HYPOPORT

Interim report of Hypoport AG for the period ended 30 Sep 2018

Berlin, 5 Nov 2018

Keyperformance indicators

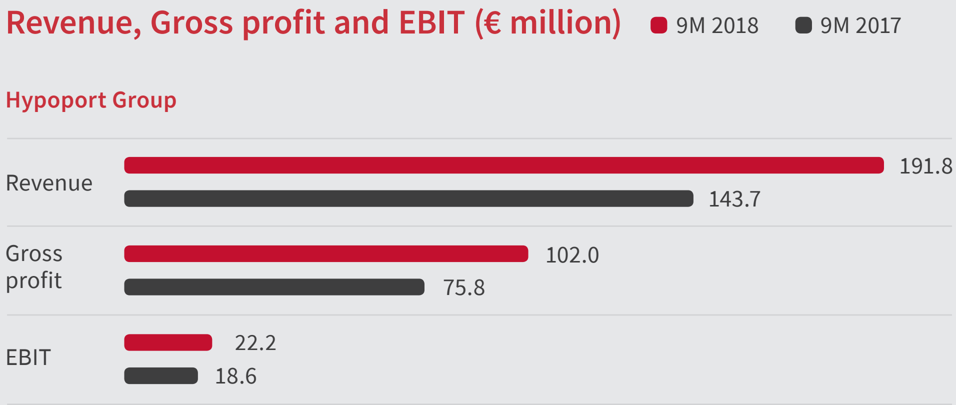
Revenue and earnings (€'000)	9M 2018	9M 2017	Change
Revenue	191,761	143,690	33 %
Gross profit	101,994	75,774	35 %
Earnings before interest, tax, depreciation and amortisation (EBITDA)	29,163	23,793	23 %
Earnings before interest and tax (EBIT)	22,161	18,595	19 %
EBIT margin (EBIT as a percentage of Gross profit)	21.7	24.5	–11 %
Net profit for the year	16,924	14,791	14 %
attributable to Hypoport AG shareholders	16,887	14,754	14 %
Earnings per share (€)	2.76	2.48	11 %

	Q3 2018	Q3 2017	Change
Revenue	70,016	48,428	45 %
Gross profit	36,712	25,149	46 %
Earnings before interest, tax, depreciation and amortisation (EBITDA)	10,158	7,083	43 %
Earnings before interest and tax (EBIT)	7,374	5,238	41 %
EBIT margin (EBIT as a percentage of Gross profit)	20.1	20.8	–4 %
Net profit for the year	5,558	4,167	33 %
attributable to Hypoport AG shareholders	5,544	4,156	33 %
Earnings per share (€)	0.88	0.70	26 %

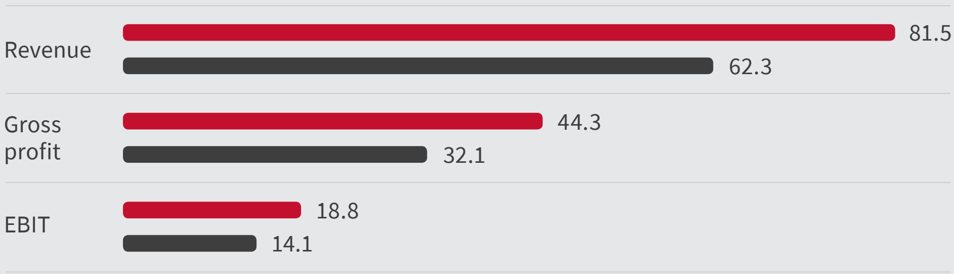
Financial position (€'000)	30.09.2018	31.12.2017	Change
Current assets	77,339	68,376	13 %
Non-current assets	212,147	72,604	192 %
Equity	147,662	82,906	78 %
attributable to Hypoport AG shareholders	147,311	82,600	78 %
Equity ratio (%)	51.0	58.8	–13 %
Total assets	289,486	140,980	105 %

Revenue, Gross profit and EBIT (€ million)

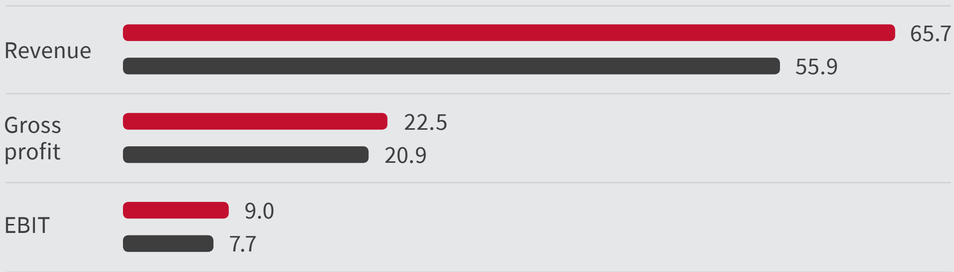
Hypoport Group



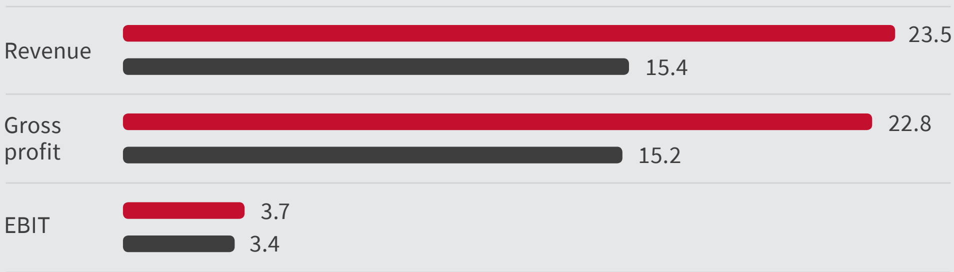
Credit Platform



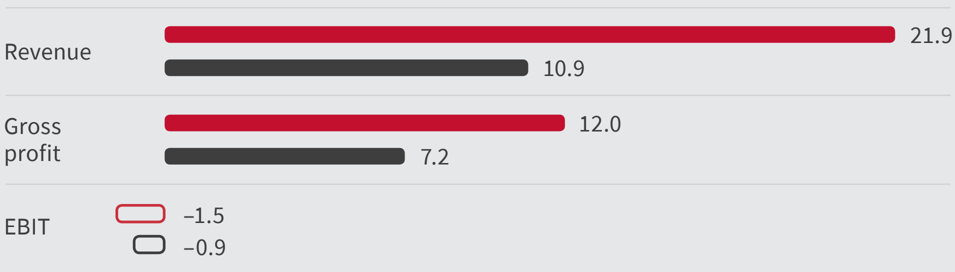
Privat Clients



Real Estate Platform (former Institutional Clients)



Insurance Platform



Contents

Letter to shareholders

Dear shareholder,

Organic revenue growth almost across the board combined with the first strong contributions from our newly acquired companies – FIO SYSTEMS AG and Value AG from May, ASC from July – enabled the Hypoport Group to generate revenue of €191.8 million in the first nine months of 2018. This equates to a year-on-year rise of 33 per cent in an environment of only slight market growth, underlining our leading technological position in the banking, insurance and housing industries.

Thanks to the increase in revenue, gross profit for the first three quarters of 2018 climbed by 35 per cent to €102.0 million. This strong performance enabled crucial investment and expenditure on the technological integration of the acquirees and on additional sales capacity so that our Company can continue to grow. It also meant that our EBIT maintained its steady rise, advancing by 19 per cent to €22.2 million.

This investment in the Company has also created tremendous potential for synergies between the Hypoport Group's four segments (Credit Platform, Private Clients, Real Estate Platform and Insurance Platform), the results of which began to emerge within the individual segments in the reporting period as follows:

The business model of our Credit Platform segment is centred around the EUROPACE financial marketplace, the largest German transaction platform offering mortgage finance, building finance products and personal loans. The main key performance indicator for EUROPACE, the volume of transactions, increased by 18 per cent to €42.8 billion in the first nine months of 2018. This rise was supported by all four sales groups – independent loan brokerage advisors, private banks, savings banks and cooperative banks. The growth of the sub-marketplace for savings banks, FINMAS, was particularly impressive at 73 per cent. The sub-marketplace for cooperative financial institutions, GENOPACE, expanded by 31 per cent, thereby also comfortably outperforming the market as a whole. The increasing prevalence of EUROPACE, FINMAS and GENOPACE within their respective sectors can also be seen from the number of contractual partners, which rose by 25 per cent to 598. Boosted by the two broker pools for independent loan brokerage advisors, Qualitypool and Starpool, which also performed well, and by white-label sales of personal loans, revenue in the Credit Platform segment jumped by an impressive 31 per cent to €81.5 million in the first three quarters of this year. The segment's EBIT also rose sharply, advancing by 33 per cent to €18.8 million.

The sales volume in the Private Clients segment, with its well-known Dr. Klein brand, expanded by 28 per cent to €4.8 billion thanks to the use of EUROPACE. At the same time, the number of advisors grew by 13 per cent to 590. Demand for independent advice on financial products continues to rise, and the increased number of Dr. Klein advisors, especially at the offices of our franchisees, is designed to meet this growing demand. As a result of the growth in the transaction volume, segment revenue rose by 18 per cent to €65.7 million and EBIT improved by 16 per cent to €9.0 million in the first three quarters of 2018.

The Credit Platform and Private Clients segments focus on mortgage finance. According to Deutsche Bundesbank, the market as a whole only expanded by around 4 per cent[1]. As a result of each segment increasing its transaction volume at a faster rate than that of the market, they both captured significant additional market share in the first nine months of this year.

All of our property-related activities, with the exception of mortgage finance, are grouped together in the Real Estate Platform segment (previously Institutional Clients) with the aim of digitalising the sale, valuation and management of properties. The three product groups – advice and loan brokerage (Dr. KLEIN Firmenkunden), software as a service or SaaS (FIO and Hypoport B.V.) and property valuation (Value AG and HypService) – serve the housing and property industries, estate agents and mortgage lenders. Despite revenue contracting by 1 per cent in the advice and loan brokerage product group, the revenue of the segment as a whole was up from €15.4 million to €23.5 million. This increase of 53 per cent was predominantly attributable to the segment's growth by acquisition. Of the total segment revenue, €10.4 million was attributable to the advice and loan brokerage product group, €7.5 million to SaaS and €5.6 million to property valuation. EBIT for the segment as a whole came to €3.7 million, a rise of 10 per cent. The weaker rise of EBIT relative to revenue was due to the fairly poor performance of the high-margin advice and loan brokerage product group as well as to further expansion of the teams in the property valuation product group.

