: €6.5 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.

The number of banking partners using the property valuation platform increased by 26 per cent to 380 as at 30 June 2020 (30 June 2019: 302). The value of the properties valued also rose substantially, by around 38 per cent, from €8.5 billion to €11.7 billion. At 10 per cent, the growth rate in the second quarter (from €4.6 billion to €5.0 billion) was slightly slower, but still healthy, due to the temporary restrictions on inspecting properties as a result of the social distancing measures imposed during the coronavirus crisis.

The volume of new loans brokered on the property financing platform for the housing industry amounted to €0.99 billion in the first half of this year, a slightly rise of 3 per cent (H1 2019: €0.96 billion).

Financial figures – Real Estate Platform	H1 2020	H1 2019	Q2 2020	Q2 2019	H1 Change
Operative figures					
Transaction volume of Property financing platform (€ million)	0.99	0.96	0.51	0.63	3%
Value properties valued by property valuation platform (billion €)	11.70	8.48	5.02	4.57	38%
Value properties sold via property sales platform (billion €)	6.29	6.53	2.95	3.49	– 4%
Revenue and earnings (€ million)					
Revenue	26.7	20.9	12.1	11.1	28%
thereof Property financing platform	7.5	7.4	3.5	3.9	1%
thereof Property management platform (ERP) & Property sales platform	9.9	7.5	4.5	3.9	33%
thereof Property valuation platform	9.2	6.0	4.2	3.4	53%
Gross profit	25.1	19.8	11.4	10.5	27%
EBIT	0.3	2.4	– 0.7	1.6	– 90%

Revenue from the property sales platform and property management platform climbed by 33 per cent to reach €9.9 million (H1 2019: €7.5 million). Despite reduced momentum in the second quarter, the property valuation platform's revenue also jumped, advancing by 53 per cent to €9.2 million in the first half of 2020 (H1 2019: €6.0 million). Revenue from the property financing platform for the housing industry grew slightly by 1 per cent to €7.5 million owing to the larger volume of transactions (H1 2019: €7.4 million).

This shows that, in the first half 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 28 per cent to €26.7 million (H1 2019: €20.9 million). Gross profit for the segment rose at a similar rate (27 per cent) to reach €25.1 million, up from €19.8 million in the prior-year period. The Real Estate Platform segment is a focal point of the Hypoport Group's capital expenditure in 2020, and the high levels of capital expenditure meant that the segment's EBIT fell by 90 per cent to €0.3 million (H1 2019: €2.4 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, and ePension GmbH & Co. KG, a digital platform for the administration of occupational pension schemes.

Financial figures – Insurance Platform	H1 2020	H1 2019	Q2 2020	Q2 2019	H1 Change
Revenue and earnings (€ million)					
Revenue	21.2	20.5	8.7	7.9	3%
Gross profit	10.6	10.8	4.7	4.7	−2%
EBIT	−0.8	−0.3	−1.2	−0.8	–

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.

A reduction in project business and the focus on expanding the platform led to a small increase in revenue to €21.2 million in the first six months of 2020 (H1 2019: €20.5 million), a rise of 3 per cent.

The segment's gross profit went down by 2 per cent to €10.6 million (H1 2019: €10.8 million). EBIT fell to a loss of €0.8 million, from a loss of €0.3 million in the prior-year period, owing to the reduction in project business.

Earnings

Against the backdrop of the operating performance described above, EBITDA rose from €24.7 million to €30.0 million and EBIT from €15.8 million to €17.1 million in the first half of 2020. In the second quarter of 2020, the Company generated EBITDA of €13.3 million (Q2 2019: €12.4 million) and EBIT of €6.6 million (Q2 2019: €7.8 million).

