

**Interim report
of Hypoport AG
for the period ended
30 Sep 2017**









Berlin, 30 Oct 2017












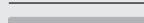
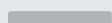



Key performance indicators

Interim report of Hypoport AG for the period ended 30 Sep 2017

Key performance indicators

Revenue and earnings (€'000)	9M 2017	9M 2016	Change
Revenue	143,690	113,508	 27%
Gross profit	75,774	59,757	 27%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	23,793	20,607	 15%
Earnings before interest and tax (EBIT)	18,595	16,980	 10%
EBIT margin (EBIT as a percentage of gross profit)	24.5	28.4	 -14%
Net income for the year	14,791	13,086	 13%
attributable to Hypoport AG shareholders	14,754	13,087	 13%
Earnings per share (€)	2.48	2.17	 14%

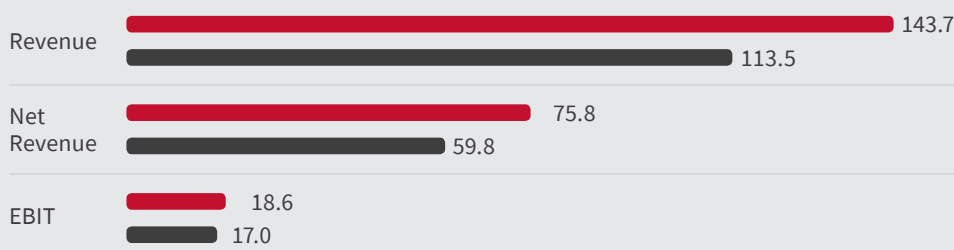
	Q3 2017	Q3 2016	Change
Revenue	48,428	39,820	 22%
Gross profit	25,149	21,456	 17%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	7,083	7,131	 -1%
Earnings before interest and tax (EBIT)	5,238	5,853	 -11%
EBIT margin (EBIT as a percentage of gross profit)	20.8	27.3	 -24%
Net income for the year	4,167	4,405	 -5%
attributable to Hypoport AG shareholders	4,156	4,409	 -6%
Earnings per share (€)	0.70	0.73	 -4%

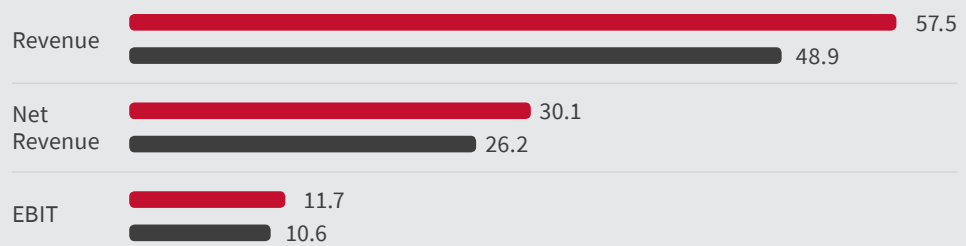
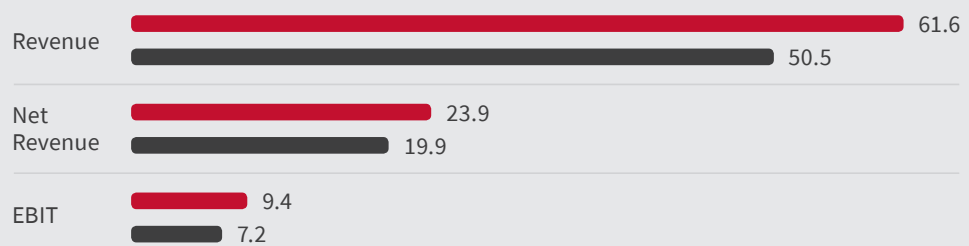
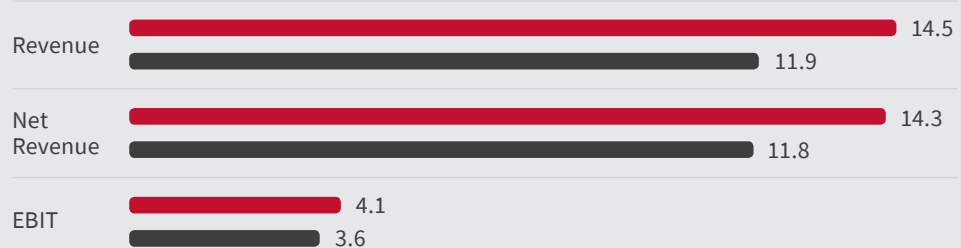
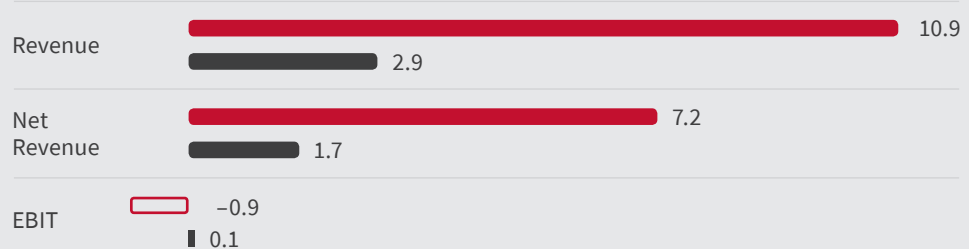
Financial position (€'000)	30 Sep 2017	31 Dec 2016	Change
Current assets	62,932	57,230	 10%
Non-current assets	71,885	54,868	 31%
Equity	78,948	64,133	 23%
attributable to Hypoport AG shareholders	78,608	63,830	 23%
Equity ratio (%)	58.6	57.2	 2%
Total assets	134,817	112,098	 20%

Revenue, Net Revenue and EBIT (€ million)

● 9M 2017 ● 9M 2016

Hypoport Group



Credit Platform**Privat Clients****Institutional Clients****Insurance Platform**

Contents

Letter to shareholders	6
Management report	8
Business and economic conditions	8
Business performance	9
Earnings	13
Balance sheet	15
Cash flow	16
Capital expenditure	16
Employees	16
Shares and investor relations	16
Outlook	18
Interim consolidated financial statements	19
Notes to the interim consolidated financial statements	24

Letter to shareholders

Dear shareholder,

The Hypoport Group delivered an excellent performance in the first half of 2017, and the results for the third quarter of 2017 were also positive overall. Our revenue, for example, rose by 27 per cent to €143.7 million in the first nine months of the year. Consequently, gross profit increased by 27 per cent to €75.8 million and EBIT by 10 per cent to €18.6 million.