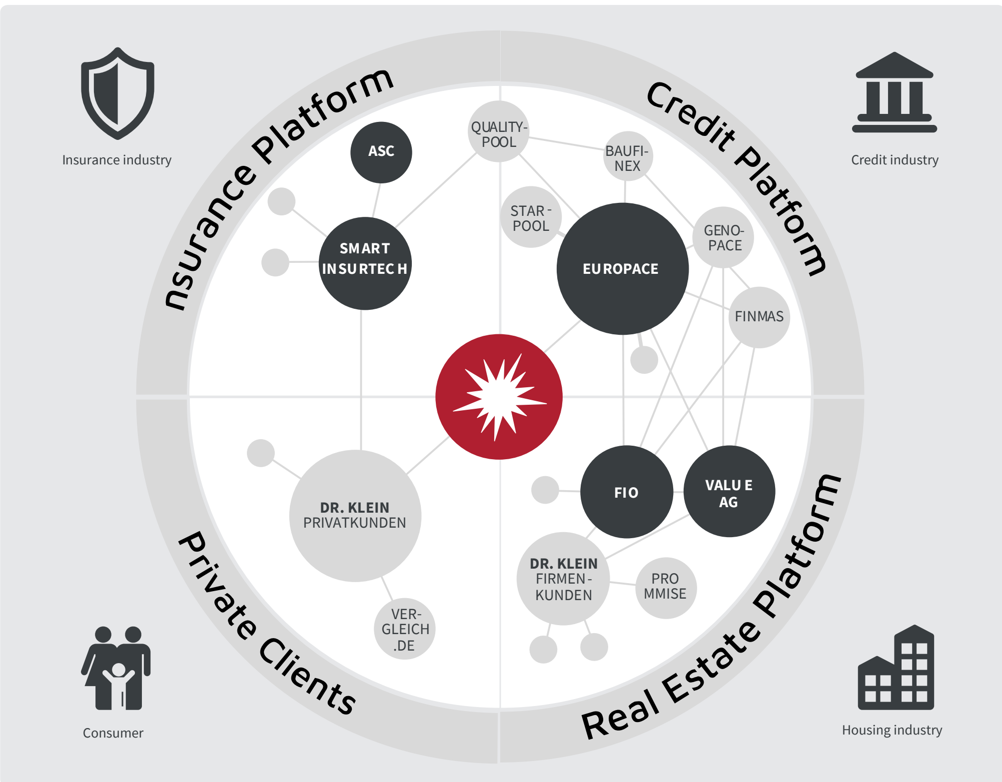
Our Insurance Platform segment focuses on the Smart InsurTech platform, which brings together the insurance technology providers that we acquired in 2016 and 2017. Since 2017, the aim has been to expand business relationships with existing clients (distribution organisations and B2C insurtech start-ups) to encompass all modules (Smart Admin, Smart Consult, Smart Compare). We are also continuing with the integration of our acquired companies into the Hypoport Group. We are making good progress on expanding business relationships with existing clients. In June 2018, the business model was widened as a result of the acquisition of ASC. Segment revenue advanced from €10.9 million to €21.9 million in the reporting period. EBIT was down slightly year on year, amounting to a loss of €1.5 million (Q1–Q3 2017: loss of €0.9 million). However, this was an improvement in comparison with the loss of €1.7 million reported for the first half of 2018, partly as a result of the acquisition of ASC.

[1] *Statistics from Deutsche Bundesbank for the period January to September 2018 relating to the volume of new mortgage finance business compared with the same period of 2017.*

Our organic growth and our growth by acquisition will make 2018 one of our most successful years in terms of expansion. This growth is also laying solid foundations for the exploitation of further synergies within the Hypoport Group. The resulting efficiencies that this brings for our network of companies and the four segments are outlined on the next page / below.

Kind regards,

Ronald Slabke



Management report

Business and economic conditions

Macroeconomic environment

The overarching macroeconomic environment in Germany – where Hypoport does most of its business – has only an indirect influence on the Group's performance. The relevant macroeconomic variables that, along with industry-specific factors, have a degree of influence on general consumer sentiment are gross domestic product (GDP), interest rates and inflation.

These key figures for the macroeconomic environment have not changed materially since we reported on them in Hypoport AG's 2017 annual report (see page 9). However, the uncertainties faced by the economy in Europe, particularly Germany with its export-driven economy, increased significantly during the first three quarters of 2018 due to the trade policies currently being pursued by the United States and its withdrawal from multilateral trade agreements. Nevertheless, this is only just starting to have a gradual impact on GDP. In their autumn report, Germany's leading economic research institutes now predict that the country's GDP will grow at a rate of 1.7 per cent in 2018 and 1.9 per cent in 2019.

Last year, the rate of inflation in the eurozone was 1.5 per cent. In the period January to April 2018, inflation compared with the corresponding month of 2017 was at the lower level of between 1.1 per cent and 1.3 per cent, but then leaped to between 1.9 per cent and 2.1 per cent in the period May to September. Inflation in Germany was more or less in line with the overall rate for the eurozone. From a level of 1.8 per cent in 2017, the rate dropped to a range of 1.4 per cent to 1.6 per cent in the period January to April 2018 and then rose to between 2.0 per cent and 2.3 per cent in the period May to September. The mean inflation figure for 2018 is thus still lower than the specified target of "below, but close to, 2 per cent" and the European Central Bank (ECB) has also announced that it intends to maintain the key interest rate at the current level until at least summer 2019. Interest-rate hikes thus remain unlikely in the near term. The termination of the ECB's bond-buying programme, which has been announced for December 2018, is also unlikely to have a major immediate impact on the low-interest-rate environment, as it will be implemented gradually and any incoming repayments of principal will be reinvested. It might, however, lead to an incremental rise in interest rates in the medium term.

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 (previously Institutional Clients) and Insurance Platform. The companies within the first three segments are primarily involved in the brokerage of financial products for residential mortgage finance and related services. The key target sector for these segments is therefore the German residential mortgage finance market. The Credit Platform and Private Clients segments offer direct and indirect financial services for consumers, whereas the services of the Real Estate Platform segment (previously Institutional Clients) are targeted at companies in the housing and property sectors and at mortgage lenders. 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.

Sectoral conditions in the market for residential mortgage finance and in the insurance industry have not changed materially since we reported on them in Hypoport AG's 2017 annual report (pages 9 and 10).

Market for residential mortgage finance

In addition to general macroeconomic factors such as GDP, interest rates and inflation (see the section 'Macroeconomic environment'), three industry-specific factors also have an impact on the market for residential mortgage finance in Germany:

- Operational trends (e.g. changes in demand as a result of net migration, availability of land for development, labour for construction projects, construction materials),
- Regulatory requirements for brokers and suppliers of finance products ('regulations'),
- General level of interest rates.

The operational performance of the housing market has changed slightly since we reported on it in the 2017 annual report.

According to information provided by the German Federal Statistical Office, the number of planning approvals for new-build housing (excluding residential homes) increased slightly from 216,852 to 223,775 (a rise of 3.2 per cent) in the period January to August 2018 compared with the corresponding prior-year period.

New orders, which naturally follow the trend in planning permissions, also increased slightly. The volume index for the primary construction industry for residential construction rose – adjusted for calendar and seasonal effects (2010 = 100) – from 177.6 in January 2018 to 181.4 in August 2018. Rising prices for residential construction in the same period resulted in an even stronger increase in the value index from 209.2 to 221.4.

The second factor, regulatory requirements, has become even more significant following the introduction of the General Data Protection Regulation (GDPR). Although the requirements have been implemented well by organisations in the market for residential mortgage finance, the new rules make regulation an even more pressing factor.

The third factor, the short-term interest-rate environment, is not a key consideration in the purchasing decisions of private individuals (Credit Platform and Private Clients segments), because finding a property that matches their personal circumstances takes priority. But for the advice and loan brokerage product group, which forms part of the new Real Estate Platform segment (previously Institutional Clients), current interest rates play a crucial role. Institutional clients – such as cooperative housing associations, builders of social housing and private housing companies, which constitute the target audience for this product group – have the necessary financial means to be able to postpone large-volume one-off transactions while waiting for more attractive interest rates. The Dr. Klein average interest rate[2] remained within a very narrow range of 1.72 per cent to 1.76 per cent during the first five months of 2018 but jumped to 1.84 per cent in June 2018 before falling to the slightly lower level of 1.68 per cent to 1.63 per cent in the period July to September. Consequently, it remained fairly static over the nine-month period as a whole.

According to statistics from Deutsche Bundesbank, the total volume of new mortgage finance business in Germany increased by 3.5 per cent in the period January to September 2018 compared with the corresponding prior-year period. This rise points to strong market growth, but should primarily be seen as a catch-up effect following the market contraction of 3.6 per cent in 2016 and 2.2 per cent in 2017. Hypoport now anticipates slight growth in the volume of new business for the overall mortgage finance market in 2018 as a whole, having predicted flat or only modest growth at the start of this year (see the outlook).

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. In 2017, premium income in the insurance industry rose slightly, by 1.9 per cent, compared with the previous year. According to the German Insurance Association (GDV), the premium income collected by its members totalled €197.7 billion (2016: €195.4 billion). Whereas life insurance products lost further appeal due to low interest rates and further legislative interventions, generating premium income of €90.7 billion in 2017 (2016: €90.8 billion), premium income from private health insurance rose to €38.8 billion (2016: €37.3 billion) and premium income from non-life insurance advanced to €68.2 billion (2016: €66.30 billion).

[2] €150 thousand loan value, 2 per cent repayment, 80 per cent loan-to-value ratio, ten-year fixed interest rate.

Business performance

In the first nine months of 2018, the Hypoport Group increased its revenue by 33 per cent to €191.8 million (Q1–Q3 2017: €143.7 million). Excluding selling expenses (€89.8 million), the Hypoport network's gross profit increased at a similar rate of 35 per cent to reach €102.0 million (Q1–Q3 2017: €75.8 million). Earnings before interest and tax (EBIT) came to €22.2 million in the first nine months of this year (Q1–Q3 2017: €18.6 million), a rise of 19 per cent.