Revenue and earnings (€ million)	H1 2020	H1 2019	Q2 2020	Q2 2019	H1 Change
Revenue	189.4	157.1	88.8	78.6	21%
Gross profit	99.9	82.2	47.3	42.0	22%
EBITDA	30.0	24.7	13.3	12.4	21%
EBIT	17.1	15.8	6.6	7.8	8%
EBIT margin (EBIT as percentage of Gross profit)	17.1%	19.2%	13.9%	18.6%	– 12%

Own work capitalised

In the second 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 €19.1 million in expansion in the first half of 2020 (H1 2019: €14.7 million) and €9.5 million in the second quarter of the year (Q2 2019: €7.6 million). Of these totals, €10.0 million was capitalised in the first half of 2020 (H1 2019: €7.8 million) and €5.0 million in the second quarter of this year (Q2 2019: €4.1 million), while amounts of €9.1 million for the first half of 2020 (H1 2019: €6.9 million) and €4.5 million for the second quarter of this year (Q2 2019: €3.5 million) were expensed as incurred. These amounts represent the personnel expenses and operating costs attributable to software development.

Other income and other expenses

Other income mainly comprised income of €1.6 million from other accounting periods (H1 2019: €0.5 million), income of €0.8 million from the reversal of provisions (H1 2019: €0.3 million) and income of €0.7 million from employee contributions to vehicle purchases (H1 2019: €0.6 million). In the first half of 2020, personnel expenses went up because of salary increases and because the average number of employees in the period rose from 1,601 to 2,004. The breakdown of other operating expenses is shown in the table below.

Other operating expenses (€ million)	H1 2020	H1 2019	Q2 2020	Q2 2019	H1 Change
Operating expenses	5.4	3.7	2.7	1.9	46%
Other selling expenses	3.2	3.4	0.7	1.7	– 6%
Administrative expenses	9.1	7.6	4.2	4.2	20%
Other personnel expenses	0.8	0.9	0.3	0.4	– 11%
Other expenses	1.5	2.2	0.4	1.2	– 32%
	20.0	**17.8**	**8.3**	**9.4**	– 12%

The operating expenses consisted mainly of servicing and IT maintenance costs of €2.8 million (H1 2019: €1.6 million) and vehicle-related costs of €1.0 million (H1 2019: €1.1 million). The other selling expenses related to advertising costs and travel expenses. The administrative expenses largely comprised IT-related costs of €4.0 million (H1 2019: €3.8 million) and legal and consultancy expenses of €2.3 million (H1 2019: €1.4 million). The latter included expenses for the conversion of Hypoport AG into Hypoport SE. The other personnel expenses mainly consisted of training costs of €0.6 million (H1 2019: €0.7 million).

Depreciation, amortisation expense and impairment losses

Of the depreciation, amortisation expense and impairment losses of €12.9 million (H1 2019: €8.9 million), €5.3 million (H1 2019: €4.4 million) was attributable to intangible assets and €7.6 million (H1 2019: €4.5 million) to property, plant and equipment. The depreciation and impairment losses on property, plant and equipment largely consisted of a sum of €5.0 million for depreciation and impairment recognised on rental/leasing-related right-of-use assets (H1 2019: €2.7 million).

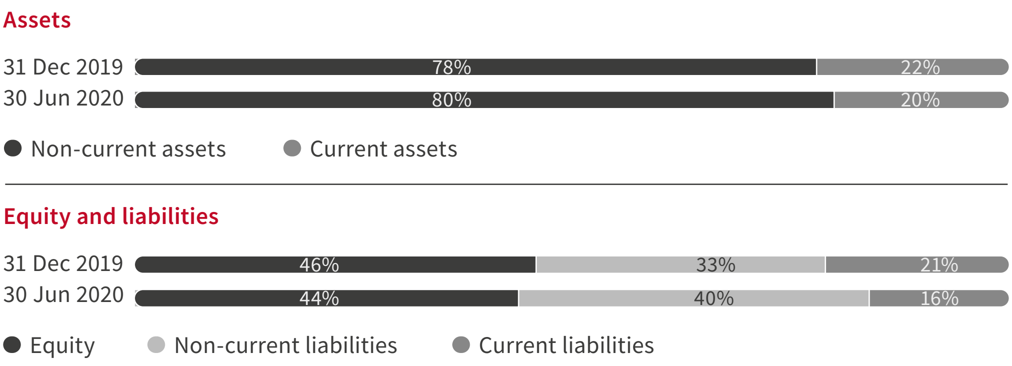
Net financial income/finance costs

The net finance costs primarily included interest expense and similar charges of €0.9 million incurred by the drawdown of loans and the use of credit lines (H1 2019: €0.7 million).