The picture presented by the individual business units – Credit Platform, Private Clients, Institutional Clients and our new Insurance Platform business unit – is slightly mixed due, in part, to the different conditions in the various markets. Whereas the Credit Platform and Private Clients business units fared very well throughout the first nine months of 2017, the Institutional Clients business unit performed excellently in the first six months but was unable to sustain the level of revenue in the third quarter. The Insurance Platform business unit continued to gain market share.

In detail, the revenue growth in our Credit Platform and Private Clients business units (17 per cent and 22 per cent respectively) enabled them to expand their market share significantly in what was a rather weak market environment. The market as a whole only grew by around 1 per cent¹ between January and August. The Credit Platform business unit achieved this by increasing the number of distribution partners and the volume of transactions on the B2B financial marketplace EUROPACE and its exceptionally fast-growing FINMAS and GENOPACE sub-marketplaces. The contribution of our new property valuation service to revenue is still low at the moment but is rising steadily. Although there were small start-up losses, the break-even point will be reached soon.

The Private Clients business unit also performed impressively, with further awards for Dr. Klein Privatkunden AG and another increase in the number of advisors. We are delighted with this qualitative and quantitative success. It underlines the trust that our clients have in Dr. Klein's advisory services. The resulting revenue growth of 22 per cent and the even bigger 30 per cent or so increase in EBIT speak for themselves.

In the Institutional Clients business unit, third-quarter revenue was lower than in the first two quarters of 2017. This was due to the lack of stimulus from interest rates and the growing uncertainty about future housebuilding policy following the German general election. As we are stepping up capital expenditure on sales capacity and the digitalisation of business processes with borrowers and lenders in this business unit, its EBIT has decreased. Overall, however, revenue for the first nine months of 2017 amounted to €14.5 million and thus rose by around 21 per cent. EBIT for the nine-month period advanced by roughly 15 per cent to €4.1 million.

¹ Statistics from Deutsche Bundesbank for the period January to August 2017 relating to the volume of new home loan business compared with the same period of 2016.

Our newest business unit, Insurance Platform, increased its revenue significantly to €10.9 million due to the integration of the companies acquired in 2016 and 2017 to the platform. The Smart InsurTech brand for this fully integrated digital platform for large distribution organisations and insurance brokers delivers a one-stop solution that offers advice, product comparisons and the administration of insurance contracts. The benefits for affiliated insurance brokers, such as increased efficiency and reduced costs, are huge. We have budgeted for start-up losses but expect revenue growth in this business unit to remain buoyant.

The Hypoport Group with its four business units is ideally positioned. The Credit Platform and Private Clients business units continue to deliver strong results. Although the Institutional Clients business unit had a weak third quarter following two strong quarters in the first half of the year, all three of these business units are focused on further revenue and earnings growth with high levels of capital expenditure on IT development and expansion of the sales network. As it continues to increase its revenue, the new Insurance Platform business unit will be a welcome addition for all of us.

Kind regards,

A handwritten signature in black ink, appearing to read 'R. Slabke', written in a cursive style.

Ronald Slabke

Management report

Business and economic conditions

Macroeconomic environment

The macroeconomic environment has not changed significantly since we reported on it in Hypoport AG's 2016 annual report (page 9). In their autumn report published at the end of September 2017, Germany's leading economic research institutes predicted a rise in gross domestic product (GDP) of 1.9 per cent in 2017 and 2.0 per cent in 2018.

Conditions in the financial services sector

Conditions in the financial services sector have changed only slightly since we reported on them in Hypoport AG's 2016 annual report (pages 10 to 12).

Following the sharp rise in the number of planning approvals in 2016 (19.8 per cent increase on 2015), the figure declined by 6.6 per cent or 14,200 in the first seven months of 2017 according to the German Federal Statistical Office. However, the number remains high at a total of 199,400 homes approved. During the same period, new orders in the primary construction industry were up slightly, by 2.8 per cent.

Individual political parties announced, some during the general election campaign, that they would introduce subsidies, tax relief and the reduction of fees in order to stimulate private housebuilding and ease the situation for buyers. This may be causing some market participants and consumers to hold back until the election promises have been delivered upon.

The gap between demand for housing and the supply of available homes is therefore continuing to widen rapidly. Based on conservatively estimated net inward migration of approximately 500,000 people, there will continue to be a housing shortage of around 1.1 million homes in 2017.

In the first eight months of 2017, the volume of mortgage finance in the market as a whole held steady with an increase of just 1 per cent compared with the same period of 2016 according to the latest data from Deutsche Bundesbank. The overall market figures for September 2017 had not been published at the time this report was prepared.

Mortgage interest rates changed only slightly in the first nine months of 2017. Starting the year at 0.93 per cent, the best Dr. Klein interest rate for ten-year mortgage bonds rose to around 1.10 per cent in the days that followed and, apart from a short-lived increase in March, remained within a narrow range of approximately 1.00 to 1.10 per cent until August. In September 2017, the best interest rate dropped slightly, to 0.97 per cent.

In February 2017, the European Insurance and Occupational Pensions Authority (EIOPA) published its advice for the insurance industry on implementation of the Insurance Distribution Directive (IDD). This EU directive was transposed into national law by the two chambers of the

German parliament, the Bundestag and Bundesrat, at the end of June 2017. The law comes into force on 28 February 2018 and strengthens Germany's existing model of the co-existence of fee-based advice and commission-based sales. At the same time, the new legislation will entail more administrative effort for the insurance sector and thus greater cost pressures.

