HYPOPORT

Interim report of Hypoport AG for the period ended at 31 March 2018

Berlin, 3 May 2018

Key performance indicators

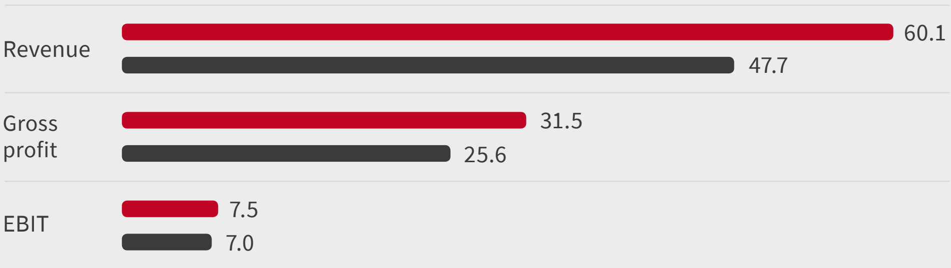
Revenue and earnings (€'000)	Q1 2017	Q1 2018	Change
Revenue	47,684	60,105	26%
Gross profit	25,646	31,526	23%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	8,605	9,507	10%
Earnings before interest and tax (EBIT)	6,994	7,537	8%
EBIT margin (EBIT as a percentage of gross profit)	27,3	23,9	−12%
Net income for the year	5,431	5,877	8%
attributable to Hypoport AG shareholders	5,431	5,864	8%
Earnings per share (€)	0,91	0,98	8%

Financial position (€'000)	31 Dec 2017	31 Mar 2018	Change
Current assets	68,376	73,658	8%
Non-current assets	72,604	80,555	11%
Equity	82,906	89,225	8%
attributable to Hypoport AG shareholders	82,600	88,906	8%
Equity ratio (%)	58.8	57.9	−2%
Total assets	140,980	154,213	9%

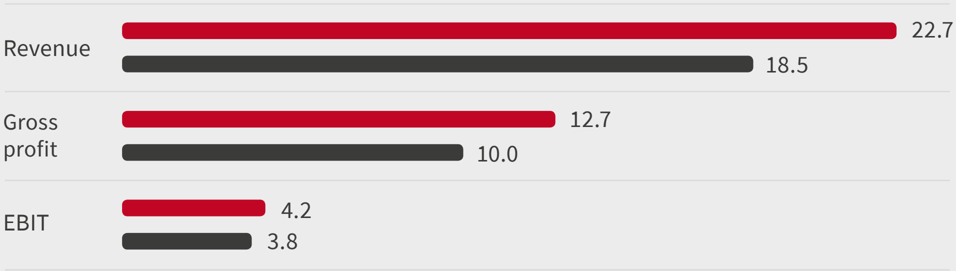
Revenue, Net Revenue and EBIT (€ million)

Q1 2018 Q1 2017

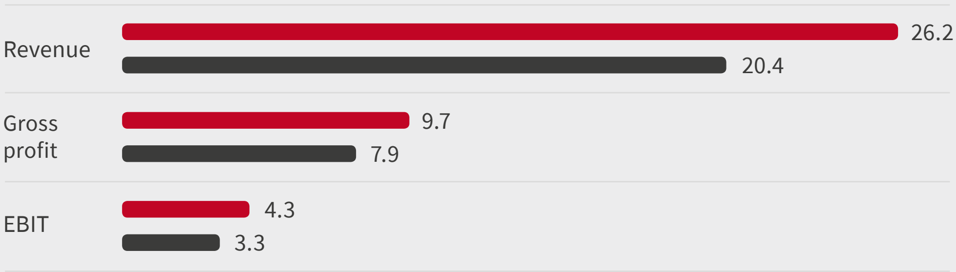
Hypoport Group



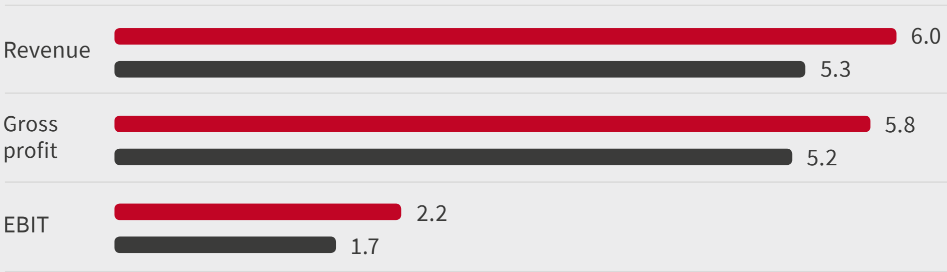
Credit Platform



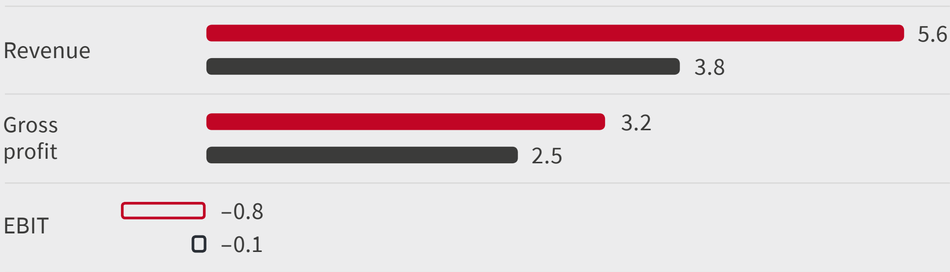
Privat Clients



Institutional Clients Business Unit



Insurance Platform



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Letter to shareholders

Dear shareholder,

The Hypoport Group made an excellent start to the new financial year, reporting quarterly revenue in excess of €60 million for the first time in the Company's history. At €60.1 million, revenue was up by 26 per cent on the figure reported in the strong first quarter of 2017. This very good performance was accompanied by a 23 per cent rise in gross profit to €31.5 million. EBIT came to €7.5 million, which was 8 per cent above the healthy figure reported for the first quarter of 2017 and also represents a success given that all four of our business units are still in an investment phase. I would now like to talk in more detail about the individual performance of the four business units – Credit Platform, Private Clients, Institutional Clients and Insurance Platform – in the first quarter of 2018.