Balance sheet

The Hypoport Group's consolidated total assets as at 30 June 2020 amounted to €469.8 million, which was a 20 per cent increase on the total as at 31 December 2019 (€391.6 million).

Balance sheet structure



Non-current assets totalled €376.4 million (31 December 2019: €304.5 million). They largely consisted of goodwill of €189.3 million (31 December 2019: €186.4 million) and development costs for the financial marketplaces of €54.5 million (31 December 2019: €46.7 million). The €42.6 million rise in property, plant and equipment to €77.6 million is mainly attributable to the recognition of rental/leasing-related right-of-use assets amounting to €44.1 million, in particular in connection with office leases.

Other current assets essentially comprised prepaid expenses of €2.2 million (31 December 2019: €2.2 million) and advances paid of €1.2 million (31 December 2019: €0.7 million).

The equity attributable to Hypoport SE shareholders as at 30 June 2020 had grown by €27.3 million, or 15.3 per cent, to €205.3 million. The equity ratio decreased slightly, from 45.6 per cent to 43.8 per cent, owing to the increase in total assets.

The €56.7 million increase in non-current liabilities to €188.1 million stemmed primarily from the €57.0 million rise in non-current financial liabilities, including rental/lease liabilities.

Total financial liabilities comprised bank loans of €116.2 million (31 December 2019: €93.1 million) and rental/lease liabilities of €61.3 million (31 December 2019: €21.7 million). Financial liabilities arising from bank loans went up because scheduled repayments of loans amounting to €6.9 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 two debtor warrants.

Other current liabilities mainly comprised bonus commitments of €3.8 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 €5.4 million to €24.2 million during the reporting period. The total net cash generated by operating activities in the first six months of 2020 amounted to €17.6 million (H1 2019: €13.2 million). The cash used for working capital rose by €1.1 million to minus €6.6 million (H1 2019: minus €5.5 million).

The net cash outflow of €44.8 million for investing activities (H1 2019: €38.9 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, capital expenditure of €12.5 million on non-current intangible assets (H1 2019: €9.7 million) and cash payments of €5.5 million in connection with two debtor warrants (H1 2019: €2.6 million).

The net cash of €33.1 million provided by financing activities (H1 2019: €15.8 million) consisted of an amount of €14.5 million from the sale of treasury shares (H1 2019: €0.0 million), new borrowing from banks of €30.0 million (H1 2019: €23.5 million), the scheduled repayment of bank loans in an amount of €6.9 million (H1 2019: €5.2 million) and the repayment of lease liabilities in an amount of €4.5 million (H1 2019: €2.5 million).

Cash and cash equivalents as at 30 June 2020 totalled €30.8 million, which was €6.0 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 number of employees in the Hypoport Group rose by 3 per cent compared with the end of 2019 to 2,008 (31 December 2019: 1,941 employees). The average headcount during the first half of 2020 was 2,004 (H1 2019: 1,601 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 second quarter. The leading economic research institutions and government institutions are predicting a fall in GDP in the range of 5 per cent to 9 per cent for 2020. They forecast a return to economic growth – strong growth, in some cases – in the range of 2 per cent to 6 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 German government had begun to ease restrictions for consumers and business partners and the number of new coronavirus cases per day was in continual decline or at least flattening out at a low level, so we currently believe that there will be no tangible constraints for our business processes across the Group over the remainder of the year.