Business performance

In the first nine months of 2017, the Hypoport Group increased its revenue by 26.6 per cent to €143.7 million (Q1–Q3 2016: €113.5 million). Factoring in other income and selling expenses, gross profit went up by 26.8 per cent to €75.8 million (Q1–Q3 2016: €59.8 million). This enabled the Hypoport Group to generate earnings before interest and tax (EBIT) of €18.6 million (Q1–Q3 2016: €17.0 million). Hypoport's EBIT thus rose by 9.5 per cent compared with the corresponding period of 2016.

Credit Platform business unit

The Credit Platform business unit brings together all subsidiaries whose direct or indirect purpose is to generate growth for the EUROPACE financial marketplace.

In the first nine months of 2017, the total volume of transactions generated on EUROPACE increased by 9.6 per cent to €36.4 billion (Q1–Q3 2016: €33.2 billion). Taking into account that there were more sales days – 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) – the transaction volume per sales day of €190 million in the third quarter of 2017 was down slightly on the very good figure reported for the second quarter of 2017 of €199 million. But it was up significantly (by 6 per cent) on the figure of €179 million for the third quarter of 2016.











The growth of the EUROPACE marketplace was predominantly driven by the higher transaction volume generated by neutral mortgage finance distributors and by the increased use of EUROPACE as a technology-based advisory solution by savings banks and cooperative banks. In the first nine months of 2017, the sales volume generated on FINMAS – the sub-marketplace for the savings bank sector – rose by 66.1 per cent to €1.8 billion (Q1–Q3 2016: €1.1 billion), while the volume of business brokered via GENOPACE grew by 21.4 per cent to €0.9 billion (Q1–Q3 2016: €0.7 billion).

As at 30 September 2017, a total of 478 partners were using the EUROPACE, GENOPACE and FINMAS financial marketplaces (30 September 2016: 386), a year-on-year rise of 92 partners or 23.8 per cent. This growth in the number of partners was primarily attributable to the 57 new GENOPACE partners (30 September 2017: 223) and 31 new FINMAS partners (30 September 2017: 167).

Management report

Interim report of Hypoport AG for the period ended 30 Sep 2017

In addition to EUROPACE, the Hypoport Group is systematically expanding its range of property valuation services for lenders through its HypService GmbH subsidiary. The response from existing partners has been very positive thanks to the high degree of integration with EUROPACE and the quality of the service. In the first nine months of the year, this expansion of the product range depressed earnings by €0.5 million, but the break-even point will be reached soon.

Financial figures Credit Platform	Q3 2016*	Q3 2017	9M 2016*	9M 2017	9M Change
Transaction volume (billion €)					
Total	11.8	12.3	33.2	36.4	 10%
thereof mortgage finance	9.4	9.7	26.2	28.7	 10%
thereof personal loan	0.6	0.7	1.8	2.0	 11%
thereof building finance	1.8	1.9	5.2	5.7	 9%
Partners (number)					
EUROPACE (incl. GENOPACE + FINMAS)			386	478	 24%
GENOPACE			166	223	 34%
FINMAS			136	167	 23%
Revenue and earnings (million €)					
Revenue	17.2	19.7	48.9	57.5	 17%
Gross profit	9.5	10.8	26.2	30.1	 15%
EBIT	3.7	3.9	10.6	11.7	 10%

* The comparative prior-year tax figures have been adjusted and are explained in section 4 of the notes to the interim consolidated financial statements "Comparative figures for 2016"


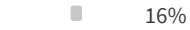











In the first nine months of 2017, the Credit Platform business unit reported revenue of €57.5 million (Q1–Q3 2016: €48.9 million), which equates to an increase of 17.5 per cent. This resulted in gross profit of €30.1 million (Q1–Q3 2016: €26.2 million), a rise of 14.6 per cent. EBIT increased at the slightly slower rate of 10.4 per cent to reach €11.7 million (Q1–Q3 2016: €10.6 million) owing to expansion of the distribution network, especially for regional banks, greater capital expenditure on IT in order to quickly refine EUROPACE, and the aforementioned start-up losses in the property valuation product segment.

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.

Dr. Klein Privatkunden's growth is largely determined by the number of franchisees and advisors – and their performance – above all in the area of mortgage finance. As at 30 September 2017, this number had risen once more, by 46 advisors (or 9.3 per cent), to 542 (30 September 2016: 496).

The business unit again widened its share of the mortgage finance market significantly, with the volume of loans brokered advancing by 19.8 per cent to €4.0 billion (Q1–Q3 2016: €3.3 billion). Dr. Klein Privatkunden also continued to benefit from major offline partnerships in the personal loans product segment. As a result, the volume of personal loans climbed by 64.0 per cent to €0.30 billion (Q1–Q3 2016: €0.19 billion). The smallest product segment, building finance, saw its transaction volume jump by 81.8 per cent to €0.08 billion (Q1–Q3 2016: €0.04 billion).

Financial figures Private Clients	Q3 2016*	Q3 2017	9M 2016*	9M 2017	9M Change
Transaction volume (billion €)					
Financing	1.2	1.3	3.3	4.0	 20%
thereof mortgage finance	1.1	1.2	3.1	3.6	 16%
thereof personal loan	0.071	0.082	0.185	0.303	 64%
thereof building finance	0.015	0.025	0.044	0.081	 82%
Number of franchise advisors (financing)			496	542	 9%
Insurance policies under management			31 Dec 2016	30 Sep 2017	
Insurance policies u. m. (total)			68.9	67.5	 -2%
thereof insurance policies u. m. (life insurance)			38.6	36.5	 -6%
thereof Insurance policies u. m. (private health insurance)			14.4	14.5	 1%
thereof Insurance policies u. m. (SHUK)			15.8	16.4	 4%
Number of franchise advisors (insurance)			171	140	 -18%
Revenue and earnings (million €)	Q3 2016*	Q3 2017	9M 2016*	9M 2017	
Revenue	17.3	21.7	50.5	61.6	 22%
Gross profit	6.6	8.4	19.9	23.9	 20%
EBIT	2.5	3.4	7.2	9.4	 31%








* The comparative prior-year tax figures have been adjusted and are explained in section 4 of the notes to the interim consolidated financial statements "Comparative figures for 2016"

Total revenue in the Private Clients business unit advanced by 21.9 per cent to €61.6 million (Q1–Q3 2016: €50.5 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 thus be seen from the change in gross profit, which was up by 20.1 per cent to €23.9 million (Q1–Q3 2016: €19.9 million). EBIT increased by a disproportionately strong 30.7 per cent to €9.4 million (Q1–Q3 2016: €7.2 million) due to economies of scale.