The Credit Platform and Private Clients business units operate primarily in the mortgage finance segment and once again achieved significantly faster growth than the market as a whole, which only expanded by around 2 per cent [1]. The volume of transactions on the EUROPACE financial marketplace (Credit Platform business unit) advanced by 11 per cent to €13.5 billion, while the sales volume generated by Dr. Klein Privatkunden increased by an impressive 34 per cent to €1.7 billion.

In the Credit Platform business unit, the increase in the volume of transactions on EUROPACE was attributable to all four distribution channels – neutral brokers, private banks, savings bank and cooperative banks – and to the simultaneous rise in the number of contractual partners, which was up by 21 per cent to 534. Once more, the FINMAS sub-marketplace for savings banks expanded at an even faster rate, reporting growth of 76 per cent. The two brokerage pools of the Credit Platform business unit also made strong contributions to revenue. In all, the revenue reported by the Credit Platform business unit climbed by 23 per cent to €22.7 million. As a result of the traditionally smaller margin for the brokerage pools and the still fledgling property valuation product segment, the Credit Platform business unit's EBIT increased at the relatively low rate of 11 per cent to reach €4.2 million.

The Private Clients business unit not only increased its sales volume but also saw a 12 per cent rise in the number of advisors to 587. This sharp rise, combined with the continued growth in demand among consumers for comparisons of loan products, provides robust foundations for future revenue growth. In the first quarter of 2018, revenue grew by 28 per cent to €26.2 million while EBIT advanced by 30 per cent to €4.3 million.

As a consequence of the 11 per cent increase in the volume of transactions, revenue in the Institutional Clients business unit advanced by 13 per cent to €6.0 million. The main reason for the improvement was the moderate rise in interest rates at the start of the year, although they were

[1] Statistics from Deutsche Bundesbank for the period January to February 2018 relating to the volume of new home loan business compared with the same period of 2017. The figures for March 2018 were not yet available at the time this report was prepared.

marked by volatility. As we had invested more heavily in sales capacity and the digitalisation of business processes with borrowers and lenders in 2017, there was only a modest rise in costs in the reporting quarter. Consequently, EBIT advanced by 28 per cent to €2.2 million.

Our newest business unit, Insurance Platform, raised its revenue by a substantial 46 per cent to €5.6 million, albeit with small start-up losses of €0.8 million. The business unit's overarching objective is to expand business relationships with existing clients (insurance brokers and start-up B2C insurtech companies) to encompass all modules of the Smart InsurTech platform and to complement this organic growth as required through growth by acquisition.

Our aim is to strike a balance between constant growth for the Hypoport Group and the capital expenditure that this requires, on the one hand, and a continuation of the steady rise in earnings on the other. We accomplished this aim in the first quarter of 2018.

The second quarter has begun with significant growth by acquisition. By acquiring FIO SYSTEMS AG, a leading specialist provider of web-based sector-specific solutions for banks' estate agency business, we have expanded our value chain to encompass private real-estate transactions. We are thus creating a seamless process for purchasing private residential property and arranging the necessary finance from a single source, namely Hypoport. Moreover, FIO offers the first web-based enterprise resource planning (ERP) system for the institutional housing industry, providing the perfect complement to our increasingly IT-based loan brokerage and insurance activities in this sector.

We have also expanded the Group by recently acquiring Value AG, a company that specialises in complex property valuations for the banking sector. This acquisition, combined with HypService GmbH, which focuses on lower-volume loans, means we can now offer the banking sector a complete service to meet all their property valuation needs.

After just four months, 2018 is shaping up to be one of the Group's most successful years in terms of growth.

Kind regards,

Ronald Slabke

Management report

Business and economic conditions

Macroeconomic environment

The macroeconomic environment has not changed materially since we reported on it in Hypoport AG's 2017 annual report (see page 11).

According to the European Central Bank (ECB), the economy in the eurozone grew by 2.3 per cent in 2017, which is significantly higher than the growth rate of 1.8 per cent in 2016. The eurozone's inflation rate of 1.5 per cent for 2017 remained below the ECB's target of "below, but close to, 2 per cent". Moreover, the latest data from the ECB shows a rate of 1.2 per cent for February 2018, which means inflation fell for the third month in succession. Consequently, an increase in the key interest rate appears very unlikely in the short to medium term.

The situation in Germany is comparable with that of the euro area as a whole. According to the German Federal Statistical Office, gross domestic product (GDP) rose by 2.2 per cent in 2017. In its spring report published in mid-March 2018, the German Council of Economic Experts predicted an increase in GDP of 2.3 per cent in 2018 and 1.8 per cent in 2019.

Sectoral performance

The subsidiaries within the Hypoport Group are assigned to the four segments Credit Platform, Private Clients, 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 are therefore active in the German housing market. The Credit Platform and Private Clients business units offer direct and indirect financial services for consumers, whereas the Institutional Clients business unit targets companies in the housing and real-estate sectors. The Insurance Platform segment offers software solutions for insurance brokers and is therefore active in the German insurance market.

Sectoral conditions in the market for residential mortgage finance and in the insurance industry have changed only slightly since we reported on them in Hypoport AG's 2017 annual report (pages 11 and 12).

Market for residential mortgage finance

The market for residential mortgage finance is – in addition to consumers' general willingness to spend – influenced by a range of industry-specific factors. The following three factors are the most important:

- Regulatory requirements for brokers and suppliers of finance products ('regulations'),
- Operational trends (e.g. availability of land for development, capacity within the construction industry),
- General level of interest rates.

There were no changes to the regulations affecting the German financial services market in the first three months of 2018. The second factor, the operational performance of the housing market, has also not changed materially since we reported on it in the 2017 annual report. According to recent data from the German Federal Statistical Office, the number of planning approvals for new-build housing (excluding residential homes) was down slightly, by 3.5 per cent, in the three-month period November 2017 to January 2018 compared with the corresponding prior-year period.