The results for just the third quarter of 2018 reveal revenue of €70.0 million (Q3 2017: €48.4 million; up by 45 per cent) and gross profit of €36.7 million (Q3 2017: €25.1 million; up by 46 per cent). EBIT advanced from €5.2 million in the third quarter of 2017 to €7.4 million (up by 41 per cent).

As described in the report for the first half of 2018, the companies FIO SYSTEMS AG (FIO) and Value AG were consolidated within the Hypoport Group and allocated to the since renamed Institutional Clients segment in May 2018. To reflect the changed focus of the business model underlying the Institutional Clients segment following the integration of the business models of FIO and Value AG, the name of this segment was changed to Real Estate Platform. Due to similarities in the business models and client bases of the newly acquired Value AG and the existing Hypoport Group company HypService GmbH, the latter was reallocated from the Credit Platform segment to the Real Estate Platform segment with retroactive effect from 1 January 2018.

The other acquisition, ASC Assekuranz-Service Center GmbH, was consolidated with effect from 30 June 2018 and is part of the Insurance Platform segment.

Some minor reallocations were also made within the Credit Platform and Private Clients segments with retroactive effect from 1 January 2018. The Private Clients segment used to be home to a service offering that closely mirrors the proprietary sales operations of Dr. Klein Privatkunden AG in organisational terms and offers other financial product distributors the opportunity to sell white-label EUROPACE-based personal loans. However, more and more EUROPACE partners are now using this service, so this part of the personal loans product group no longer fits into the consumer-oriented Private Clients segment. The smaller portion of the personal loans product group that involves Dr. Klein advisors for private clients brokering personal loans to consumers will remain part of the Private Clients segment. This change will create a clear distinction by client focus between the two segments. The Credit Platform segment continues to position itself with a B2B business model, whereas the Private Clients segment and its main brand Dr. Klein is focusing even more on a B2B2C business model incorporating franchisees.

The revenue and selling expenses for the individual segments described below include a small proportion of revenue with other segments of the Hypoport Group and associated selling expenses.

Credit Platform

The Credit Platform segment brings together all subsidiaries and business activities which are not intended, directly or indirectly, to generate growth for the EUROPACE financial marketplace and which do not maintain direct business relations with consumers. The focus of the companies and brands in this segment is therefore exclusively on B2B.

In the first nine months of 2018, EUROPACE increased its overall transaction volume to €42.8 billion and thus exceeded the total volume generated in the prior-year period (Q1–Q3 2017: €36.4 billion) by a substantial 18 per cent. The key performance indicator of transaction volume per sales day[3] amounted to €229 million in the third quarter of 2018 and thus remained at a very high level (Q3 2017: €190 million; Q4 2017: €198 million; Q1 2018: €215 million; Q2 2018: €239 million).

The mortgage finance, building finance and personal loans product groups are all available on the EUROPACE financial marketplace. The transaction volume for the mortgage finance product group, which traditionally accounts for the largest proportion of the total volume (over 75 per cent), grew by 15 per cent to €33.0 billion in the first three quarters of 2018 (Q1–Q3 2017: €28.7 billion). The building finance product group, which is typically marketed on EUROPACE in connection with mortgage finance, contributed around €7.0 billion to this growth (Q1–Q3 2017: €5.7 billion; up by 23 per cent). Personal loans, the smallest product group, contributed €2.8 billion to the total volume in the same period (Q1–Q3 2017: €2.0 billion; up by 38 per cent).

The expansion of the EUROPACE marketplace as a whole has been supported by increased sales activities among all four user groups (independent loan brokerage advisors, private banks, savings banks and cooperative banks) in the year to date. However, FINMAS – the sub-marketplace for savings banks – delivered a particularly impressive performance, increasing its sales volume by 73 per cent to €2.9 billion (Q1–Q3 2017: €1.7 billion). FINMAS thus has a market share of approximately 4 per cent in the Savings Banks Finance Group. The volume of transactions brokered by the cooperative institutions on GENOPACE rose by an encouraging 31 per cent to €1.2 billion (Q1–Q3 2017: €0.9 billion), which is again a faster rise than that of the overall EUROPACE financial marketplace (increase of 18 per cent). Within the cooperative financial network, GENOPACE currently has a market share of around 2 per cent.

As at 30 September 2018, a total of 598 contractual partners were using EUROPACE, GENOPACE and FINMAS (30 September 2017: 478). Despite an already high degree of coverage as at 30 September 2017, the number of contractual partners increased by another 120 partners year on year – a further substantial rise of 25 per cent. FINMAS won its 200th partner in the second quarter of 2018 and increased its total number of partners to 227 as at 30 September 2018, up from 167 a year earlier. This means that 42 of the 50 largest savings banks in Germany are connected to FINMAS. Only one of the 25 biggest savings banks is not yet a contractual partner. The number of contractual partners of GENOPACE also rose, reaching 279 as at 30 September 2018 compared with 222 at the end of September 2017. This means that 43 of the top 50 cooperative banks are connected.

[3] Sales days are defined as the number of bank working days less half the number of 'bridging days' (days falling between public holidays and weekends).

Financial figures Credit Platform	9M 2018	9M 2017*	Q3 2018	Q3 2017*	9M Change
Transaction volume (billion €)					
Total	42.8	36.4	14.9	12.3	18%
thereof Mortgage finance	33.0	28.7	11.5	9.7	15%
thereof Personal loan	2.8	2.0	0.9	0.7	38%
thereof Building finance	7.0	5.7	2.4	1.9	23%
Partners (number)					
EUROPACE (incl. GENOPACE + FINMAS)	598	478			25%
GENOPACE	279	222			26%
FINMAS	227	167			36%
Revenue and earnings (million €)					
Revenue	81.5	62.3	28.3	22.6	31%
Gross profit	44.3	32.1	15.3	12.1	38%
EBIT	18.8	14.1	7.4	5.2	33%

* The comparative prior-year tax figures have been adjusted and are explained in the notes to the interim consolidated financial statements "Comparative figures for 2017"

Thanks to the growth in the transaction volume, the rise in revenue from Qualitypool and Starpool and the strong performance of the personal loans business, revenue in the Credit Platform segment increased by 31 per cent to €81.5 million in the first nine months of 2018 (Q1–Q3 2017: €62.3 million). This resulted in gross profit of €44.3 million (Q1–Q3 2017: €32.1 million; up by 38 per cent). Gross profit rose slightly more strongly than revenue in relative terms because the EUROPACE financial marketplace grew at a faster rate than the two pooling companies. The Credit Platform segment's EBIT advanced by 33 per cent to €18.8 million (Q1–Q3 2017: €14.1 million).

Private Clients

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 (collectively referred to below as 'Dr. Klein'), brings together all business models aimed at directly advising consumers on mortgage finance, insurance and pension products (B2C business model, or B2B2C including franchisees).

Dr. Klein offers advice on mortgage finance, building finance products and personal loans at more than 200 locations. This advice is mainly provided through a franchise system with more than 180 franchisees. The segment also has seven Hypoport flagship stores located in German metropolitan areas. The network of sites has already been optimised in terms of coverage, which means further growth will be largely determined by the number and performance of the advisors at the individual locations. As at 30 September 2018, a further 70 advisors[4] had been added, taking the total to 590 (30 September 2017: 520; up by 13 per cent).

The total volume of loans brokered by the Private Clients segment rose by 28 per cent to around €4.8 billion in the first nine months of 2018 (Q1–Q3 2017: €3.8 billion).

[4] *Franchisees, advisors employed by franchisees, managers and advisors in branches.*

Financial figures Private Clients	9M 2018	9M 2017*	Q3 2018	Q3 2017*	9M Change
Transaction volume (billion €)	4.8	3.8	1.6	1.3	28%
Number of franchise advisors (financing)	590	520			13%
Revenue and earnings (million €)					
Revenue	65.7	55.9	21.6	18.4	18%
Gross profit	22.5	20.9	7.1	6.7	8%
EBIT	9.0	7.7	2.1	2.3	16%

* The comparative prior-year tax figures have been adjusted and are explained in the notes to the interim consolidated financial statements "Comparative figures for 2017"

Total revenue in the Private Clients segment advanced by 18 per cent to €65.7 million in the first three quarters of 2018 (Q1–Q3 2017: €55.9 million). Commission is paid to distribution partners (e.g. franchisees) and lead acquisition fees are paid to third parties and recognised as selling expenses. Gross profit rose by 8 per cent to €22.5 million (Q1–Q3 2017: €20.9 million). The lower rate of growth in gross profit was attributable to the exceptional performance of the franchise partners compared with the flagship stores and to a change in the product mix. EBIT went up by 16 per cent to €9.0 million (Q1–Q3 2017: €7.7 million).

Real Estate Platform (formerly Institutional Clients)

All property-related activities of the Hypoport Group, with the exception of loan brokerage for private clients, are grouped together in the new Real Estate Platform segment with the aim of digitalising the sale, valuation and management of properties. The target groups are the housing and property industries, estate agents and mortgage lenders. The segment is made up of three product groups: advice and loan brokerage (Dr. KLEIN Firmenkunden AG), SaaS (FIO SYSTEMS AG and Hypoport B.V. with its PRoMMiSe product) and property valuation (Value AG and HypService GmbH). The volume of transactions in the advice and loan brokerage product group came to €1.3 billion (Q1–Q3 2017: €1.6 billion; down by 15 per cent). This fall was attributable to a lack of stimulus from interest rates in 2018, following their initial rise at the start of the year.

Financial figures Real Estate Platform	9M 2018	9M 2017*	Q3 2018	Q3 2017*	9M Change
Transaction volume of product group Advice and loan brokerage (million €)	1,326	1,568	424	436	–15%
Revenue and earnings (million €)					
Revenue	23.5	15.4	9.0	4.1	53%
thereof Advice and loan brokerage	10.4		2.7		
thereof Software as a Service (SaaS)	7.5		3.6		
thereof Property valuation	5.5		2.7		
Gross profit	22.8	15.2	8.8	4.1	50%
EBIT	3.7	3.4	0.6	0.5	10%

* The comparative prior-year tax figures have been adjusted and are explained in the notes to the interim consolidated financial statements "Comparative figures for 2017"

Due to the small transaction volume, revenue from the advice and loan brokerage product group declined to €10.4 million (Q1–Q3 2017: €10.6 million). This sum, plus the revenue from the newly established SaaS and property valuation product groups (€7.5 million and €5.6 million respectively) resulted in total revenue for the Real Estate Platform segment of €23.5 million (Q1–Q3 2017: €15.4 million; up by 53 per cent). The segment's gross profit rose at a similar rate (50 per cent) to reach €22.8 million, up from €15.2 million in the prior-year period. EBIT for the segment as a whole came to €3.7 million (Q1–Q3 2017: €3.4 million; up by 10 per cent). The weaker rise in EBIT relative to revenue and gross profit can be attributed to the fact that parts of the property valuation product group are not yet very profitable, as well as to lower revenue from the volatile advice and loan brokerage product group.