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 during the remainder of 2020, 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 around 25 per cent over the first six months of 2020. The performance of Hypoport shares was therefore significantly better than that of the capital markets in general (DAX down by 7 per cent, SDAX down by 8 per cent). The daily volume of Hypoport shares traded on all German stock exchanges averaged €5.2 million.

Hypoport shares are now positioned in the upper midfield of the SDAX index on the basis of free-float trading volume, having risen from a ranking of 133 in January to 118 in June. In terms of market capitalisation, Hypoport shares have been highly ranked (81) since the start of 2020 owing to their rise in price over recent quarters.

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

Shareholder structure

There were four notifiable changes necessitating a voting right notification in the first half of 2020.

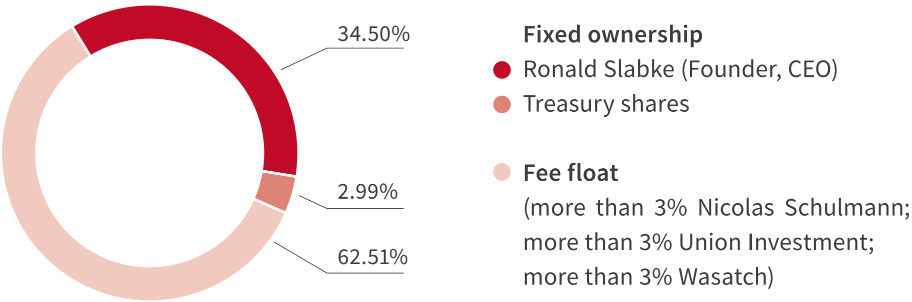
WA Holdings, Inc. / Wasatch Advisors informed us that its stake in Hypoport AG (now Hypoport SE) had fallen below the 3 per cent threshold on 13 January 2020 and stood at 2.99 per cent on that date.

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 June 2020:



Research

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

Activities in the capital markets Annual Shareholders' Meeting

Event	Location	Date
Roadshow (digital)	USA / Canada	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	Zurich	08/2019
Roadshow	London	08/2019
Conference	Hamburg	06/2019
Conference	Berlin	06/2019
Conference, 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

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 the Company'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 to 30 June 2020

	H1 2020 €'000	H1 2019 €'000	Q2 2020 €'000	Q2 2019 €'000
Revenue	**189,415**	**157,068**	**88,777**	**78,613**
Commissions and lead costs	– 89,562	– 74,913	– 41,464	– 36,648
Gross profit	**99,853**	**82,155**	**47,313**	**41,965**
Own work capitalised	9,999	7,837	5,020	4,146
Other operating income	3,382	1,627	1,405	807
Personnel expenses	– 63,356	– 48,615	– 32,356	– 24,980
Other operating expenses	– 19,961	– 17,816	– 8,227	– 9,424
Income from companies accounted for using the equity method	56	– 463	147	– 160
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**29,973**	**24,725**	**13,302**	**12,354**
Depreciation, amortisation expense and impairment losses	– 12,879	– 8,912	– 6,726	– 4,563
Earnings before interest and tax (EBIT)	**17,094**	**15,813**	**6,576**	**7,791**
Financial income	26	127	16	53
Finance costs	– 1,427	– 937	– 752	– 475
Earnings before tax (EBT)	**15,693**	**15,003**	**5,840**	**7,369**
Income taxes and deferred taxes	– 3,343	– 2,990	– 1,488	– 1,521
Net profit for the period	**12,350**	**12,013**	**4,352**	**5,848**
attributable to non-controlling interest	9	20	3	12
attributable to Hypoport SE shareholders	**12,341**	**11,993**	**4,349**	**5,836**
Earnings per share (€) (undiluted/diluted)	**1.91**	**1.92**	**0.64**	**0.93**