During the German election campaign and the lengthy coalition talks that followed, individual political parties announced that they would introduce subsidies and tax relief or would reduce fees in order to stimulate house-building and ease the situation for buyers. This may have led institutional market participants and consumers to hold back from applying for financing and for building permits until the election promises were delivered upon. Following the formation of a government in the first quarter of 2018, this uncertainty should gradually diminish.

New orders in the housing construction industry (volume index), which of course are not placed until after planning approvals have been issued, rose slightly from an index level of 137.5 in January 2017 to 146.7 in January 2018. In the same period, rising prices for house-building led to a sharp increase in the value index from 155.7 to 172.5.

The third factor, the level of interest rates, plays a particularly important role for the Institutional Clients business unit. Although short-term changes in interest rates tend not to affect private clients' decisions all that much – being able to secure the right property to suit their needs at a fair price is more important for them – the Institutional Clients business is heavily affected by even small rate rises because individual transactions are extremely large. The average Dr. Klein interest rate for ten-year mortgage bonds rose from the stable level of 1.65 per cent in the period September to December 2017 to a level of 1.73–1.76 per cent – with marked fluctuation – in the first quarter of 2018.

Deutsche Bundesbank's calculations show that, in January and February 2018, the volume of new private mortgage finance business in the market as a whole increased by 2.2 per cent compared with the same period of 2017. Although this rise represents a healthy start to the year, it was due in part to the very low volume reported for February 2017. Hypoport continues to anticipate a stable volume of new business for private mortgage finance in 2018 as a whole (see the chapter "Outlook").

Insurance market

Regular premium payments, the predictable insurance benefit payments and the huge number of policies mean that changes in the insurance industry (direct insurance) tend to take place slowly. As a result, changes from quarter to quarter are negligible. In 2017, premium income in the insurance industry rose by a modest 1.9 per cent compared with the prior year. According to the German Insurance Association (GDV), the premium income collected by its 450 or so members totalled €197.7 billion (2016: €195.4 billion). Whereas life insurance products lost further appeal due to low interest rates and new legislation, 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).

Business performance

In the first three months of 2018, the Hypoport Group increased its revenue by 26 per cent to €60.1 million (Q1 2017: €47.7 million). Including other income and excluding selling expenses, gross profit went up by 23 per cent to €31.5 million (Q1 2017: €25.6 million). This enabled the Hypoport Group to generate earnings before interest and tax (EBIT) of €7.5 million (Q1 2017: €7.0 million), a rise of 8 per cent.

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

Credit Platform business unit

The Credit Platform business unit brings together all subsidiaries and business activities whose direct or indirect purpose is to generate growth for the EUROPACE financial marketplace and which do not maintain direct business relations with end consumers.

In the first three months of 2018, the total volume of transactions generated on EUROPACE increased by 11 per cent to €13.5 billion (Q1 2017: €12.2 billion). Within this total, the mortgage finance product segment grew by 8 per cent from €9.6 billion to €10.4 billion. The figure for the building finance product segment was €2.2 billion in the first quarter of 2018 (Q1 2017: €1.9 billion), an increase of 14 per cent. The smallest product segment, personal loans, climbed by 46 per cent from a low level of €0.7 billion to reach €1.0 billion. The volume of transactions per sales day – defined as the number of working days (not including Saturdays) less half of the number of 'bridging days' (days falling between public holidays and weekends) – advanced by 15 per cent year on year to €214 million (Q1 2017: €187 million; Q4 2017: €198 million).

The aforementioned growth of the EUROPACE marketplace was thanks to increased sales activities for all user groups (independent financial advisors, private banks, savings banks and cooperative banks), with a particularly strong rise in the sales volume for the sub-marketplace for savings banks (FINMAS). The volume of transactions brokered by savings banks on FINMAS amounted to €0.8 billion in the first three months of this year (Q1 2017: €0.4 billion), an increase of 76 per cent. In the same period, the cooperative banks generated a sales volume of €0.4 billion on GENOPACE (Q1 2017: €0.3 billion). This rise of 16 per cent is slightly above the average growth of the overall EUROPACE financial marketplace.

As at 31 March 2018, a total of 534 partners were using EUROPACE, GENOPACE and FINMAS (31 March 2017: 440). The number of contractual partners was therefore up by 94, a rise of 21 per cent. FINMAS increased its number of partners from 148 to 199, while the number of GENOPACE contractual partners advanced from 210 to 245.

Financial figures Credit Platform	Q1 2017	Q1 2018	Change
Transaction volume (billion €)			
Total	12.2	13.5	11%
thereof Mortgage finance	9.6	10.4	8%
thereof Personal loan	0.7	1.0	46%
thereof Building finance	1.9	2.2	14%
Partners (number)			
EUROPACE (incl. GENOPACE + FINMAS)	440	534	21%
GENOPACE	210	245	17%
FINMAS	148	199	34%
Revenue and earnings (million €)			
Revenue	18.5	22.7	23%
Gross profit	10.0	12.7	27%
EBIT	3.8	4.2	11%

In the first quarter of 2018, Hypoport further expanded its property valuation service for lenders through its subsidiary HypService GmbH. The encouraging performance of this still fledgling product segment is based on significant economies of scale resulting from the integration with EUROPACE.

In the first quarter of 2018, the Credit Platform business unit reported revenue of €22.7 million (Q1 2017: €18.5 million). This growth of 23 per cent was mainly due to the higher volume of transactions on EUROPACE, GENOPACE and FINMAS for mortgage finance and building finance and to the rise in revenue from the personal loans business. This resulted in gross profit of €12.7 million (Q1 2017: €10.0 million), an increase of 27 per cent. EBIT advanced by 11 per cent to €4.2 million (Q1 2017: €3.8 million).

Private Clients business unit

The Private Clients business unit brings together all of the Hypoport Group's business models that are aimed directly at consumers.