Insurance Platform

The Insurance Platform segment operates Smart InsurTech, a leading web-based B2B platform for advice, comparison of tariffs and the administration of insurance policies in Germany. Since 2017, this relatively new segment has been pursuing the goal of expanding business relationships with existing clients (distribution organisations and B2C insurtech start-ups) to encompass all modules of the Smart InsurTech platform.

The acquisition of ASC Assekuranz-Service Center GmbH in June 2018 complemented the aforementioned organic growth strategy, as it expanded the functional scope of Smart InsurTech to include policy issuance and premium collection and also increased the volume of assets managed through this platform.

Financial figures Insurance Platform (million €)	9M 2018	9M 2017	Q3 2018	Q3 2017	9M Change
Revenue	21.9	10.9	11.3	3.7	101%
Gross profit	12.0	7.2	5.3	2.3	67%
EBIT	–1.5	–0.9	0.2	–0.6	–61%

The expansion of business relationships with existing clients, the securing of new clients and the growth as a result of acquiring ASC caused the segment's revenue to virtually double from €10.9 million to €21.9 million. The segment's gross profit amounted to €12.0 million (Q1–Q3 2017: €7.2 million; up by 67 per cent). Behind the scenes, the technical, cultural and operational integration of the acquired companies into the Insurance Platform segment was intensified at the same time. The costs involved had an impact on the segment in the first three quarters of 2018. Consequently, EBIT was down slightly year on year, amounting to a loss of €1.5 million (Q1–Q3 2017: loss of €0.9 million). However, this was an improvement in comparison with the loss of €1.7 million reported for the first half of 2018, partly as a result of the acquisition of ASC.

Earnings

Against the backdrop of the operating performance described above, EBITDA for the first nine months of 2018 rose from €23.8 million to €29.2 million and EBIT from €18.6 million to €22.2 million. In the third quarter of 2018, the Company generated EBITDA of €10.2 million (Q3 2017: €7.1 million) and EBIT of €7.4 million (Q3 2017: €5.2 million).

As a result of higher personnel expenses (partly in connection with IT development and key account management) and other operating expenses, the EBIT margin (EBIT as a percentage of gross profit) for the first nine months of 2018 fell from 24.5 per cent to 21.7 per cent.

Revenue and earnings (million €)	9M 2018	9M 2017	Q3 2018	Q3 2017	9M Change
Revenue	191.8	143.7	70.0	48.4	33%
Gross profit	102.0	75.8	36.7	25.1	35%
EBITDA	29.2	23.8	10.2	7.1	23%
EBIT	22.2	18.6	7.4	5.2	19%
EBIT margin (EBIT as percentage of gross profit)	21.7%	24.5%	20.1%	20.8%	–11%

Own work capitalised

In the third quarter of 2018, the Company continued to attach considerable importance to investing in the ongoing expansion of the EUROPACE marketplace and the insurance platform. There was also further capital expenditure on new advisory systems for consumers and distributors. This capital expenditure underpins the future growth of all four segments, Credit Platform, Private Clients, Real Estate Platform and Insurance Platform.

In the third quarter of 2018, the Company invested a total of €6.8 million in expansion (Q3 2017: €3.8 million); in the first nine months of this year, it spent €17.6 million (Q1–Q3 2017: €10.8 million). Of these totals, €2.7 million was capitalised in the third quarter of 2018 (Q3 2017: €1.9 million) and €7.6 million was capitalised in the first nine months of this year (Q1–Q3 2017: €5.2 million), while amounts of €4.1 million for the third quarter of 2018 (Q3 2017: €1.9 million) and €10.0 million for the first nine months of this year (Q1–Q3 2017: €5.6 million) were expensed as incurred. These amounts represent the pro-rata personnel expenses and operating costs attributable to software development. The rise in development costs was primarily attributable to the newly acquired software companies.

Other income and expenses

Other operating income mainly comprised income of €0.8 million from employee contributions to vehicle purchases (Q1–Q3 2017: €0.6 million) and income of €0.5 million from other accounting periods (Q1–Q3 2017: €1.4 million).

Personnel expenses for the first nine months of 2018 rose owing to salary increases and because the average number of employees during the period advanced from 888 to 1,311.

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

Other operating expenses (million €)	9M 2018	9M 2017	Q3 2018	Q3 2017	9M Change
Operating expenses	7.6	6.2	2.9	2.0	23%
Other selling expenses	4.0	3.2	1.3	1.1	24%
Administrative expenses	9.1	6.3	3.5	2.4	44%
Other personnel expenses	1.2	0.7	0.4	0.3	73%
Other expenses	2.0	1.1	0.4	0.2	92%
	23.9	**17.5**	**8.5**	**6.0**	**37%**

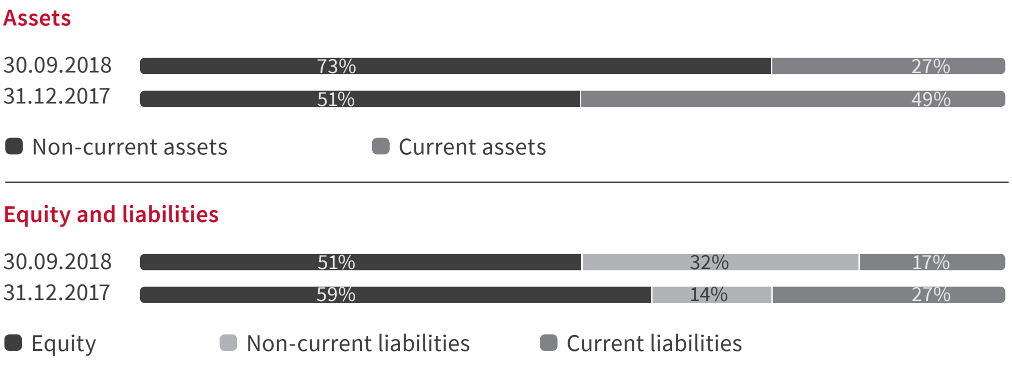
The operating expenses consisted mainly of building rentals of €2.3 million (Q1–Q3 2017: €1.8 million) and vehicle-related costs of €2.2 million (Q1–Q3 2017: €1.8 million). The other selling expenses related to advertising costs and travel expenses. The administrative expenses largely comprised IT-related costs of €4.2 million (Q1–Q3 2017: €2.9 million) and legal and consultancy expenses of €2.3 million (Q1–Q3 2017: €1.7 million). The other personnel expenses mainly consisted of training costs of €0.7 million (Q1–Q3 2017: €0.4 million).

The net finance costs primarily included interest expense and similar charges of €0.8 million incurred by the drawdown of loans and the use of credit lines (Q1–Q3 2017: €0.3 million).

Balance sheet

The Hypoport Group's consolidated total assets as at 30 September 2018 amounted to €289.5 million, which was a 105 per cent increase on the total as at 31 December 2017 (€141.0 million).

Balance sheet structure



Non-current assets totalled €212.1 million (31 December 2017: €72.6 million). They largely consisted of goodwill of €137.5 million (31 December 2017: €24.8 million) and development costs for the financial marketplaces of €32.7 million (31 December 2017: €24.7 million).

Current other assets essentially comprised prepaid expenses of €1.0 million (31 December 2017: €1.0 million).

The equity attributable to Hypoport AG shareholders as at 30 September 2018 had grown by €64.7 million, or 78.3 per cent, to €147.3 million. The equity ratio decreased from 58.8 per cent to 51.0 per cent, owing to the marked increase in total assets.

The €72.7 million increase in non-current liabilities to €93.1 million stemmed primarily from the €59.9 million rise in non-current financial liabilities.

Other current liabilities mainly comprised bonus commitments of €3.5 million (31 December 2017: €4.2 million), tax liabilities of €2.1 million (31 December 2017: €1.4 million) and deferred income of €1.7 million (31 December 2017: €0.3 million).

Total financial liabilities went up by €66.3 million to €82.6 million, mainly as a result of the difference between the scheduled repayments of bank loans totalling €5.4 million and new loans taken out amounting to €70.5 million.

Cash flow

Cash flow grew by €5.4 million to €25.0 million during the reporting period. This increase was largely attributable to the year-on-year improvement in the net profit reported for the period.

The total net cash generated by operating activities in the nine months to 30 September 2018 amounted to €28.9 million (Q1–Q3 2017: €10.0 million). The cash used for working capital fell by €13.5 million to €3.9 million (Q1–Q3 2017: minus €9.6 million). This reduction is related to the increase in working capital at the end of 2017 in connection with the acquisition of IWM Software AG.

The net cash outflow of €79.3 million for investing activities (Q1–Q3 2017: €17.8 million) primarily consisted of €63.3 million for the acquisitions of IWM Software AG, FIO SYSTEMS AG, Value AG and ASC Assekuranz-Service Center GmbH and capital expenditure of €8.6 million on non-current intangible assets (Q1–Q3 2017: €6.0 million).

The net cash of €65.1 million provided by financing activities (Q1–Q3 2017: €6.2 million) related to new borrowing of €70.5 million (Q1–Q3 2017: €10.0 million) and scheduled loan repayments of €5.4 million (Q1–Q3 2017: €3.8 million).

Cash and cash equivalents as at 30 September 2018 totalled €29.0 million, which was €14.6 million higher than at the beginning of the year.

Capital expenditure

Most of the capital investment was spent on the acquisitions of IWM Software AG (insurance software), FIO SYSTEMS AG (real-estate software), Value AG (property valuation) and ASC Assekuranz-Service Center GmbH (insurance services) and on the refinement of the EUROPACE financial marketplaces. There was also capital expenditure in relation to the insurance platform and new advisory systems for consumers and distributors.

Employees

The number of employees in the Hypoport Group rose by 44 per cent compared with the end of 2017 to 1,448 (31 December 2017: 1,009 employees). The average number of people employed in the first nine months of 2018 was 1,311 (Q1–Q3 2017: 888 people).