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

	H1 2020 €'000	H1 2019 €'000	Q2 2020 €'000	Q2 2019 €'000
Net profit for the period	**12,350**	**12,013**	**4,352**	**5,848**
Total income and expenses recognised in equity*)	0	0	0	0
Total comprehensive income	**12,350**	**12,013**	**4,352**	**5,848**
attributable to non-controlling interests	9	20	3	12
attributable to Hypoport SE shareholders	**12,341**	**11,993**	**4,349**	**5,836**

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

Consolidated balance sheet as at 30 June 2020

Assets	30 June 2020 €'000	31 Dec 2019 €'000
Non-current assets		
Intangible assets	258,227	248,241
Property, plant and equipment	77,582	34,987
Long-term investments accounted for using the equity method	10,986	5,904
Financial assets	13,058	190
Trade receivables	6,259	6,889
Other assets	408	401
Deferred tax assets	9,916	7,838
	376,436	**304,450**
Current assets		
Inventories	1,247	1,087
Trade receivables	56,138	56,181
Other assets	5,052	4,393
Current income tax assets	122	576
Cash and cash equivalents	30,846	24,892
	93,405	**87,129**
	469,841	**391,579**
Equity and liabilities		
Equity		
Subscribed capital	6,493	6,493
Treasury shares	– 194	– 241
Reserves	199,039	171,781
	205,338	**178,033**
Non-controlling interest	351	342
	205,689	**178,375**
Non-current liabilities		
Financial liabilities	155,497	98,455
Provisions	147	147
Other liabilities	17,066	19,766
Deferred tax liabilities	15,391	13,030
	188,101	**131,398**
Current liabilities		
Provisions	604	770
Financial liabilities	22,040	16,413
Trade payables	32,135	39,581
Current income tax liabilities	1,836	3,484
Other liabilities	19,436	21,558
	76,051	**81,806**
	469,841	**391,579**

Abridged consolidated statement of changes in equity for the six months ended 30 June 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
Release of treasury shares	4	351	39	394	0	394
Changes to the basis of consolidation	0	0	0	0	10	10
Total comprehensive income	0	0	11,993	11,993	20	12,013
Balance as at 30 June 2019	**6,251**	**51,029**	**108,277**	**165,557**	**344**	**165,901**

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
Release of treasury shares	46	14,476	442	14,964	0	14,964
Total comprehensive income	0	0	12,341	12,341	9	12,350
Balance as at 30 June 2020	**6,298**	**65,587**	**133,453**	**205,338**	**351**	**205,689**

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

	H1 2020 €'000	H1 2019 €'000
Earnings before interest and tax (EBIT)	17,094	15,813
Non-cash income / expense	– 936	– 1,279
Interest received	26	62
Interest paid	– 1,427	– 831
Income taxes paid	– 4,303	– 3,415
Current income taxes	1,243	– 275
Change in deferred taxes	– 283	– 700
Profit (loss) from equity-accounted long-term equity investments	– 56	479
Depreciation and amortisation expense, impairment losses / reversals of impairment losses on non-current assets	12,879	8,912
Income/expense from disponal of intangible assets and property, plant and equipment and financial assets	– 26	– 5
Cashflow	**24,211**	**18,761**
Increase / decrease in current provisions	– 166	56
Increase / decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	301	– 552
Increase / decrease in trade payables and other liabilities not attributable to investing or financing activities	– 6,755	– 4,987
Change in working capital	**– 6,620**	**– 5,483**
Cash flows from operating activities	**17,591**	**13,278**
Payments to acquire property, plant and equipment / intangible assets	– 21,391	– 12,673
Cash outflows for acquisitions less acquired cash	– 23,410	– 26,287
Proceeds from the disposal of financial assets	21	84
Purchase of financial assets	0	– 114
Cash flows from investing activities	**– 44,780**	**– 38,990**
Release of treasury shares	14,535	0
Repayments of lease liabilities	– 4,517	– 2,526
Proceeds from the drawdown of financial loans	30,000	23,500
Redemption of financial loans	– 6,875	– 5,158
Cash flows from financing activities	**33,143**	**15,816**
Net change in cash and cash equivalents	5,954	– 9,896
Cash and cash equivalents at the beginning of the period	24,892	31,761
Cash and cash equivalents at the end of the period	**30,846**	**21,865**