It 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. The business unit also has eight flagship stores of its own. The network of sites already gives very good coverage, which means further growth will be largely determined by the number and performance of the advisors at the individual locations. As at 31 March 2018, this number had risen once more, by 63 advisors (or 12 per cent), to 587 (31 March 2017: 524).

The total volume of loans brokered by the Private Clients business unit rose by 34 per cent to €1.7 billion in the first quarter (Q1 2017: €1.3 billion). Of this sum, €1.5 billion was attributable to the mortgage finance product segment (Q1 2017: €1.2 billion), an increase of 22 per cent. Dr. Klein Privatkunden also continued to benefit from partnerships with banks in terms of bringing in additional clients. As a result, the volume of personal loans jumped from €0.07 billion in the first quarter of 2017 to €0.22 billion in the reporting period. The smallest product segment, building finance, saw its transaction volume double from €0.025 billion to €0.050 billion.

Financial figures Private Clients	Q1 2017	2017	Q1 2018	Change
Transaction volume (billion €)				
Financing	1.30		1.74	34%
thereof Mortgage finance	1.2		1.5	22%
thereof Personal loan	0.068		0.219	>100%
thereof Building finance	0.025		0.054	>100%
Number of franchise advisors (financing)		562	587	4%
Insurance policies under management				
Insurance policies u. m. (total)		63.2	61.8	−2%
Insurance policies u. m. (life insurance)		34.0	32.7	−4%
Insurance policies u. m. (private health insurance)		13.7	13.5	−2%
Insurance policies u. m. (SHUK)		15.4	15.6	1%
Number of franchise advisors (insurance)		127	126	−1%
Revenue and earnings (million €)				
Revenue	20.4		26.2	28%
Gross profit	7.9		9.7	23%
EBIT	3.3		4.3	30%

Total revenue in the Private Clients business unit advanced by 28 per cent to €26.2 million in the first quarter of 2018 (Q1 2017: €20.4 million). Commission is paid to distribution partners (e.g. franchisees) and lead acquisition fees are paid to third parties and recognised as selling expenses. The business unit's operating performance can be seen from the change in gross profit, which was up by 23 per cent to €9.7 million (Q1 2017: €7.9 million). EBIT rose by 30 per cent to €4.3 million (Q1 2017: €3.3 million).

Institutional Clients business unit

The Institutional Clients business unit brings together all of the Hypoport Group's business models that are aimed at housing companies and other institutional clients. It is traditionally the most volatile of the Hypoport Group's business units due to the fact that it has some high-volume individual transactions and thus fluctuating levels of commission.

In the first three months of 2018, the volume of loans brokered by the Institutional Clients business unit increased by 11 per cent year on year, from €472 million to €523 million. Of this total, €462 million was attributable to new loans (Q1 2017: €398 million, increase of 16 per cent) and €61 million to loan renewals (Q1 2017: €73 million, decrease of 16 per cent).

Financial figures Institutional Clients	Q1 2017	Q1 2018	Change
Transaction volume (million €)			
Brokered loans (total)	472	523	11%
thereof New business	398	462	16%
thereof Renewals	73	61	−16%
Consulting revenue (million €)	1.4	1.3	−8%
Revenue and earnings (million €)			
Revenue	5.3	6.0	13%
Gross profit	5.2	5.8	12%
EBIT	1.7	2.2	28%

Owing to the strong growth in the volume of new business, revenue in the Institutional Clients business unit was up by 13 per cent to €6.0 million in the three-month period (Q1 2017: €5.3 million). This business unit has extremely low variable selling expenses because permanently employed regional managers work in sales. As a result, gross profit amounted to €5.8 million (Q1 2017: €5.2 million), an increase of 12 per cent. High expenditure on levels of the digitalisation of business processes and on further expansion of the sales network in 2017 led to a disproportionally low level of additional expenditure in the first quarter of 2018, which meant EBIT increased at the disproportionally high rate of 28 per cent from €1.7 million to €2.2 million. However, Hypoport is planning further investment in the digitalisation of the business unit over the course of 2018.

Insurance Platform business unit

The new Insurance Platform business unit brings together all of the Hypoport Group's activities aimed at expanding the Smart InsurTech insurance platform.

Insurance Platform	Q1 2017	Q1 2018	Change
Revenue and earnings (million €)			
Revenue	3.8	5.6	46%
Gross profit	2.5	3.2	31%
EBIT	−0.1	−0.8	>−100%

The youngest business unit, Insurance Platform, saw its revenue rise as planned by 46 per cent to reach €5.6 million in the first three months of 2018 (Q1 2017: €3.8 million). Over the same period, gross profit advanced by 31 per cent to €3.2 million (Q1 2017: €2.5 million). As the primary objective of the insurance platform is to gain more market share through acquisitions, attractive pricing structures and capital expenditure on IT, EBIT amounted to a loss of €0.8 million (Q1 2017: loss of €0.2 million).

Earnings

Against the backdrop of the operating performance described above, EBITDA rose significantly from €8.6 million to €9.5 million and EBIT advanced from €7.0 million to €7.5 million.

The EBIT margin (EBIT as a percentage of gross profit) declined from 27.3 per cent to 23.9 per cent due to the above-average growth in the new segments, whose EBIT levels are still weak.

Revenue and earnings (million €)	Q1 2017	Q1 2018	Change
Revenue	47.7	60.1	26%
Gross profit	25.6	31.5	23%
EBITDA	8.6	9.5	10%
EBIT	7.0	7.5	8%
EBIT margin (EBIT as percentage of gross profit)	27.3%	23.9%	−12%

Own work capitalised

In the first 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 software solutions for consumers and housing companies. This capital expenditure underpins the further growth of all four business units.

The Company invested a total of €4.4 million in expansion in the first quarter of 2018 (Q1 2017: €3.4 million). Of this total, €2.2 million was capitalised (Q1 2017: €1.7 million) and €2.2 million was expensed as incurred (Q1 2017: €1.7 million). 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 €0.4 million from other accounting periods (Q1 2017: €0.4 million) and income of €0.2 million from employee contributions to vehicle purchases (Q1 2017: €0.2 million).