Outlook

Our forecast for the macroeconomic environment in Germany and our industry-specific market outlook have changed only slightly since we presented them in the 2017 annual report.

In their autumn report, Germany's leading economic research institutes now predict that the country's GDP will grow at a rate of 1.7 per cent in 2018 and 1.9 per cent in 2019. At the same time, inflation has remained lower than the specified target of "below, but close to, 2 per cent" this year and the ECB wants to maintain the key interest rate at the current level. Interest-rate hikes thus remain unlikely in 2018.

In this sustained period of low interest rates, banks and insurance companies, whose own investing activities are subject to relatively strict rules, are under continued pressure to optimise their business processes and cut costs. Moreover, statutory requirements are increasing the administrative workload for companies from the real-estate, banking and insurance industries that are active in the markets in which Hypoport operates. This creates strong demand for the types of product and service offered by Hypoport which digitalise business processes and thus help companies to increase efficiency and reduce costs.

Alongside the impact of these medium- to long-term factors, we anticipate that the total volume of new mortgage finance business in Germany will increase slightly this year. As our prediction at the start of 2018 was for flat or only modest growth in the volume of new business, these positive market conditions represent a slightly improvement for the Credit Platform and Private Clients segments.

Because the economic environment only changed slightly, we have maintained our forecast for revenue in 2018 of €240 million to €260 million and the forecast for EBIT of €29 million to €34 million. Both were raised in June of this year.

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

Hypoport shares started the 2018 trading year at €148.40 (XETRA). In the weeks that followed, they fell to around €125, partly due to their strong performance at the end of 2017 (price rise of 15 per cent in December 2017). This decline was reversed in early February, and the share price hovered at a level of €130–€135 during the remainder of the month. On 2 March, Hypoport AG informed the capital markets that it expected revenue growth of around 24 per cent for 2017 and that EBIT was likely to be on a par with 2016. The share price dropped to €120 on the back of this disclosure, but recovered to its previous level by mid-March. From the end of April, the share price started to climb again, boosted by positive interim results and the acquisition of FIO SYSTEMS AG and Value AG, until it reached €166.60 on 22 May 2018. Hypoport AG's shares then held steady at this level until the results for the first half of 2018 were announced. Once these positive results had been published, the share price began to rally again and reached an all-time high of €204 on 24 September 2018. The shares closed at €198.20 on 30 September 2018.

On Xetra, Hypoport shares thus improved by around 34 per cent in the first nine months of the year, whereas the capital markets in general saw a slight downturn (DAX down by 5 per cent, SDAX down by 1 per cent). The daily volume of Hypoport shares traded on all German stock exchanges averaged €2.1 million.

Performance of Hypoport‘s share price (daily closing prices on Xetra, Euro) to 30 September 2018

Deutsche Börse overhauled the composition of its indices with effect from 24 September 2018 and thereby effectively eliminated the distinction between technology companies (TecDAX) and classic companies (DAX, MDAX and SDAX), which had in any case become out of date. As a consequence, the number of stocks in the SDAX has been increased from 50 to 70 and now includes a much higher proportion of companies with technology business models, while the revamped TecDAX now also contains large technology companies from the DAX. Hypoport welcomes the fact that the SDAX has become a broader index. However, Hypoport believes that the restructuring was a missed opportunity for Deutsche Börse to coin a narrower and more contemporary definition of the term 'technology' that would have given innovative companies access to the TecDAX.

As at 30 September 2018, Hypoport shares occupied the midfield in the restructured SDAX in terms of market capitalisation and free-float trading volume.

Capital increase in May 2018

In May 2018, Hypoport AG conducted a capital increase in return for a non-cash contribution from authorised capital (2017/I Authorised Capital) with a volume of 298,418 shares. The new shares were admitted to trading in the Regulated Market with simultaneous admission to trading in the segment of the Regulated Market with additional post-admission obligations (Prime Standard).

Shareholder structure

In the first nine months of 2018, there were five notifiable changes disclosed to us in voting right notifications: Union Investment reported that its voting share in Hypoport AG on 25 January 2018, 30 January 2018 and 15 March 2018 amounted to 5.19 per cent, 4.86 per cent and 5.003 per cent respectively. KBC Asset Management told us that its voting share in Hypoport AG was 2.98 per cent on 20 April 2018. On 22 May 2018, Mr Nicolas Schulmann's stake in Hypoport AG, which he holds indirectly through Exformer GmbH, amounted to 4.595 per cent.

Research

Bankhaus Metzler and Commerzbank began covering Hypoport AG in the first three quarters of 2018, which means Hypoport shares were covered by six institutions (Bankhaus Metzler, Berenberg, Commerzbank, equinet Bank, ODDO BHF and Warburg Research) as at 30 September 2018. As at this date, one analyst recommended the shares as a 'buy' and five as a 'hold', with the target prices ranging from €180.00 to €211.00 depending on each analyst's assessment.

Designated sponsors

Designated sponsors enhance a share's liquidity by quoting binding prices at which they will buy and sell the share. As at 30 September 2018, the designated sponsors for Hypoport AG were ODDO SEYDLER BANK AG, Frankfurt am Main, and equinet Bank AG, Frankfurt am Main.

Interim consolidated financial statements

Consolidated income statement for the period 1 January 2018 to 30 September 2018

	9M 2018 €'000	9M 2017 €'000	Q3 2018 €'000	Q3 2017 €'000
Revenue	191,761	143,690	70,016	48,428
Selling expenses	–89,767	–67,916	–33,304	-23,279
Gross profit	**101,994**	**75,774**	**36,712**	**25,149**
Own work capitalised	7,591	5,170	2,735	1,867
Other operating income	2,200	2,506	680	344
Personnel expenses	–58,712	–42,312	–21,409	–14,347
Other operating expenses	–23,933	–17,476	–8,570	–5,940
Income from companies accounted for using the equity method	23	131	10	10
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**29,163**	**23,793**	**10,158**	**7,083**
Depreciation, amortisation expense and impairment losses	–7,002	–5,198	–2,784	–1,845
Earnings before interest and tax (EBIT)	**22,161**	**18,595**	**7,374**	**5,238**
Financial income	62	298	48	0
Finance costs	–853	–321	–385	–106
Earnings before tax (EBT)	**21,370**	**18,572**	**7,037**	**5,132**
Income taxes and deferred taxes	–4,446	–3,781	–1,479	–965
Net profit for the year	**16,924**	**14,791**	**5,558**	**4,167**
attributable to non-controlling interest	37	37	14	11
attributable to Hypoport AG shareholders	**16,887**	**14,754**	**5,544**	**4,156**
Earnings per share (€)	**2.76**	**2.48**	**0.88**	**0.70**

Consolidated statement of comprehensive income for the period 1 January 2018 to 30 September 2018

	9M 2018 €'000	9M 2017 €'000	Q3 2018 €'000	Q3 2017 €'000
Net profit for the year	**16,924**	**14,791**	**5,558**	**4,167**
Total income and expenses recognized in equity*)	0	0	0	0
Total comprehensive income	**16,924**	**14,791**	**5,558**	**4,167**
attributable to non-controlling interest	37	37	14	11
attributable to Hypoport AG shareholders	**16,887**	**14,754**	**5,544**	**4,156**

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

Consolidated balance sheet as at 30 September 2018

Assets	30 Sep 2018 €'000	31 Dec 2017 €'000
Non-current assets		
Intangible assets	185,182	55,971
Property, plant and equipment	8,972	4,447
Investments accounted for using the equity method	6,262	1,050
Financial assets	339	1,428
Trade receivables	6,948	6,671
Other assets	1,314	1,287
Deferred tax assets	3,130	1,750
	212,147	**72,604**
Current assets		
Trade receivables	43,884	42,664
Other current items	4,071	11,252
Income tax assets	407	127
Cash and cash equivalents	28,977	14,333
	77,339	**68,376**
	289,486	**140,980**
Equity and Liabilities		
Equity		
Subscribed capital	6,493	6,195
Treasury shares	-246	–249
Reserves	141,064	76,654
	147,311	**82,600**
Non-controlling interest	351	306
	147,662	**82,906**
Non-current liabilities		
Financial liabilities	73,288	13,360
Provisions	87	87
Other liabilities	8,000	0
Deferred tax liabilities	11,754	7,031
	93,129	**20,478**
Current liabilities		
Provisions	175	95
Financial liabilities	9,279	2,942
Trade payables	22,329	23,338
Current income tax liabilities	1,860	951
Other liabilities	15,052	10,270
	48,695	**37,596**
	289,486	**140,980**

Abridged consolidated statement of changes in equity for the nine months ended 30 September 2018

2017 **€'000**	**Subscribed capital**	**Capital reserves**	**Retained earnings**	**Equity attributable to Hypoport AG shareholders**	**Equity attributable to non-controlling interest**	**Equity**
Balance as at 1 January 2017	5,942	2,605	55,283	63,830	303	64,133
Dissemination of own shares	2	1	21	24	0	24
Total comprehen-sive income	0	0	14,754	14,754	37	14,791
Balance as at 30 September 2017	**5,944**	**2,606**	**70,058**	**78,608**	**340**	**78,948**

2018 **€'000**	**Subscribed capital**	**Capital reserves**	**Retained earnings**	**Equity attributable to Hypoport AG shareholders**	**Equity attributable to non-controlling interest**	**Equity**
Balance as at 1 January 2018	5,946	2,905	73,749	82,600	306	82,906
Capital increase	298	0	0	298	0	298
Dissemination of own shares	3	47,501	22	47,526	0	47,526
Changes to the basis of consolidation	0	0	0	0	8	8
Total comprehen-sive income	0	0	16,887	16,887	37	16,924
Balance as at 30 September 2018	**6,247**	**50,406**	**90,658**	**147,311**	**351**	**147,662**