Abridged segment reporting for the period 1 January to 30 June 2020

€'000	Credit Platform	Private Clients	Real Estate Platform	Insurance Platform	Holding*	Reconci-liation*	Group
Segment revenue in respect of third parties							
H1 2020	78,891	62,484	26,652	20,940	448	0	189,415
H1 2019	65,108	50,397	20,873	20,310	380	0	157,068
Q2 2020	38,649	29,344	12,119	8,562	103	0	88,777
Q2 2019	34,417	25,158	11,141	7,704	193	0	78,613
Segment revenue in respect of other segments							
H1 2020	630	181	0	230	12,608	–13,649	0
H1 2019	394	85	0	217	9,044	–9,740	0
Q2 2020	278	96	0	118	6,642	–7,134	0
Q2 2019	240	41	0	217	4,837	–5,335	0
Total segment revenue							
H1 2020	79,521	62,665	26,652	21,170	13,056	–13,649	189,415
H1 2019	65,502	50,482	20,873	20,527	9,424	–9,740	157,068
Q2 2020	38,927	29,440	12,119	8,680	6,745	–7,134	88,777
Q2 2019	34,657	25,199	11,141	7,921	5,030	–5,335	78,613
Gross profit							
H1 2020	42,526	21,224	25,086	10,569	13,056	–12,608	99,853
H1 2019	34,797	16,379	19,815	10,812	9,396	–9,044	82,155
Q2 2020	21,251	9,860	11,388	4,711	6,745	–6,642	47,313
Q2 2019	18,486	8,024	10,546	4,744	5,002	–4,837	41,965
Segment earnings before in-terest, tax, depreciation and amortisation (EBITDA)							
H1 2020	19,341	9,817	2,920	690	–2,795	0	29,973
H1 2019	16,570	5,015	4,382	1,052	–2,292	–2	24,725
Q2 2020	9,797	4,687	639	–338	–1,483	0	13,302
Q2 2019	8,942	2,508	2,553	–171	–1,477	–1	12,354
Segment earnings before interest and tax (EBIT)							
H1 2020	16,226	9,498	250	–790	–8,090	0	17,094
H1 2019	14,223	4,523	2,445	–268	–5,108	–2	15,813
Q2 2020	8,209	4,503	–664	–1,153	–4,319	0	6,576
Q2 2019	7,743	2,287	1,575	–831	–2,982	–1	7,791
Segment assets							
as at 30 Jun 2020	110,950	29,270	144,851	86,617	98,153	0	469,841
as at 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 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 30 June 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 H1 and Q2 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.

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

H1 2019 in €'000	Reconciliation as reported	Holding adjusted	Reconciliation adjusted
Segment revenue in respect of third parties			
H1 2019	380	380	0
Q2 2019	193	193	0
Segment revenue in respect of other segments			
H1 2019	– 696	9,044	– 9,740
Q2 2019	– 498	4,837	– 5,335
Total segment revenue			
H1 2019	– 316	9,424	– 9,740
Q2 2019	– 305	5,030	– 5,335
Gross profit			
H1 2019	352	9,396	– 9,044
Q2 2019	165	5,002	– 4,837
Segment earnings before interest, tax, depreciation and amortisation (EBITDA)			
H1 2019	– 2,294	– 2,292	– 2
Q2 2019	– 1,478	– 1,477	– 1
Segment earnings before interest and tax (EBIT)			
H1 2019	– 5,110	– 5,108	– 2
Q2 2019	– 2,983	– 2,982	– 1
Segment assets	11,238	11,238	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 30 June 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.