Personnel expenses went up because of salary increases and the rise in the number of employees to 1,125 from 851 at the end of the first quarter of 2017.

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

Other operating expenses (million €)	Q1 2017	Q1 2018
Operating expenses	2.0	2.3
Other selling expenses	1.0	1.2
Administrative expenses	2.0	2.5
Other personnel expenses	0.2	0.4
Other expenses	0.3	1.0
	5.5	**7.4**

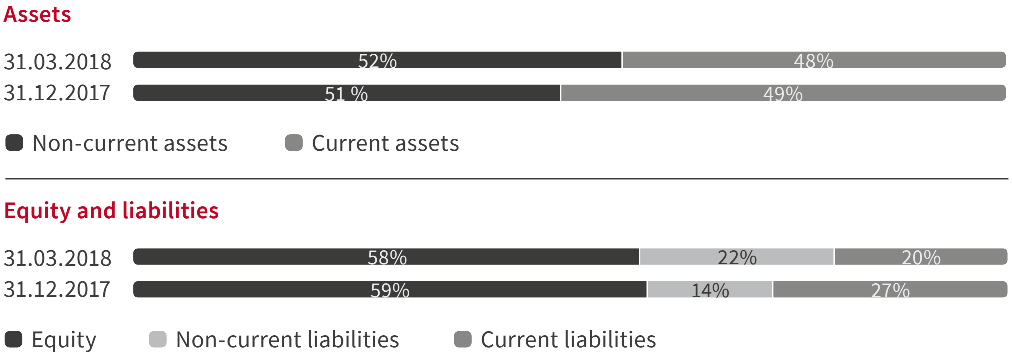
The operating expenses consisted mainly of building rentals of €0.7 million (Q1 2017: €0.6 million) and vehicle-related costs of €0.6 million (Q1 2017: €0.6 million). The other selling expenses related to advertising costs and travel expenses. The administrative expenses largely comprised IT-related costs of €1.2 million (Q1 2017: €0.9 million) and legal and consultancy expenses of €0.6 million (Q1 2017: €0.6 million). The other personnel expenses mainly consisted of training costs of €0.2 million (Q1 2017: €0.1 million).

The net finance costs primarily included interest expense and similar charges of €0.1 million incurred by the drawdown of loans and the use of credit lines (Q1 2017: €0.1 million).

Balance sheet

The Hypoport Group's consolidated total assets as at 31 March 2018 amounted to €154.2 million, which was a 9 per cent increase on the total as at 31 December 2017 (€141.0 million).

Balance sheet structure



Non-current assets totalled €80.6 million (31 December 2017: €72.6 million). They largely consisted of goodwill of €31.7 million (31 December 2017: €24.8 million) and development costs for the financial marketplaces of €26.2 million (31 December 2017: €24.7 million).

Current other assets essentially comprised prepaid expenses of €1.3 million (31 December 2017: €1.0 million) and commission of €0.5 million paid in advance to distribution partners (31 December 2017: €0.4 million).

The equity attributable to Hypoport AG shareholders as at 31 March 2018 had grown by €6.3 million, or 7.6 per cent, to €88.9 million. The equity ratio decreased slightly, from 58.8 per cent to 57.9 per cent, owing to the increase in total assets.

The €13.7 million increase in non-current liabilities to €34.2 million stemmed primarily from the €12.9 million rise in non-current financial liabilities.

Other current liabilities mainly comprised bonus commitments of €2.5 million (31 December 2017: €4.2 million) and tax liabilities of €2.3 million (31 December 2017: €1.4 million).

Total financial liabilities went up by €12.1 million to €28.4 million, the main components of this change being scheduled repayments of bank loans totalling €1.4 million against new loans taken out amounting to €12.5 million.

Cash flow

Cash flow fell by €0.1 million to €7.8 million during the reporting period. The total net cash generated by operating activities in the three months to 31 March 2018 amounted to €11.0 million (Q1 2017: net cash used of €0.2 million). The cash tied up in working capital fell by €11.2 million to minus €3.2 million (Q1 2017: €8.0 million).

The net cash outflow of €11.8 million for investing activities (Q1 2017: €12.5 million) consisted primarily of €7.7 million for the acquisition of IWM Software AG and capital expenditure of €2.9 million on non-current intangible assets (Q1 2017: €1.9 million).

The net cash of €11.2 million provided by financing activities (Q1 2017: €8.9 million) related to new borrowing of €12.5 million (Q1 2017: €10.0 million) and scheduled loan repayments of €1.4 million (Q1 2017: €1.1 million).

Cash and cash equivalents as at 31 March 2018 totalled €24.7 million, which was €10.4 million higher than at the beginning of the year.

Capital expenditure

Most of the capital investment was spent on the acquisition of IWM Software AG (insurance software) and the refinement of the EUROPACE financial marketplace. There was also capital expenditure in relation to the insurance platform and new software solutions for consumers and housing companies.

Employees

The Hypoport Group employed 1,125 people as at 31 March 2018 (31 March 2017: 851 people). Total headcount had increased by 116 people compared with the end of 2017 (31 December 2017: 1,009 employees).

Outlook

Our forecast for the macroeconomic environment has not changed significantly since we presented it in the 2017 annual report (pages 46 and 47).

The German Council of Economic Experts predicts an increase in Germany's GDP of 2.3 per cent in 2018 and 1.8 per cent in 2019. As the rate of inflation in the eurozone remains well below the ECB's target of "below, but close to, 2 per cent", we do not expect any changes to the key interest rate or the deposit rate in the short term although, in the medium term, we anticipate that the volume of bond buying will be gradually reduced.

This sustained period of low interest rates is continuing to put pressure not only on banks but also on insurance companies, whose own investing activities are subject to relatively strict rules. 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 we operate. This creates high demand for bundled products and services for digitalisation that increase efficiency and reduce costs.

The Hypoport Group plans via the two companies acquired after 31 March 2018, FIO Systems AG and Value AG, to significantly strengthen its presence in the housing and real-estate industries in Germany.