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 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 nine months of 2017, the volume of new business brokered amounted to €1,568.1 million (Q1–Q3 2016: €1,172.2 million), an increase of 33.8 per cent. The bulk of this amount – €1,454.1 million – was attributable to new business, which rose at the even faster rate of 46.1 per cent in the first nine months of 2017 (Q1–Q3 2016: €995.3 million). The volume of renewal business brokered decreased by 35.6 per cent to €114.0 million in the same period (Q1–Q3 2016: €177.0 million). Consulting revenue rose by 6.5 per cent to €3.9 million (Q1–Q3 2016: €3.7 million) due to clients' greater need for advice in connection with implementing new financing projects.

Financial figures Institutional Clients	Q3 2016	Q3 2017	9M 2016	9M 2017	9M Change
Transaction volume (million €)					
Brokered loans (total)	408	436	1,172	1,568	 34%
New business	345	416	995	1,454	 46%
Renewals	63	20	177	114	 -36%
Consulting revenue (million €)					
Consulting revenue (million €)	1.2	1.2	3.7	3.9	 7%
Revenue and earnings (million €)					
Revenue	4.0	3.7	11.9	14.5	 21%
Gross profit	3.9	3.7	11.8	14.3	 21%
EBIT	1.4	0.6	3.6	4.1	 15%

Owing to the strong growth in the volume of new business, revenue in the Institutional Clients business unit was up by 21.2 per cent to €14.5 million in the nine-month period (Q1–Q3 2016: €11.9 million). Gross profit amounted to €14.3 million due to the low selling expenses under this business model (Q1–Q3 2016: €11.8 million). Higher capital expenditure on the digitalisation of business processes and on further expansion of the sales network meant that EBIT went up under proportionately by 14.9 per cent, to €4.1 million (Q1–Q3 2016: €3.6 million).

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.






Financial figures Insurance Platform	Q3 2016	Q3 2017	9M 2016	9M 2017	9M Change
Revenue and earnings (million €)					
Revenue	1.7	3.7	2.9	10.9	 >100%
Gross profit	1.3	2.3	1.7	7.2	 >100%
EBIT	0.0	-0.6	0.1	-0.9	 >-100%

The newest and still smallest business unit reported revenue of €10.9 million in the first nine months of 2017 (Q1–Q3 2016: €2.9 million). As only a few of the business unit's activities had been part of the Hypoport Group in 2016, comparisons with the prior-year period are of only limited use. The primary objective of the insurance platform is to gain more market share through acquisitions, attractive pricing structures and capital expenditure on IT. The resulting impact on EBIT, which amounted to a loss of €0.9 million (Q1–Q3 2016: income of €0.1 million), is in line with the start-up losses that we expected.

Earnings

Against the backdrop of the operating performance described above, the EBITDA of the Hypoport Group as a whole for the first nine months of 2017 rose from €20.6 million to €23.8 million and EBIT from €17.0 million to €18.6 million. In the third quarter of 2017, the Company generated EBITDA of €7.1 million (Q3 2016: €7.1 million) and EBIT of €5.2 million (Q3 2016: €5.9 million).

Against a backdrop of higher personnel expenses (partly in connection with IT development and sales in all business units) and other operating expenses, the EBIT margin (EBIT as a percentage of gross profit) for the first nine months of 2017 fell from 28.4 per cent to 24.5 per cent.

Revenue and earnings (million €)	Q3 2016	Q3 2017	9M 2016	9M 2017	9M Change
Revenue	39.8	48.4	113.5	143.7	 27%
Gross profit	21.5	25.1	59.8	75.8	 27%
EBITDA	7.1	7.1	20.6	23.8	 15%
EBIT	5.9	5.2	17.0	18.6	 10%
EBIT margin (EBIT as percentage of gross profit)	27.3%	20.8%	28.4%	24.5%	 -14%

Management report

Interim report of Hypoport AG for the period ended 30 Sep 2017

Own work capitalised

In the third quarter of 2017, 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 housing companies. This capital expenditure forms the basis for future growth in the four business units, Credit Platform, Private Clients, Institutional Clients and Insurance Platform.







In the third quarter of 2017, the Company invested a total of €3.8 million in expansion of the IT systems (Q3 2016: €2.4 million); in the first nine months of this year, it spent €10.8 million (Q1–Q3 2016: €6.5 million). Of these totals, €1.9 million was capitalised in the third quarter of 2017 (Q3 2016: €1.6 million) and €5.2 million was capitalised in the first nine months of this year (Q1–Q3 2016: €4.1 million), while amounts of €1.9 million for the third quarter of 2017 (Q3 2016: €0.8 million) and €5.6 million for the first nine months of this year (Q1–Q3 2016: €2.4 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 NKK Programm Service AG, Maklersoftware.com GmbH and INNOSYSTEMS GmbH.

Other income and expenses

Other operating income mainly comprised income of €1.4 million from other accounting periods (Q1–Q3 2016: €0.7 million) and income of €0.6 million from employees' contributions to their company car (Q1–Q3 2016: €0.5 million).