Consolidated cash flow statement for the period 1 January to 30 September 2018

	9M 2018 €'000	9M 2017 €'000
Earnings before interest and tax (EBIT)	22,161	18,595
Non-cash income / expense	1,627	–698
Interest received	62	298
Interest paid	–853	–321
Income taxes paid	–3,048	–2,443
Current tax	–1,630	–1,082
Change in deferred taxes	–233	256
Income from companies accounted for using the equity method	–23	–131
Depreciation on non-current assets	7,002	5,198
Losses on the disposal of non-current assets	–41	–48
Cashflow	**25,024**	**19,624**
Increase / decrease in current provisions	80	–86
Increase / decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	9,280	–7,157
Increase / decrease in trade payables and other liabilities not attributable to investing or financing activities	–5,473	–2,354
Change in working capital	**3,887**	**–9,597**
Cash flows from operating activities	**28,911**	**10,027**
Payments to acquire property, plant and equipment / intangible assets	–12,034	–7,902
Cash outflows for acquisitions less acquired cash	–63,348	–9,562
Proceeds from the disposal of financial assets	40	15
Purchase of financial assets	–4,002	–363
Cash flows from investing activities	**–79,344**	**–17,812**
Proceeds from the drawdown of loans under finance facilities	70,499	10,000
Redemption of loans	–5,422	–3,800
Cash flows from financing activities	**65,077**	**6,200**
Net change in cash and cash equivalents	14,644	–1,585
Cash and cash equivalents at the beginning of the period	14,333	22,411
Cash and cash equivalents at the end of the period	**28,977**	**20,826**

Abridged segment reporting for the period 1 January to 30 September 2018

€'000	Credit Platform	Private Clients	Real Estate Platform	Insurance Platform	Reconci-liation	Group
Segment revenue in respect of third parties						
9M 2018	80,828	65,563	23,498	21,497	375	191,761
9M 2017*	61,794	55,724	15,351	10,443	378	143,690
Q3 2018	28,112	21,557	8,997	11,179	171	70,016
Q3 2017*	22,442	18,340	4,068	3,525	53	48,428
Segment revenue in respect of other segments						
9M 2018	682	139	21	389	–1,231	0
9M 2017*	478	142	10	452	–1,082	0
Q3 2018	188	39	21	142	–390	0
Q3 2017*	144	47	3	147	–341	0
Total segment revenue						
9M 2018	81,510	65,702	23,519	21,886	-856	191,761
9M 2017*	62,272	55,866	15,361	10,895	-704	143,690
Q3 2018	28,300	21,596	9,018	11,321	-219	70,016
Q3 2017*	22,586	18,387	4,071	3,672	-288	48,428
Gross profit						
9M 2018	44,312	22,511	22,824	12,003	344	101,994
9M 2017*	32,125	20,891	15,241	7,166	351	75,774
Q3 2018	15,257	7,066	8,773	5,272	344	36,712
Q3 2017*	12,062	6,656	4,075	2,299	57	25,149
Segment earnings before interest, tax, depreciation and amortisation (EBITDA)						
9M 2018	21,480	9,337	5,084	–246	–6,492	29,163
9M 2017*	16,189	8,435	3,972	–11	–4,792	23,793
Q3 2018	8,409	2,212	1,238	716	–2,417	10,158
Q3 2017*	5,921	2,515	640	–289	–1,704	7,083
Segment earnings before interest and tax (EBIT)						
9M 2018	18,792	8,961	3,746	–1,456	–7,882	22,161
9M 2017*	14,100	7,711	3,406	–907	–5,715	18,595
Q3 2018	7,407	2,095	583	233	-2,944	7,374
Q3 2017*	5,170	2,268	452	–605	-2,047	5,238
Segment assets						
30.09.2018	57,956	25,865	129,184	70,416	6,065	289,486
31.12.2017*	55,167	18,580	29,936	32,836	4,461	140,980

* The comparative prior-year tax figures have been adjusted and are explained in the notes to the interim consolidated financial statements "Comparative figures for 2017"

Notes to the interim consolidated financial statements

Information about the Company

The Hypoport Group is a technology-based financial service provider. It is made up of subsidiaries that are grouped into four segments: Credit Platform, Private Clients, Real Estate Platform and Insurance Platform. All four segments are engaged in the distribution of financial services, facilitated or supported by technology (fintech).

The parent company is Hypoport AG, which is headquartered in Berlin, Germany. Hypoport AG is entered in the commercial register of the Berlin-Charlottenburg local court under HRB 74559. The Company's business address is Klosterstrasse 71, 10179 Berlin, Germany.

Basis of presentation

The condensed interim consolidated financial statements of Hypoport AG for the nine months ended 30 September 2018 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 2017. These condensed interim consolidated financial statements should therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2017 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 2017. 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 2017, with the following exceptions:

- IAS 40: Transfers of Investment Property
- IFRS 2: Classification and Measurement of Share-based Payment Transactions
- IFRS 9: Financial Instruments
- IFRS 15: Revenue from Contracts with Customers and Clarifications to IFRS 15
- IFRIC 22: Foreign Currency Transactions and Advance Consideration
- Annual Improvements to IFRS Standards 2014–2016 Cycle

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 2017

The Hypoport Group restructured its segment reporting with retroactive effect from 1 January 2018.

The companies FIO SYSTEMS AG ('FIO') and Value AG, which were acquired in the first half of 2018, were consolidated within the Hypoport Group and allocated to the since renamed Institutional Clients segment in May 2018. To reflect the changed focus of the business model underlying the Institutional Clients segment following the integration of the operations of FIO and Value AG, the name of this segment was changed to Real Estate Platform. Due to similarities in the business models and client bases of the newly acquired Value AG and the existing Hypoport Group company HypService GmbH, the latter was reallocated from the Credit Platform segment to the Real Estate Platform segment with retroactive effect from 1 January 2018.

Some minor reallocations were also made within the Credit Platform and Private Clients segments with retroactive effect from 1 January 2018. For historical reasons, the entire personal loans product group was previously allocated to the Private Clients segment. However, more and more bank advisors are arranging personal loans from third-party providers on the EUROPACE financial marketplace, which belongs to the Credit Platform segment (white-label solution). This part of the personal loans product group thus no longer fits into the Private Clients segment, as no Dr. Klein private client advisors from the branch network are involved in this business process. Consequently, it has been reallocated to the Credit Platform segment with retroactive effect from the beginning of 2018. The much smaller part of the personal loans product group that involves Dr. Klein advisors for private clients brokering personal loans to consumers will remain part of the Private Clients segment. This change creates a clearer distinction between the two segments in terms of client focus. The Credit Platform segment continues to position itself with a B2B business model, whereas the Private Clients segment and its main brand Dr. Klein is focusing even more on a B2C business model.

The comparative segment reporting figures for 2017 have been restated as follows as a result of the restructuring.

€'000	Credit Platform	Private Clients	Real Estate Platform	Insurance Platform	Reconci-liation	Group
Segment revenue in respect of third parties						
Q1 2018 adjusted	25,672	22,278	6,662	5,418	75	60,105
Q1 2018 as reported	22,484	26,132	5,996	5,418	75	60,105
Change	3,188	–3,854	666	0	0	0
9M 2017 adjusted	61,794	55,724	15,351	10,443	378	143,690
9M 2017 as reported	57,003	61,422	14,444	10,443	378	143,690
Change	4,791	–5,698	907	0	0	0
Q3 2017 adjusted	22,442	18,340	4,068	3,525	53	48,428
Q3 2017 as reported	19,555	21,642	3,653	3,525	53	48,428
Change	2,887	–3,302	415	0	0	0
Segment revenue in respect of other segments						
Q1 2018 adjusted	257	56	0	139	–452	0
Q1 2018 as reported	257	56	0	139	–452	0
Change	0	0	0	0	0	0
9M 2017 adjusted	478	142	10	452	–1,082	0
9M 2017 as reported	478	142	10	452	–1,082	0
Change	0	0	0	0	0	0
Q3 2017 adjusted	144	47	3	147	–341	0
Q3 2017 as reported	144	47	3	147	–341	0
Change	0	0	0	0	0	0
Total segment revenue						
Q1 2018 adjusted	25,929	22,334	6,662	5,557	–377	60,105
Q1 2018 as reported	22,741	26,188	5,996	5,557	–377	60,105
Change	3,188	–3,854	666	0	0	0
9M 2017 adjusted	62,272	55,866	15,361	10,895	–704	143,690
9M 2017 as reported	57,481	61,564	14,454	10,895	–704	143,690
Change	4,791	–5,698	907	0	0	0
Q3 2017 adjusted	22,586	18,387	4,071	3,672	–288	48,428
Q3 2017 as reported	19,699	21,689	3,656	3,672	–288	48,428
Change	2,887	–3,302	415	0	0	0
Gross profit						
Q1 2018 adjusted	13,979	7,753	6,483	3,236	75	31,526
Q1 2018 as reported	12,658	9,730	5,827	3,236	75	31,526
Change	1,321	–1,977	656	0	0	0
9M 2017 adjusted	32,125	20,891	15,241	7,166	351	75,774
9M 2017 as reported	30,058	23,850	14,349	7,166	351	75,774
Change	2,067	–2,959	892	0	0	0
Q3 2017 adjusted	12,062	6,656	4,075	2,299	57	25,149
Q3 2017 as reported	10,752	8,379	3,662	2,299	57	25,149
Change	1,310	–1,723	413	0	0	0

€'000	Credit Platform	Private Clients	Real Estate Platform	Insurance Platform	Reconci–liation	Group
Segment earnings before interest, tax, depreciation and amortisation (EBITDA)						
Q1 2018 adjusted	6,024	3,605	2,296	–453	–1,965	9,507
Q1 2018 as reported	5,065	4,444	2,416	–453	–1,965	9,507
Change	959	–839	–120	0	0	0
9M 2017 adjusted	16,189	8,435	3,972	–11	–4,792	23,793
9M 2017 as reported	13,870	10,145	4,581	–11	–4,792	23,793
Change	2,319	–1,710	–609	0	0	0
Q3 2017 adjusted	5,921	2,515	640	–289	–1,704	7,083
Q3 2017 as reported	4,679	3,659	738	–289	–1,704	7,083
Change	1,242	–1,144	–98	0	0	0
Segment earnings before interest and tax (EBIT)						
Q1 2018 adjusted	5,166	3,459	2,147	–816	–2,419	7,537
Q1 2018 as reported	4,233	4,298	2,241	–816	–2,419	7,537
Change	933	–839	–94	0	0	0
9M 2017 adjusted	14,100	7,711	3,406	–907	–5,715	18,595
9M 2017 as reported	11,705	9,421	4,091	–907	–5,715	18,595
Change	2,395	–1,710	–685	0	0	0
Q3 2017 adjusted	5,170	2,268	452	–605	–2,047	5,238
Q3 2017 as reported	3,906	3,412	572	–605	–2,047	5,238
Change	1,264	–1,144	–120	0	0	0
Segment assets						
31.03.2018 adjusted	57,550	21,730	32,203	35,646	7,084	154,213
31.03.2018 as reported	58,461	21,730	31,292	35,646	7,084	154,213
Change	–911	0	911	0	0	0
9M 2017 adjusted	47,459	24,793	30,133	25,399	7,033	134,817
9M 2017 as reported	48,105	24,793	29,487	25,399	7,033	134,817
Change	–646	0	646	0	0	0
31.12.2017 adjusted	55,167	18,580	29,936	32,836	4,461	140,980
31.12.2017 as reported	55,971	18,580	29,132	32,836	4,461	140,980
Change	–804	0	804	0	0	0

This restructuring has not affected 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 2018 includes all entities controlled by Hypoport AG in addition to Hypoport AG itself.