For our Hypoport Group, we expect revenue to be at a level of €230 million to €250 million and EBIT of €28 million to €33 million in 2018. This forecast is based on our assumption that the German economy will perform reasonably well and there will be no significant turbulence in the mortgage finance market.

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 new year at €148.40 on 2 January 2018 (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 2018, 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 the previous year. The share price dropped to €120 on the back of this disclosure, but recovered to its previous level by mid-March. The shares closed at €136.40 at the end of the first quarter.

Hypoport shares thus fell by around 8 per cent in the first three months of the year, which was slightly below the performance of the capital markets (DAX −6%, SDAX +/-0%).

In terms of free float market capitalisation, which is relevant to the SDAX ranking, the shares are still positioned in the bottom half of the SDAX. At €1.9 million, the average free float trading volume remained high in the first quarter of 2018 and was in the top half of the SDAX.

Shareholder structure

In the first three months of 2018, there were three notifiable changes affecting the parts of the shareholder structure that are subject to disclosure requirements: 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.

Research

Bankhaus Metzler began covering Hypoport AG in the first quarter of 2018, which means Hypoport shares were covered by five analysts (Bankhaus Metzler, Berenberg, equinet Bank, ODDO BHF and Warburg Research) in total. At the end of the quarter, four analysts recommended the shares as a 'buy' and one as a 'hold', with the target prices ranging from €139 to €164 depending on each analyst's assessment.

Designated sponsor

Designated sponsors enhance a share's liquidity by quoting binding prices at which they will buy and sell the share. In the first quarter of 2018, the designated sponsor for Hypoport AG was Oddo Seydler Bank AG, Frankfurt am Main.

Performance of Hypoport shares (daily closing prices, Xetra, €) up to 31 Mar 2018

Interim consolidated financial statements

Consolidated income statement for the period 1 January to 31 March 2018

	Q1 2018 €'000	Q1 2017 €'000
Revenue	60,105	47,684
Selling expenses	−28,579	−22,038
Gross profit	**31,526**	**25,646**
Own work capitalised	2,257	1,647
Other operating income	856	737
Personnel expenses	−17,779	−13,917
Other operating expenses	−7,363	−5,544
Income from companies accounted for using the equity method	10	36
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**9,507**	**8,605**
Depreciation, amortisation expense and impairment losses	−1,970	−1,611
Earnings before interest and tax (EBIT)	**7,537**	**6,994**
Financial income	13	20
Finance costs	−196	−101
Earnings before tax (EBT)	**7,354**	**6,913**
Income taxes and deferred taxes	−1,477	−1,482
Net profit for the year	**5,877**	**5,431**
attributable to non−controlling interest	13	0
attributable to Hypoport AG shareholders	**5,864**	**5,431**
Earnings per share (€)	**0.98**	**0.91**

Consolidated statement of comprehensive income for the period 1 January to 31 March 2018

	Q1 2018 €'000	Q1 2017 €'000
Net profit (loss) for the year	**5,877**	**5,431**
Total income and expenses recognized in equity*	0	0
Total comprehensive income	**5,877**	**5,431**
attributable to non-controlling interest	13	0
attributable to Hypoport AG shareholders	**5,864**	**5,431**

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

Consolidated balance sheet as at 31 March 2018

Assets	31 Mar 2018 €'000	31 Dec 2017 €'000
Non-current assets		
Intangible assets	64,882	55,971
Property, plant and equipment	6,495	4,447
Investments accounted for using the equity method	1,061	1,050
Financial assets	1,522	1,428
Trade receivables	3,087	6,671
Other assets	1,326	1,287
Deferred tax assets	2,182	1,750
	80,555	**72,604**
Current assets		
Trade receivables	44,819	42,664
Other current items	3,981	11,252
Income tax assets	129	127
Cash and cash equivalents	24,729	14,333
	73,658	**68,376**
	154,213	**140,980**
Equity and Liabilities		
Equity		
Subscribed capital	6,195	6,195
Treasury shares	−247	−249
Reserves	82,958	76,654
	88,906	**82,600**
Non-controlling interest	319	306
	89,225	**82,906**
Non-current liabilities		
Financial liabilities	26,244	13,360
Provisions	87	87
Deferred tax liabilities	7,878	7,031
	34,209	**20,478**
Current liabilities		
Provisions	104	95
Financial liabilities	2,120	2,942
Trade payables	14,863	23,338
Current income tax liabilities	464	951
Other liabilities	13,228	10,270
	30,779	**37,596**
	154,213	**140,980**

Abridged consolidated statement of changes in equity for the three months ended 31 March 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
Sale of own shares	0	11	2	13	0	13
Total comprehensive income	0	0	5,431	5,431	0	5,431
Balance as at 31 March 2017	**5,942**	**2,616**	**60,716**	**69,274**	**303**	**69,577**

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
Sale of own shares	0	423	19	442	0	442
Total comprehensive income	0	0	5,864	5,864	13	5,877
Balance as at 31 March 2018	**5,946**	**3,328**	**79,632**	**88,906**	**319**	**89,225**

Abridged segment reporting for the period 1 January to 31 March 2018

€'000	Credit Platform	Private Clients	Institutional Clients	Insurance Platform	Reconciliation	Group
Segment revenue in respect of third parties	**22,484**	**26,132**	**5,996**	**5,418**	**75**	**60,105**
1 Jan – 31 Mar 2017*	18,316	20,367	5,282	3,659	60	47,684
Segment revenue in respect of other segments	**257**	**56**	**0**	**139**	**−452**	**0**
1 Jan – 31 Mar 2017*	183	59	5	148	−395	0
Total segment revenue	**22,741**	**26,188**	**5,996**	**5,557**	**−377**	**60,105**
1 Jan – 31 Mar 2017*	18,499	20,426	5,287	3,807	−335	47,684
Gross profit	**12,658**	**9,730**	**5,827**	**3,236**	**75**	**31,526**
1 Jan – 31 Mar 2017*	9,997	7,912	5,214	2,475	48	25,646
Segment earnings before interest, tax, depreciation and amortisation (EBITDA)	**5,065**	**4,444**	**2,416**	**−453**	**−1,965**	**9,507**
1 Jan – 31 Mar 2017*	4,469	3,536	1,901	153	−1,454	8,605
Segment earnings before interest and tax (EBIT)	**4,233**	**4,298**	**2,241**	**−816**	**−2,419**	**7,537**
1 Jan – 31 Mar 2017	3,813	3,294	1,744	−129	−1,728	6,994
Segment assets 31 Mar 2018	**58,461**	**21,730**	**31,292**	**35,646**	**7,084**	**154,213**
Segment assets 31 Dec 2017	55,971	18,580	29,132	32,836	4,461	140,980