Personnel expenses for the first nine months of 2017 rose owing to salary increases and because the average number of employees during the period advanced from 682 to 888. The acquisitions carried out were the main reason for the growth in headcount.

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

Other operating expenses (million €)	9M 2016	9M 2017	Q3 2016	Q3 2017	9M Change
Operating expenses	1.7	2.0	4.5	6.2	 38%
Other selling expenses	0.8	1.1	2.4	3.2	 33%
Administrative expenses	1.8	2.4	5.0	6.3	 26%
Other personnel expenses	0.1	0.3	0.5	0.7	 40%
Other expenses	0.2	0.2	0.8	1.1	 38%
	4.6	6.0	13.2	17.5	 33%

The operating expenses consisted mainly of building rentals of €1.8 million (Q1–Q3 2016: €1.6 million) and vehicle-related costs of €1.8 million (Q1–Q3 2016: €1.3 million). The other selling expenses related to advertising costs and travel expenses. Administrative expenses largely comprised IT-related expenses of €2.9 million (Q1–Q3 2016: €2.7 million) and higher legal and consultancy expenses (predominantly due to the acquisitions made) of €1.7 million (Q1–Q3

2016: €0.8 million). The other personnel expenses mainly consisted of training costs of €0.4 million (Q1–Q3 2016: €0.4 million).

The net finance costs primarily included interest expense and similar charges of €0.3 million incurred by the drawdown of loans and the use of credit lines (Q1–Q3 2016: €0.3 million).

Balance sheet

The Hypoport Group's consolidated total assets as at 30 September 2017 amounted to €134.8 million, which was a 20 per cent increase on the total as at 31 December 2016 (€112.1 million).

Balance sheet structure

Assets



Equity and liabilities



Non-current assets totalled €71.9 million (31 December 2016: €54.9 million). They largely consisted of development costs of €23.4 million for the financial marketplaces (31 December 2016: €21.1 million) and goodwill of €24.5 million (31 December 2016: €18.6 million).

Current other assets essentially comprised prepaid expenses of €1.0 million (31 December 2016: €0.9 million) and commission of €0.5 million paid in advance to distribution partners (31 December 2016: €0.9 million).

The equity attributable to Hypoport AG shareholders as at 30 September 2017 had grown by €14.8 million, or 23.2 per cent, to €78.6 million. The equity ratio improved only slightly, from 57.2 per cent to 58.6 per cent, owing to the increase in total assets.

The €9.7 million increase in non-current liabilities to €20.8 million stemmed primarily from the €7.6 million rise in non-current financial liabilities.

Other current liabilities mainly comprised bonus commitments of €4.1 million (31 December 2016: €4.7 million) and tax liabilities of €1.5 million (31 December 2016: €1.3 million).

Management report

Interim report of Hypoport AG for the period ended 30 Sep 2017

Total financial liabilities went up by €7.0 million to €17.7 million, the main components of this change being scheduled repayments of bank loans totalling €3.8 million against new loans taken out amounting to €10.0 million.

Cash flow

Cash flow edged up by €0.1 million to €19.6 million during the reporting period. The total net cash generated by operating activities in the nine months to 30 September 2017 amounted to €10.0 million (Q1–Q3 2016: €11.4 million). The cash used for working capital rose by €1.5 million to €9.6 million (Q1–Q3 2016: €8.1 million).

The net cash outflow of €17.8 million for investing activities (Q1–Q3 2016: €9.8 million) primarily consisted of €9.9 million for the acquisitions of Maklersoftware.com GmbH, INNOSYSTEMS GmbH and INNOFINANCE GmbH and capital expenditure of €6.0 million on non-current intangible assets (Q1–Q3 2016: €5.0 million).

The net cash of €6.2 million provided by financing activities (Q1–Q3 2016: net cash used of €1.4 million) related to new borrowing of €10.0 million (Q1–Q3 2016: €4.0 million) and scheduled loan repayments of €3.8 million (Q1–Q3 2016: €3.4 million).

Cash and cash equivalents as at 30 September 2017 totalled €20.8 million, which was €1.6 million lower than at the beginning of the year.

Capital expenditure

Most of the capital investment was spent on the acquisitions of Maklersoftware.com GmbH (insurance software), INNOSYSTEMS GmbH (insurance software) and INNOFINANCE GmbH (financial services for insurers) and 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 housing companies.

Employees

The number of employees in the Hypoport Group rose by 17.4 per cent compared with the end of 2016 to 936 people (31 December 2016: 797 employees). An average of 888 people were employed in the first nine months of 2017 (Q1–Q3 2016: 682 people).

Shares and investor relations

The shares of Hypoport AG started the year at €77.48 on 2 January 2017, which was also their lowest daily closing price in the first nine months of 2017. The share price rose to almost €90 in mid-January then remained within a narrow range of between €80 and €90 until mid-April. Supported by the Company's reports of good transaction volumes on EUROPACE and good

revenue and earnings for the Hypoport Group in the first quarter, the shares climbed rapidly between mid-April and early June 2017 to reach an interim high of €132.90 on 2 June 2017. Following this sharp increase, the share price then fell as a result of profit-taking, dropping to €110.45 on 4 July 2017. After going back up in the days that followed, the shares remained within a range of €120 to €130 over the next two months. From the middle of September, they began to rise from this level and closed at €148.85 on 29 September 2017. As a result, market capitalisation increased significantly to around €920 million.

Hypoport shares thus rose by more than 92 per cent in the first nine months of the year, comfortably exceeding the capital markets' growth rates (DAX +11%, SDAX +24%).

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 22,675 shares per day, the average free float trading volume remained high in the first nine months of 2017 and was in the top half of the SDAX.

There were four notifiable changes to the shareholder structure in the first three quarters of 2017. At the start of April 2017, Postbank informed us that its voting share in Hypoport AG had fallen from the previous 4.99 per cent to 2.93 per cent. In May 2017, KBC Asset Management notified us that it now held a 3.06 per cent stake in Hypoport AG as a result of acquiring shares. At the beginning of August 2017, Union Investment told us that it held a total of 5.04 per cent of Hypoport shares. Also at that time, WA Holdings Inc. notified us that it had acquired a stake of 3.20 per cent in Hypoport AG.