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

Parent company	Holding in %
ASC Assekuranz-Service Center GmbH, Bayreuth	100.00
ASC Objekt GmbH, Bayreuth	100.00
Basler Service GmbH, Bayreuth	70.00
BAUFINEX Service GmbH, Berlin	100.00
Dr. Klein Finance S.L.U., Santa Ponca (Spain)	100.00
DR. KLEIN Firmenkunden AG, Lübeck	100.00
Dr. Klein Privatkunden AG, Lübeck	100.00
Dr. Klein Ratenkredit GmbH, Lübeck (formerly: Smart InsurTech Versicherungsservice GmbH, Lübeck)	100.00
Europace AG, Berlin	100.00
FIO SYSTEMS AG, Leipzig	100.00
FIO SYSTEMS Bulgaria EOOD, Sofia (Bulgaria)	100.00
GENOPACE GmbH, Berlin	50.025
Hypoport B.V., Amsterdam	100.00
Hypoport Grundstücksmanagement GmbH, Berlin	100.00
Hypoport InsurTech GmbH, Berlin (formerly Hypoport InsurTech GmbH, Berlin)	100.00
Hypoport Invest GmbH, Berlin	100.00
Hypoport Mortgage Market Ltd., Westport (Ireland)	100.00
Hypoport Systems GmbH, Berlin	100.00
Hypservice GmbH, Berlin	100.00
Primstal - Alte Eiweiler Straße 38 Objektgesellschaft mbH, Nonnweiler (formerly: NKK Consulting Aktiengesellschaft AG, Regensburg)	100.00
Qualitypool GmbH, Lübeck	100.00
Smart InsurTech AG, Regensburg (formerly: NKK Programm Service AG, Regensburg)	100.00
Starpool Finanz GmbH, Berlin	50.025
Value AG, Berlin	100.00
Vergleich.de Gesellschaft für Verbraucherinformation mbH, Berlin	100.00
Vergleich.de Versicherungsservice GmbH, Lübeck	100.00
VS Direkt Versicherungsmakler GmbH, Bayreuth	100.00
Volz Vertriebsservice GmbH, Ulm	100.00
Winzer – Kneippstraße 7 Objektgesellschaft mbH, Berlin (formerly: Klosterstraße 71 Objektgesellschaft mbH, Berlin)	100.00

Joint ventures	
Expertise Management & Holding GmbH, Berlin	50.00
FINMAS GmbH, Berlin	50.00
Hypoport on-geo GmbH, Berlin	50.00
LBL Data Services B.V., Amsterdam	50.00

Associated company	
BAUFINEX GmbH, Schwäbisch Hall	30.00
finconomy AG, Munich	25.00
Genoport Kreditmanagement GmbH, Berlin	35.00
IMMO CHECK Gesellschaft für Informationsservice mbH, 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 major acquisitions in the first nine months of 2018:

All of the shares in IWM Software AG, Nonnweiler, were acquired on 1 January 2018. By incorporating software products from IWM Software AG, the Hypoport Group is expanding its fully integrated digital insurance platform.

The consideration transferred for the acquisition of the shares in IWM Software AG amounted to €8.0 million and consisted entirely of the purchase price paid. The purchase consideration was largely attributable to software and goodwill. The acquisition was accounted for using the acquisition method. IWM Software AG was included in the interim consolidated financial statements with effect from 1 January 2018. Its activities were allocated to the Insurance Platform segment.

All shares in FIO SYSTEMS AG ('FIO'), Leipzig, were acquired on 25 April 2018. FIO is a leading specialist provider of web-based solutions for the finance and real-estate sectors. It offers property marketing solutions, payments processing solutions for the real-estate sector, claims management in respect of damage to property and a comprehensive enterprise resource planning (ERP) system for housing companies and property management companies. Now that FIO is integrated into the Hypoport Group, Hypoport covers the entire value chain of private property transactions and offers a significantly expanded range of digitalisation services for the housing industry.

The consideration transferred for the acquisition of the shares in FIO amounted to €71.1 million and is made up of a share component of €47.2 million and a cash component of €23.9 million. The purchase consideration was largely attributable to software and goodwill. FIO holds all shares in FIO SYSTEMS Bulgaria EOOD, Sofia, Bulgaria. Its subscribed capital amounts to €3 thousand and is fully paid-up. The object of the company is to develop software solutions. The acquisitions were accounted for using the acquisition method. FIO and its subsidiary were included in the interim consolidated financial statements with effect from 30 April 2018. Its activities were allocated to the Real Estate Platform segment.

All shares in Value AG, Berlin, were acquired on 3 May 2018. Value AG specialises in property appraisals. By acquiring this real-estate specialist, the Hypoport Group is significantly bolstering its competitive position in the property valuation segment and can now offer a complete range of products.

The consideration transferred for the acquisition of the shares in Value AG amounted to €19.9 million and consisted entirely of the purchase price paid. The purchase consideration was largely attributable to goodwill. The acquisition was accounted for using the acquisition method. Value AG was included in the interim consolidated financial statements with effect from 1 May 2018. Its activities were allocated to the Real Estate Platform segment.

All shares in ASC Assekuranz-Service Center GmbH ('ASC'), Bayreuth, were acquired on 19 June 2018. The company is a pooler for insurance brokers, an underwriter and a provider of outsourced services for insurance companies. With the acquisition of ASC, the Hypoport Group now offers a complete range of services for the insurance segment.

The purchase price for all of ASC's shares amounts to €20.0 million. In addition, a debtor warrant of up to €10.0 million in total was agreed with the existing shareholders of ASC. It is dependent on ASC's earnings performance in the period 2018 to 2022. The purchase consideration was largely attributable to an insurance portfolio and goodwill. ASC holds all shares in VS Direkt Versicherungsmakler GmbH, Bayreuth. Its subscribed capital amounts to €25 thousand and is fully paid-up. The object of the company is to broker insurance policies and building finance agreements as an insurance intermediary. ASC is also a shareholder of Basler Service GmbH, Bayreuth. Its subscribed capital amounts to €25,000.00 and is fully paid-up. ASC's initial capital contribution was €17,500.00. The object of the company is to manage tenancy deposit insurance policies. Hypoport Grundstücksmanagement GmbH acquired all shares in ASC Objekt GmbH, Bayreuth from ASC on 19 June 2018. Its subscribed capital amounts to €25 thousand and is fully paid-up. The object of the company is to build and let properties for its own account. The consideration transferred for the acquisition of the shares in ASC Objekt GmbH amounted to €626 thousand and consisted entirely of the purchase price paid. The purchase consideration was largely attributable to a plot of land. The acquisitions were accounted for using the acquisition method.

ASC and its subsidiaries were included in the interim consolidated financial statements with effect from 30 June 2018. Its activities were allocated to the Insurance Platform segment.

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

Iinitial consolidation	IWM	FIO *	Value	ASC *	Total
Fair value recognises on acquisition €'000					
Assets					
Intangible assets	503	9,156	39	2,308	12,006
Property, plant and equipment	1,533	1,126	443	805	3,907
Financial assets	0	192	9	0	201
Trade receivables	524	572	1,119	525	2,740
Other current items	124	32	617	390	1,163
Cash and cash equivalents	98	1,033	4,440	3,290	8,861
	2,782	**12,111**	**6,667**	**7,318**	**28,878**
Liabilities					
Financial liabilities	(932)	(358)	(0)	(0)	(1,290)
Trade payables	(18)	(162)	(85)	(1,850)	(2,115)
Other liabilities	(593)	(1,052)	(2,642)	(742)	(5,029)
Deferred tax liabilities	(140)	(2,771)	(0)	(665)	(3,576)
	(1,683)	**(4,343)**	**(2,727)**	**(3,257)**	**(12,010)**
Total identifiable net assets at fair value	1,099	7,768	3,940	4,061	16,868
Goodwill arising on acquisition (provisional)	6,901	63,325	15,960	26,565	112,751
Purchase consideration transferred	**8,000**	**71,093**	**19,900**	**30,626**	**129,619**
Analysis of cash flows on acquisition:					
Net cash acquired with the subsidiary (included in Cashflow from investing activities)	98	1,033	4,440	3,290	8,861
Cash paid	(7,800)	(23,883)	(19,900)	(20,626)	(72,209)
Net cash outflow	**7,702**	**22,850**	**15,460**	**17,336**	**63,348**

* incl. subsidiaries

If new information comes to light within a year of the acquisition date about facts and circumstances that existed at the time 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.

Since their respective times of acquisition, the acquired companies have contributed a combined total of €15.3 million to revenue and €2.4 million to net profit for the period.

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.

This year, the Group has incurred total costs of €0.3 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.

On 30 April 2018, Hypoport AG and Bausparkasse Schwäbisch Hall jointly founded BAUFINEX GmbH, Schwäbisch Hall. The company's subscribed capital amounts to €5.0 million and is fully paid-up. Hypoport AG made an initial capital contribution of €1.5 million. The object of this company is to broker loans and building finance agreements, especially through electronic platforms, and to perform all related business activities and provide all related services in connection with these brokerage transactions. The company provides a B2B marketplace that is focused exclusively on independent mortgage finance brokers. The Hypoport Group's aim in founding the company is to open up a new distribution channel for banks in the cooperative financial network that offers significant potential for growth. BAUFINEX GmbH is accounted for under the equity method. Its activities were allocated to the Credit Platform segment.