Consolidated cash flow statement for the period 1 January 2018 to 31 March 2018

	Q1 2018 €'000	Q1 2017 €'000
Earnings before interest and tax (EBIT)	7,537	6,994
Non-cash income / expense	−520	−968
Interest received	13	20
Interest paid	−196	−101
Income taxes paid	−1,418	−572
Current tax	216	−24
Change in deferred taxes	275	886
Income from companies accounted for using the equity method	−11	−36
Depreciation and amortisation expense, impairment losses / reversals of impairment losses on non-current assets	1,970	1,611
Gains / losses on the disposal of non-current assets	−30	48
Cashflow	**7,836**	**7,858**
Increase / decrease in current provisions	9	−14
Increase / decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	9,307	1,018
Increase / decrease in trade payables and other liabilities not attributable to investing or financing activities	−6,148	−9,045
Change in working capital	**3,168**	**−8,041**
Cash flows from operating activities	**11,004**	**−183**
Payments to acquire property, plant and equipment / intangible assets	−3,962	−2,608
Cash outflows for acquisitions less acquired cash	−7,702	−9,940
Proceeds from the disposal of financial assets	12	10
Purchase of financial assets	−106	0
Cash flows from investing activities	−11,758	−12,538
Proceeds from the drawdown of loans under finance facilities	12,500	10,000
Redemption of bonds and loans	−1,350	−1,100
Cash flows from financing activities	**11,150**	**8,900**
Net change in cash and cash equivalents	10,396	−3,821
Cash and cash equivalents at the beginning of the period	14,333	22,411
Cash and cash equivalents at the end of the period	**24,729**	**18,590**

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 business units: Credit Platform, Private Clients, Institutional Clients and Insurance Platform. All four units are engaged in the distribution of financial services, facilitated or supported by technology (fintech).

Operating through its subsidiaries Dr. Klein Privatkunden AG and Vergleich.de Gesellschaft für Verbraucherinformation mbH (referred to jointly below as 'Dr. Klein'), the Hypoport Group offers private clients internet-based banking and financial products (providing advice, if requested, either by telephone or face to face) ranging from current accounts and insurance to mortgage finance.

DR. KLEIN Firmenkunden AG has been a major financial service partner to housing companies, local authorities and commercial property investors since 1954. The Institutional Clients business unit provides its institutional customers in Germany with a fully integrated service comprising expert advice and customised solutions in the areas of financial management, portfolio management, and insurance for business customers. Hypoport B.V., the Group's subsidiary in the Netherlands, helps its customers to analyse and report on securitised or collateralised loan portfolios.

The Hypoport Group, together with its subsidiaries Hypoport Mortgage Market Ltd. (mortgage loans, building finance) and EUROPACE AG (personal loans, credit insurance), operates the EUROPACE B2B financial marketplace, the largest transaction platform for the sale of financial products. A fully integrated system links a large number of banks and insurers with several thousand financial advisors, thereby enabling products to be sold swiftly and directly.

The Hypoport Group operates an insurance platform through its subsidiary Smart InsurTech GmbH. The platform's integrated solution enables the efficient administration of insurance portfolios while comprehensive price comparison tools provide optimum support for advisory services.

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 for the period ended 31 March 2018 for Hypoport AG 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 business units 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.

Basis of consolidation

The consolidation as at 31 March 2018 included 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 %
Dr. Klein Privatkunden AG, Lübeck (formerly Dr. Klein & Co. AG, Lübeck)	100.00
Dr. Klein Finance S.L.U., Santa Ponca (Mallorca)	100.00
DR. KLEIN Firmenkunden AG, Lübeck	100.00
EUROPACE AG, Berlin	100.00
GENOPACE GmbH, Berlin	50.025
Hypoport B.V., Amsterdam	100.00
Hypoport Grundstücksmanagement GmbH, Berlin	100.00
Hypoport Invest GmbH, Berlin	100.00
Hypoport Mortgage Market Ltd., Westport (Irland)	100.00
Hypoport Systems GmbH, Berlin	100.00
Hypservice GmbH, Berlin	100.00
INNOFINANCE GmbH, Wörthsee	100.00
INNOSYSTEMS GmbH, Wörthsee	100.00
Maklersoftware.com GmbH, Winzer	100.00
NKK Programm Service AG, Regensburg	100.00
Qualitypool GmbH, Lübeck	100.00
Starpool Finanz GmbH, Berlin	50.025
Vergleich.de Gesellschaft für Verbraucherinformation mbH, Berlin	100.00
Vergleich.de Versicherungsservice GmbH, Lübeck	100.00
Volz Software GmbH, Hamburg	100.00
Volz Vertriebsservice GmbH, Ulm	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	
Genoport Kreditmanagement GmbH, Berlin	25.00
IMMO CHECK Gesellschaft für Informationsservice mbH, Bochum	33.33

With the exception of Expertise Management & Holding GmbH, FINMAS GmbH, Hypoport on-geo GmbH, LBL Data Services B.V., Genoport Kreditmanagement GmbH and IMMO Check Gesellschaft für Informationsservice mbH (which are accounted for under the equity method owing to lack of control), all of the 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 three 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 business unit.