Performance of Hypoport's share price (daily closing prices on Xetra, Euro) to 30 September 2017



Outlook

Our forecast for the macroeconomic environment has not changed significantly since we presented it in Hypoport AG's 2016 annual report (pages 45 to 47).

In terms of the conditions in our market, the Joint Economic Forecast published by the leading economic research institutes in early September 2017 predicts GDP growth for Germany of 1.9 per cent this year and 2.0 per cent next year. The rate of inflation in the eurozone remained below the target set by the European Central Bank (ECB) of "below, but close to, 2 per cent" in the first nine months of 2017. The relatively low level of inflation and the moderate growth in real wages are the reasons that the ECB continues to put forward for not raising the key interest rate from the current 0.0 per cent, for maintaining the bond buying programme and for keeping the negative interest rate of minus 0.4 per cent for deposits. We do not expect any changes in this regard in the short term although, in the medium term, we anticipate that the volume of bond buying will be gradually reduced.

The 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, the new statutory requirements are increasing the administrative effort for insurance brokers, which means they are now more interested in lowering their costs. The products and services offered by Hypoport through its new Insurance Platform business unit for digitalising sales and portfolio processes in the insurance sector are therefore continuing to gain significantly in importance.

We still expect the Hypoport Group's revenue and earnings growth for 2017 as a whole to be just into double figures. 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.

Interim consolidated financial statements

Consolidated income statement for the period 1 January 2017 to 30 September 2017

	9M 2017 €'000	9M 2016 €'000	Q3 2017 €'000	Q3 2016 €'000
Revenue	143,690	113,508	48,428	39,820
Selling expenses	-67,916	-53,751	-23,279	-18,364
Gross profit	75,774	59,757	25,149	21,456
Own work capitalised	5,170	4,108	1,867	1,628
Other operating income	2,506	1,937	344	321
Personnel expenses	-42,312	-32,059	-14,347	-11,631
Other operating expenses	-17,476	-13,188	-5,940	-4,613
Income from companies accounted for using the equity method	131	52	10	-30
Earnings before interest, tax, depreciation and amortisation (EBITDA)	23,793	20,607	7,083	7,131
Depreciation, amortisation expense and impairment losses	-5,198	-3,627	-1,845	-1,278
Earnings before interest and tax (EBIT)	18,595	16,980	5,238	5,853
Financial income	298	30	0	4
Finance costs	-321	-277	-106	-108
Earnings before tax (EBT)	18,572	16,733	5,132	5,749
Income taxes and deferred taxes	-3,781	-3,647	-965	-1,344
Net profit for the year	14,791	13,086	4,167	4,405
attributable to non-controlling interest	37	-1	11	-4
attributable to Hypoport AG shareholders	14,754	13,087	4,156	4,409
Earnings per share (€)	2.48	2.17	0.70	0.73

Consolidated statement of comprehensive income for the period 1 January 2017 to 30 September 2017

	9M 2017 €'000	9M 2016 €'000	Q3 2017 €'000	Q3 2016 €'000
Net profit for the year	14,791	13,086	4,167	4,405
Total income and expenses recognized in equity*)	0	0	0	0
Total comprehensive income	14,791	13,086	4,167	4,405
attributable to non-controlling interest	37	-1	11	-4
attributable to Hypoport AG shareholders	14,754	13,087	4,156	4,409

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

Interim consolidated financial statements

Interim report of Hypoport AG for the period ended 30 Sep 2017

Consolidated balance sheet as at 30 September 2017

	30 Sep 2017 €'000	31 Dec 2016 €'000
Assets		
Non-current assets		
Intangible assets	54,052	41,660
Property, plant and equipment	4,528	2,631
Investments accounted for using the equity method	728	576
Financial assets	1,444	1,089
Trade receivables	8,139	6,475
Other assets	1,878	1,850
Deferred tax assets	1,116	587
	71,885	54,868
Current assets		
Trade receivables	38,109	31,686
Other current items	3,895	3,031
Income tax assets	102	102
Cash and cash equivalents	20,826	22,411
	62,932	57,230
	134,817	112,098
Equity and Liabilities		
Equity		
Subscribed capital	6,195	6,195
Treasury shares	-251	-253
Reserves	72,664	57,888
	78,608	63,830
Non-controlling interest	340	303
	78,948	64,133
Non-current liabilities		
Financial liabilities	13,891	6,270
Provisions	87	87
Other liabilities	0	10
Deferred tax liabilities	6,835	4,784
	20,813	11,151
Current liabilities		
Provisions	68	154
Financial liabilities	3,775	4,441
Trade payables	19,398	18,776
Current income tax liabilities	1,265	1,731
Other liabilities	10,550	11,712
	35,056	36,814
	134,817	112,098

Abridged consolidated statement of changes in equity for the nine months ended 30 September 2017

2016 €'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 2016	6,039	2,345	44,007	52,391	270	52,661
Dissemination of own shares	3	0	35	38	0	38
Purchase of own shares	-32	0	-1,949	-1,981	0	-1,981
Total comprehen- sive income	0	0	13,087	13,087	-1	13,086
Balance as at 30 September 2016	6,010	2,345	55,180	63,535	269	63,804