Parent company	Holding in %
1blick GmbH, Heidelberg	100.00
Basler Service GmbH, Bayreuth	70.00
Bayreuth Am Pfaffenfleck 15 Objektgesellschaft mbH, Bayreuth	100.00
asseQ GmbH, Lübeck	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
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 (Irland)	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 ('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. On 4 March 2020, 49 per cent of the shares in ePension GmbH & Co. KG ('ePension'), Hamburg, were acquired. 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. Its activities were allocated to the Insurance Platform segment. In addition to the acquisition of 49 per cent of the shares in ePension, the parties agreed an option for Hypoport to acquire the remaining shares in a few 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:
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.

Income taxes and deferred taxes (€'000)	H1 2020	H1 2019	Q2 2020	Q2 2019
Income taxes and deferred taxes	3,343	2,990	1,488	1,521
current income taxes	3,059	3,690	1,495	1,808
deferred taxes	284	– 700	– 7	– 287
in respect of timing differences	– 1,949	380	– 817	133
in respect of tax loss carryforwards	2,233	– 1,080	810	– 420

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 half of 2020, there were no share options that would have a dilutive effect on earnings per share.

Earnings Per Share	H1 2020	H1 2019	Q2 2020	Q2 2019
Net incomefor the year (€'000)	12,350	12,013	4,352	5,848
of which attributable to Hypoport SE stockholders	12,341	11,993	4,349	5,836
Basic weighted number of outstanding shares (€'000)	6,290	6,250	6,299	6,251
Earnings per share (€) (undiluted/diluted)	**1.91**	**1.92**	**0.64**	**0.93**

As a result of the release of treasury shares, the number of shares in issue rose by 46,347, from 6,252,685 as at 31 December 2019 to 6,299,032 as at 30 June 2020.

Intangible assets and property, plant and equipment

Intangible assets primarily comprised goodwill of €189.3 million (31 December 2019: €186.4 million) and development costs of €54.5 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 €60.6 million (31 December 2019: €21.4 million) and office furniture and equipment amounting to €8.8 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 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), AMEXPool AG, Buggingen (Hypoport's interest: 49.997 per cent), BAUFINEX Service GmbH, Berlin (Hypoport's interest: 50 per cent), 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 half of 2020, the profit from equity-accounted long-term equity investments amounted to €56 thousand (H1 2019: loss of €463 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 194,344 treasury shares as at 30 June 2020 (equivalent to €194,344.00, 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	Betrag des Grundkapitals	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**		
Release in January 2020	30,722	30,722.00	0.473	301,863.37	9,777,090.36	9,475,226.99
Release in March 2020	15,127	15,127.00	0.233	179,785.33	5,032,771.20	4,852,985.87
Release in April 2020	419	419.00	0.006	5,023.81	122,942.00	117,918.19
Release in May 2020	79	79.00	0.001	947.21	31,244.50	30,297.29
Balance as at 30 June 2020	**194,344**	**46,347.00**	**2.993**	**9,295,513.04**	**14,964,048.06**	**14,476,428.34**

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 (€16.744 million, of which €14.476 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 half of 2020 attributable to non-controlling interests was €9 thousand (H1 2019: €20 thousand). Total non-controlling interests amounted to €351 thousand as at 30 June 2020 (31 December 2019: €342 thousand), of which €246 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 €5 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 second 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 June 2020.

	Shares (number) 30 June 2020	Shares (number) 31 Dec 2019
Group Management Board		
Ronald Slabke	2,240,381	2,248,381
Stephan Gawarecki	101,800	142,800
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 from joint ventures totalled €451 thousand in the first half of 2020 (H1 2019: €380 thousand) and €106 thousand in the second quarter of this year (Q2 2019: €194 thousand). As at 30 June 2020, receivables from joint ventures amounted to €14.378 million (31 December 2019: €1.432 million) and liabilities to such companies totalled €328 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 half 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, 3 August 2020
Hypoport SE – The Management Board

Ronald Slabke

Stephan Gawarecki

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