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

IWM initial consolidation	Fair value recognises on acquisition €'000
Assets	
Intangible assets	503
Property, plant and equipment	1,533
Financial assets	0
Trade receivables	524
Other current items	124
Cash and cash equivalents	98
	2,782
Liabilities	
Financial liabilities	(932)
Trade payables	(18)
Other liabilities	(593)
Deferred tax liabilities	(140)
	(1,683)
Total identifiable net assets at fair value	1,099
Goodwill arising on acquisition (provisional)	6,901
Purchase consideration transferred	**8,000**
Analysis of cash flows on acquisition:	
Net cash acquired with the subsidiary (included in Cashflow from investing activities)	98
Cash paid	(7,800)
Net cash outflow	**7,702**

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 acquisition will be restated. Since the time of acquisition, IWM Software AG has contributed a total of €0.6 million to revenue and a loss of €0.2 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 company's existing employees. These advantages are not recognised separately from goodwill because they do not satisfy the recognition requirements for intangible assets. The goodwill recognised is non-deductible for tax purposes.

The Group incurred total costs of €63 thousand for legal advice and due diligence in connection with the acquisition. These costs are shown under administrative expenses in the income statement and under cash flows from operating activities in the cash flow statement.

Income taxes and deferred taxes

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

Income taxes and deferred taxes	Q1 2018 €'000	Q1 2017 €'000
Income taxes and deferred taxes	1,477	1,482
current income taxes	1,201	596
deferred taxes	276	886
in respect of timing differences	677	−187
in respect of tax loss carryforwards	−401	1,073

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 quarter of 2018, there were no share options that would have a dilutive effect on earnings per share.

Earnings Per Share	Q1 2018 €'000	Q1 2017 €'000
Net incomefor the year (€'000)	5,877	5,431
of which attributable to Hypoport AG stockholders	5,864	5,431
Basic weighted number of outstanding shares (€'000)	5,970	5,942
Earnings per share (€)	**0.98**	**0.91**

As a result of the release of treasury shares, the number of shares in issue rose by 1,723, from 5,946,386 as at 31 December 2017 to 5,948,109 as at 31 March 2018.

Intangible assets and property, plant and equipment

Intangible assets primarily comprised development costs of €26.2 million for the financial marketplaces (31 December 2017: €24.7 million) and goodwill of €31.7 million (31 December 2017: €24.8 million). The rise in goodwill was the result of the first-time consolidation of IWM Software AG.

Property, plant and equipment largely consisted of office furniture and equipment amounting to €3.8 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 Expertise management & Holding GmbH (Hypoport's interest: 50 per cent), FINMAS GmbH, Berlin (Hypoport's interest: 50 per cent), Hypoport on-geo GmbH, Berlin (Hypoport's interest: 50 per cent) and LBL Data Services B.V., Amsterdam (Hypoport's interest: 50 per cent) as well as of the associates Genoport Kreditmanagement GmbH, Berlin (Hypoport's interest: 25 per cent) and IMMO Check Gesellschaft für Informationsservice mbH, Bochum (Hypoport's interest: 33.33 per cent). In the first quarter of 2018, the profit from equity-accounted long-term equity investments amounted to €10 thousand (Q1 2017: €36 thousand).

Subscribed capital

The Company's subscribed capital as at 31 March 2018 was unchanged at €6,194,958.00 (31 December 2017: €6,194,958.00) and was divided into 6,194,958 (31 December 2017: 6,194,958) fully paid-up, registered no-par-value shares.

The Annual Shareholders' Meeting held on 5 May 2017 voted to carry forward Hypoport AG's distributable profit of €52,576,396.46 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 246,849 treasury shares as at 31 March 2018 (equivalent to €246,849.00, or 4.0 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 in January 2018	1,669	0.027	18,150.15	234,826.30	216,676.16
Dissemination in February 2018	23	0.000	243.80	2,929.70	2,685.90
Dissemination in March 2018	31	0.001	328.60	3,932.90	3,604.30
Balance as at 31 March 2018	**246,849**	**3.985**	**9,846,628.86**		

The release of treasury shares was part of an employee share ownership programme 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 (€1.396 million, of which €423 thousand 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 quarter of 2018 attributable to non-controlling interests was €13 thousand (Q1 2017: €0 thousand). Total non-controlling interests amounted to €319 thousand as at 31 March 2018 (31 December 2017: €306 thousand), of which €219 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) and €100 thousand (31 December 2017: €100 thousand) to GENOPACE GmbH (non-controlling interest of 49.975 per cent).

Share-based payment

No share options were issued in the first quarter of 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 31 March 2018.

	Shares (number) 31 Mar 2018	Shares (number) 31 Dec 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
Christian Schröder	14,000	14,000

The companies in the Hypoport Group have not carried out any further disclosable transactions with members of either the Supervisory Board or the Group Management Board or with companies on whose management or supervisory bodies these persons are represented. This also applies to close family members related to these persons.

Revenue of €58 thousand was generated by joint ventures in the first quarter of 2018 (Q1 2017: €28 thousand). As at 31 March 2018, receivables from joint ventures amounted to €53 thousand (31 December 2017: €195 thousand) and liabilities to such companies totalled €256 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

In the mortgage finance sector, the first quarter of 2018 was characterised by a good level of construction activity. The Company expects to see an encouraging trend in the sale of insurance products to private and institutional clients during the course of the year caused, among other things, by certain industry-wide cancellation deadlines and tax issues. .

Events after the reporting period

All of the shares in Value AG, Berlin, and FIO SYSTEMS AG, Leipzig, were acquired after the 31 March 2018. By acquiring Value AG, the Hypoport Group is significantly bolstering its competitive position in the property valuation segment. By acquiring FIO SYSTEMS AG, Hypoport is strengthening its range of software solutions for the financial and real-estate sectors.

The acquisitions expand the basis of consolidation. This will result in slight changes to the Group's financial position and financial performance. Revenue will go up, and there is likely to be a positive impact on EBIT. The number of employees will also rise.

Apart from the aforementioned matter, no other material event has occurred so far that is of particular significance to the financial position and financial performance of the Hypoport Group in 2018.

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 May 2018

Hypoport AG – The Management Board


Ronald Slabke


Stephan Gawarecki


Hans Peter Trampe

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DEUTSCHE BÖRSE
PRIME STANDARD