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

Interim consolidated financial statements

Interim report of Hypoport AG for the period ended 30 Sep 2017

Consolidated cash flow statement for the period 1 January to 30 September 2017

	9M 2017 €'000	9M 2016 €'000
Earnings before interest and tax (EBIT)	18,595	16,980
Non-cash income / expense	-698	-785
Interest received	298	30
Interest paid	-321	-277
Income taxes paid	-2,443	-806
Current tax	-1,082	-1,009
Change in deferred taxes	256	1,832
Income from companies accounted for using the equity method	-131	-53
Depreciation and amortisation expense, impairment losses / reversals of impairment losses on non-current assets	5,198	3,627
Losses on the disposal of non-current assets	-48	-1
Cashflow	19,624	19,538
Increase / decrease in current provisions	-86	-30
Increase / decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	-7,157	-2,603
Increase / decrease in trade payables and other liabilities not attributable to investing or financing activities	-2,354	-5,456
Change in working capital	-9,597	-8,089
Cash flows from operating activities	10,027	11,449
Payments to acquire property, plant and equipment / intangible assets	-7,902	-5,863
Cash outflows for acquisitions less acquired cash	-9,562	-3,876
Proceeds from the disposal of financial assets	15	8
Purchase of financial assets	-363	-33
Cash flows from investing activities	-17,812	-9,764
Purchase of own shares	0	-1,981
Proceeds from the drawdown of loans under finance facilities	10,000	4,000
Redemption of loans	-3,800	-3,400
Cash flows from financing activities	6,200	-1,381
Net change in cash and cash equivalents	-1,585	304
Cash and cash equivalents at the beginning of the period	22,411	24,757
Cash and cash equivalents at the end of the period	20,826	25,061

Abridged segment reporting for the period 1 January to 30 September 2017

€'000	Credit Platform	Private Clients	Institutional Clients	Insurance Platform	Reconciliation	Group
Segment revenue in respect of third parties						
9M 2017	57,003	61,422	14,444	10,443	378	143,690
9M 2016*	48,373	50,331	11,909	2,726	169	113,508
Q3 2017	19,555	21,642	3,653	3,525	53	48,428
Q3 2016*	16,991	17,237	4,010	1,519	63	39,820
Segment revenue in respect of other segments						
9M 2017	478	142	10	452	-1,082	0
9M 2016*	549	156	21	139	-865	0
Q3 2017	144	47	3	147	-341	0
Q3 2016*	174	51	3	139	-367	0
Total segment revenue						
9M 2017	57,481	61,564	14,454	10,895	-704	143,690
9M 2016*	48,922	50,487	11,930	2,865	-696	113,508
Q3 2017	19,699	21,689	3,656	3,672	-288	48,428
Q3 2016*	17,165	17,288	4,013	1,658	-304	39,820
Gross profit						
9M 2017	30,058	23,850	14,349	7,166	351	75,774
9M 2016*	26,230	19,863	11,829	1,696	139	59,757
Q3 2017	10,752	8,379	3,662	2,299	57	25,149
Q3 2016*	9,498	6,600	3,945	1,274	139	21,456
Segment earnings before interest, tax, depreciation and amortisation (EBITDA)						
9M 2017	13,870	10,145	4,581	-11	-4,792	23,793
9M 2016*	12,188	7,855	4,006	161	-3,603	20,607
Q3 2017	4,679	3,659	738	-289	-1,704	7,083
Q3 2016*	4,251	2,677	1,509	83	-1,389	7,131
Segment earnings before interest and tax (EBIT)						
9M 2017	11,705	9,421	4,091	-907	-5,715	18,595
9M 2016*	10,600	7,208	3,561	80	-4,469	16,980
Q3 2017	3,906	3,412	572	-605	-2,047	5,238
Q3 2016*	3,677	2,462	1,356	36	-1,678	5,853
Segment assets						
1 Jan - 30 Sep 2017	48,105	24,793	29,487	25,399	7,033	134,817
1 Jan - 31 Dec 2016*	49,203	25,530	23,590	10,526	3,249	112,098

* The comparative prior-year tax figures have been adjusted and are explained in section 4 of the notes to the interim consolidated financial statements
"Comparative figures for 2016"

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 uses its EUROPACE B2B financial marketplace – the largest transaction platform – to sell financial products through its subsidiaries Hypoport Mortgage Market Ltd. (mortgage loans, building finance) and EUROPACE AG (personal loans, credit insurance). 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 (formerly Hypoport 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 of Hypoport AG for the nine months ended 30 September 2017 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 2016. These condensed interim consolidated financial statements should therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2016 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 2016. 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 essentially the same as those used in 2016.

Comparative figures for 9M and Q3 2016

The Hypoport Group restructured its segment reporting with effect from 1 January 2017. Following this restructuring, the Group now has four (previously three) target-group-oriented business units.

The Insurance Platform business unit is new and was created as a result of the acquisitions of Maklersoftware.com GmbH, INNOSYSTEMS GmbH and INNOFINANCE GmbH in the first quarter of 2017 and the foundation of Hypoport InsurTech GmbH (now Smart InsurTech GmbH) and the acquisition of NKK Programm Service AG last year. The new Insurance Platform business unit brings together all of the Hypoport Group's activities relating to insurance technology. It includes firms whose technology provides solutions for certain aspects of the insurance platform or that, as providers of processing services, promote business on the insurance platform.

As part of the restructuring, the Financial Service Providers business unit was also renamed 'Credit Platform' in order to distinguish it more clearly from the Insurance Platform business unit.

The Private Clients business unit now brings together all business models aimed at end customers.

The Institutional Clients business unit continues to provide financial support for institutional clients.

Administrative expenses in respect of management, administration, accounting and human resources are still reported under the heading 'Reconciliation', which also includes any consolidation effects.

The comparative segment reporting figures for the first nine months and third quarter of 2016 have been restated as follows as a result of the restructuring.