At the beginning of 2018, Hypoport AG, Raiffeisenbank Oberursel and Raiffeisenbank Höchberg jointly founded Genoport Kreditmanagement GmbH, which is based in Berlin. The company's subscribed capital amounts to €300 thousand and is fully paid-up. Hypoport AG made an initial capital contribution of €105 thousand. The object of the company is the provision of property-related services, especially the structuring of financing plans, the analysis of credit applications and credit relationships, and the preparation of decisions for the account of third parties with regard to banking, insurance and credit-related investment products and any complementary products, primarily for the cooperative financial network. The aim is to leverage additional business potential for individual cooperative banks through joint transactions in commercial real-estate finance. Through this venture, Hypoport AG continues to expand its involvement with the cooperative financial network. Genoport Kreditmanagement GmbH is accounted for under the equity method. Its activities were allocated to the Real Estate Platform segment.

On 5 July 2018, Qualitypool GmbH founded BAUFINEX Service GmbH, Berlin. Its subscribed capital amounts to €25 thousand and is fully paid-up. The object of the company is to manage its own assets and provide management consultancy services (for which a licence is not required). BAUFINEX Service GmbH handles the new BAUFINEX broker pool's financing business outside the cooperative financial network. Its activities were allocated to the Credit Platform segment.

In September 2018, Hypoport AG acquired a further 10.99 per cent of the shares in finconomy AG, Munich, at a purchase price of €2.4 million. Hypoport AG thus holds a total of 25.0 per cent of finconomy AG's shares. Since September 2018, finconomy AG has been accounted for under the equity method. Its activities were allocated to the Insurance Platform segment.

NKK Programm Service AG, INNOSYSTEMS GmbH, maklersoftware.com GmbH, Volz Software GmbH and IWM Software AG were merged with Smart InsurTech AG with effect from 1 July 2018. As a result, the Group's bundling of the various products and services on a single insurance platform has now been completed from a company law perspective as well. Furthermore, INNOFINANCE GmbH was merged with Qualitypool GmbH.

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 2018	9M 2017	Q3 2018	Q3 2017
Income taxes and deferred taxes	4,446	3,781	1,479	965
current income taxes	4,677	3,525	1,840	1,268
deferred taxes	–231	256	–361	–303
in respect of timing differences	–1,288	–433	–526	–137
in respect of tax loss carryforwards	1,057	689	165	–166

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

Earnings per share

The figure for earnings per share is determined in accordance with IAS 33. Basic earnings (loss) per share is calculated by dividing the net profit (loss) for the period attributable to the shareholders of Hypoport AG by the weighted average number of outstanding shares. In the first nine months of 2018, there were no share options that would have a dilutive effect on earnings per share.

Earnings per share	9M 2018	9M 2017	Q3 2018	Q3 2017
Net income for the year (€'000)	16,924	14,791	5,558	4,167
of which attributable to Hypoport AG stockholders	16,887	14,754	5,544	4,156
Basic weighted number of outstanding shares (€'000)	6,099	5,943	6,247	5,944
Earnings per share (€)	**2.76**	**2.48**	**0.88**	**0.70**

The number of shares in issue rose by 300,693 to 6,247,079 as at 30 September 2018 (31 December 2017: 5,946,386), mainly as a result of the capital increase.

Intangible assets and property, plant and equipment

Intangible assets primarily comprised development costs of €32.7 million for the financial marketplaces (31 December 2017: €24.7 million) and goodwill of €137.5 million (31 December 2017: €24.8 million). The rise in goodwill was the result of the first-time consolidation of IWM Software AG, FIO SYSTEMS AG, Value AG and ASC Assekuranz-Service Center GmbH.

Property, plant and equipment largely consisted of office furniture and equipment amounting to €5.0 million (31 December 2017: €3.6 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 four joint ventures FINMAS GmbH, Berlin (Hypoport's interest: 50 per cent), Hypoport on-geo GmbH, Berlin (Hypoport's interest: 50 per cent), LBL Data Services B.V., Amsterdam (Hypoport's interest: 50 per cent) and Expertise Management & Holding GmbH (Hypoport's interest: 50 per cent) as well as of the associates BAUFINEX GmbH, Schwäbisch Hall (Hypoport's interest: 30 per cent), finconomy AG, Munich (Hypoport's interest: 25 per cent), Genoport Kreditmanagement GmbH, Berlin (Hypoport's interest: 35 per cent) and IMMO Check Gesellschaft für Informationsservice mbH, Bochum (Hypoport's interest: 33.33 per cent). In the first nine months of 2018, the profit from equity-accounted long-term equity investments amounted to €23 thousand (Q1–Q3 2017: €131 thousand).

Subscribed capital

In settlement of the share component as part of the acquisition of FIO SYSTEMS AG, the Management Board of Hypoport AG decided on 25 April 2018 – with the consent of the Supervisory Board – to make partial use of the authorised capital pursuant to section 4 (5) of the statutes of Hypoport AG in order to increase the Company's subscribed capital from €6,194,958.00 to €6,493,376.00 (an increase of €298,418.00) by way of an issue of 298,418 new no-par-value registered shares in Hypoport AG in return for non-cash contributions. Shareholders' pre-emption rights were disapplied.

The Company's subscribed capital as at 30 September 2018 therefore amounted to €6,493,376.00 (31 December 2017: €6,194,958.00) and was divided into 6,493,376 (31 December 2017: 6,194,958) fully paid-up registered no-par-value shares.

The Annual Shareholders' Meeting held on 4 May 2018 voted to carry forward Hypoport AG's distributable profit of €66,911,576.96 to the next accounting period.

Authorised capital

The Annual Shareholders' Meeting held on 5 May 2017 voted to set aside the unused authorisation granted on 1 June 2012 and to issue a new authorisation. The Management Board was authorised – subject to the consent of the Supervisory Board – to increase the Company's subscribed capital by up to a total of €3,097,479.00 by issuing new registered no-par-value shares for cash or non-cash capital contribution on one or more occasions on or before 4 May 2022. 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 246,297 treasury shares as at 30 September 2018 (equivalent to €246,297.00, or 3.8 per cent, of the subscribed capital of Hypoport AG), 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 2018 are shown in the following table:

Change in the balance of treasury shares in 2018	Number of shares	Proportion of subscribed capital (%)	Cost of purchase (€)	Sale price (€)	Gain or loss on sale (€)
Opening balance as at 1 January 2018	**248,572**	**4.012**	**9,865,351.40**		
Dissemination January 2018	1,669	0.027	18,150.15	234,826.30	216,676.16
Dissemination February 2018	23	0.000	243.80	2,929.70	2,685.90
Dissemination March 2018	31	0.001	328.60	3,932.90	3,604.30
Dissemination April 2018	36	0.001	381.60	4,902.00	4,520.40
Capital increase May 2018	298,418	4.596	0.00	0.00	0.00
Dissemination May 2018	298,468	4.596	530.00	47,217,866.96	7,609.36
Dissemination June 2018	8	0.000	84.80	1,283.12	1,198.32
Dissemination July 2018	10	0.000	106.00	1,668.00	1,562.00
Dissemination September 2018	448	0.007	4,748.80	76,333.60	71,584.80
Balance as at 30 Sep 2018	**246,297**	**3.793**	**9,840,777.66**		

The release of treasury shares was part of an employee share ownership programme and of the acquisition of FIO SYSTEMS AG, and 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) and income from the disposal of shares (€48.474 million, of which €47.501 million relates to 2018).

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 with effect from 1 January 2004 and recognised directly in equity, and a statutory reserve of €7 thousand (31 December 2017: €7 thousand) are also reported under this item.

Non-controlling interests

The net profit for the first nine months of 2018 attributable to non-controlling interests was €37 thousand (Q1–Q3 2017: €37 thousand). Total non-controlling interests amounted to €351 thousand as at 30 September 2018 (31 December 2017: €306 thousand), of which €241 thousand (31 December 2017: €206 thousand) related to the non-controlling interest in the equity of Starpool Finanz GmbH (non-controlling interest of 49.975 per cent), €100 thousand (31 December 2017: €100 thousand) to GENOPACE GmbH (non-controlling interest of 49.975 per cent) and €10 thousand (31 May 2018: €8 thousand) to Basler Service GmbH (non-controlling interest of 30.0 per cent).

Share-based payment

No share options were issued in the third quarter of 2018.

Supervisory Board changes

Christian Schröder resigned from the Supervisory Board with effect from 4 May this year. Dieter Pfeiffenberger was elected to the Supervisory Board of Hypoport AG with effect from 4 May 2018.

Related parties

IAS 24 requires disclosure of the names of persons or entities that control, or are controlled by, Hypoport AG. Transactions between Hypoport AG 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 AG. The parties covered by this requirement during the reporting period were the members of the Group Management Board and Supervisory Board of Hypoport AG and their close family members.

The table below shows the numbers of shares in Hypoport AG directly or indirectly held by the members of the Group Management Board and Supervisory Board as at 30 September 2018.

	Shares (number) 30.09.2018	Shares (number) 31.12.2017
Group Management Board		
Ronald Slabke	2,248,381	2,248,381
Stephan Gawarecki	142,800	142,800
Hans Peter Trampe	108,690	108,690
Supervisory Board		
Dr. Ottheinz Jung-Senssfelder	8,500	8,500
Roland Adams	0	0
Dieter Pfeiffenberger	1,000	0

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 and associates totalled €99 thousand in the third quarter of 2018 (Q3 2017: €29 thousand) and €231 thousand in the first nine months of this year (Q1–Q3 2017: €87 thousand). As at 30 September 2018, receivables from joint ventures and associates amounted to €1.2 million (31 December 2017: €195 thousand) and liabilities to such companies totalled €137 thousand (31 December 2017: €280 thousand).

Opportunities and risks

Please refer to the opportunities and risks report that forms part of the group management report in our 2017 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 exceptional seasonal influences on the performance of the Hypoport Group's business in the third quarter of 2018. In the mortgage finance sector, the first nine months of 2018 were characterised by a good level of construction activity. The Company is assuming that there will be growth in the distribution of insurance products for private and corporate 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.

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, 5 November 2018
Hypoport AG – The Management Board

Ronald Slabke　　Stephan Gawarecki　　Hans Peter Trampe

Hypoport AG
Klosterstraße 71 · 10179 Berlin
Tel.: +49 (0)30 420 86 - 0 · Fax: +49 (0)30 420 86 - 1999
E-Mail: ir@hypoport.de · www.hypoport.de

DEUTSCHE BÖRSE
PRIME STANDARD