Abridged segment reporting for the period 1 January to 30 September 2016

€'000	Credit Platform	Private Clients	Institutional Clients	Insurance Platform	Reconci- liation	Group
Segment revenue in respect of third parties						
9M 2016 adjusted	48,373	50,331	11,909	2,726	169	113,508
9M 2016 as reported	37,410	64,020	11,909	0	169	113,508
Change	10,963	-13,689	0	2,726	0	0
Q3 2016 adjusted	16,991	17,237	4,010	1,519	63	39,820
Q3 2016 as reported	13,858	21,889	4,010	0	63	39,820
Change	3,133	-4,652	0	1,519	0	0
Segment revenue in respect of other segments						
9M 2016 adjusted	549	156	21	139	-865	0
9M 2016 as reported	909	52	21	0	-982	0
Change	-360	104	0	139	117	0
Q3 2016 adjusted	174	51	3	139	-367	0
Q3 2016 as reported	445	19	3	0	-467	0
Change	-271	32	0	139	100	0
Total segment revenue						
9M 2016 adjusted	48,922	50,487	11,930	2,865	-696	113,508
9M 2016 as reported	38,319	64,072	11,930	0	-813	113,508
Change	10,603	-13,585	0	2,865	117	0
Q3 2016 adjusted	17,165	17,288	4,013	1,658	-304	39,820
Q3 2016 as reported	14,303	21,908	4,013	0	-404	39,820
Change	2,862	-4,620	0	1,658	100	0
Gross profit						
9M 2016 adjusted	26,230	19,863	11,829	1,696	139	59,757
9M 2016 as reported	25,321	22,468	11,829	0	139	59,757
Change	909	-2,605	0	1,696	0	0
Q3 2016 adjusted	9,498	6,600	3,945	1,274	139	21,456
Q3 2016 as reported	10,023	7,349	3,945	0	139	21,456
Change	-525	-749	0	1,274	0	0
Segment earnings before interest, tax, depreciation and amortisation (EBITDA)						
9M 2016 adjusted	12,188	7,855	4,006	161	-3,603	20,607
9M 2016 as reported	11,180	8,084	4,006	0	-2,663	20,607
Change	1,008	-229	0	161	-940	0
Q3 2016 adjusted	4,251	2,677	1,509	83	-1,389	7,131
Q3 2016 as reported	4,471	2,602	1,509	0	-1,451	7,131
Change	-220	75	0	83	62	0

Interim consolidated financial statements

Interim report of Hypoport AG for the period ended 30 Sep 2017

€'000	Credit Platform	Private Clients	Institutional Clients	Insurance Platform	Reconciliation	Group
Segment earnings before interest and tax (EBIT)						
9M 2016 adjusted	10,600	7,208	3,561	80	-4,469	16,980
9M 2016 as reported	9,575	7,373	3,561	0	-3,529	16,980
Change	1,025	-165	0	80	-940	0
Q3 2016 adjusted	3,677	2,462	1,356	36	-1,678	5,853
Q3 2016 as reported	3,861	2,366	1,356	0	-1,730	5,853
Change	-184	96	0	36	52	0
Segment assets						
1 Jan - 30 Sep 2016 adjusted	47,189	23,069	25,505	10,288	3,218	109,269
1 Jan - 30 Sep 2016 as reported	53,960	26,586	25,505	0	3,218	109,269
Change	-6,771	-3,517	0	10,288	0	0
1 Jan - 31 Dec 2016 adjusted	49,203	25,530	23,590	10,526	3,249	112,098
1 Jan - 31 Dec 2016 as reported	56,146	29,113	23,590	0	3,249	112,098
Change	-6,943	-3,583	0	10,526	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 2017 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.

With the exception of Expertise Management & Holding GmbH, FINMAS GmbH, Hypoport on-geo GmbH, LBL Data Services B.V. 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.

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
Hyperservice GmbH, Berlin	100.00
INNOFINANCE GmbH, Wörthsee	100.00
INNOSYSTEMS GmbH, Wörthsee	100.00
Klosterstraße 71 Objektgesellschaft mbH, Berlin	100.00
Maklersoftware.com GmbH, Winzer	100.00
NKK Programm Service AG, Regensburg	100.00
Qualitypool GmbH, Lübeck	100.00
Smart InsurTech GmbH, Berlin (formerly Hypoport InsurTech GmbH, Berlin)	100.00
Starpool Finanz GmbH, Berlin	50.025
Vergleich.de Gesellschaft für Verbraucherinformation mbH, Berlin	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	
IMMO CHECK Gesellschaft für Informationsservice mbH, Bochum	33.33

Changes to the basis of consolidation; Acquisitions

The Hypoport Group carried out the following acquisitions in the first nine months of 2017.

All of the shares in Maklersoftware.com GmbH (insurance software), INNOSYSTEMS GmbH (insurance software) and INNOFINANCE GmbH (financial services for insurers) were acquired on

10 January 2017. By acquiring these two software firms and the financial service provider, the Hypoport Group is significantly bolstering its competitive position in the insurtech market. In addition to the efficient administration of insurance portfolios, the Hypoport Group can now offer market participants proven advisory software and a comprehensive price comparison tool for insurance products.

The consideration transferred for the acquisition of the shares in Maklersoftware.com GmbH amounted to €4.0 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. Maklersoftware.com GmbH was included in the interim consolidated financial statements with effect from 1 January 2017. 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:

Maklersoftware.com initial consolidation	Fair value recognises on acquisition €'000
Assets	
Intangible assets	1,996
Property, plant and equipment	1,061
Financial assets	221
Trade receivables	388
Other current items	219
Cash and cash equivalents	17
	3,902
Liabilities	
Financial liabilities	(800)
Trade payables	(114)
Other liabilities	(298)
Deferred tax liabilities	(598)
	(1,810)
Total identifiable net assets at fair value	2,092
Goodwill arising on acquisition (provisional)	1,908
Purchase consideration transferred	4,000
Analysis of cash flows on acquisition	
Net cash acquired with the subsidiary (included in cash Cashflow aus Investitionstätigkeit) flows from investing activities)	17
Cash paid	(4,000)
Net cash outflow	3,983

The consideration transferred for the acquisition of the shares in INNOSYSTEMS GmbH amounted to €4.0 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. INNOSYSTEMS GmbH was included in the interim consolidated financial statements with effect from 1 January 2017. 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:

INNOSYSTEMS initial consolidation	Fair value recognises on acquisition €'000
Assets	
Intangible assets	1,492
Property, plant and equipment	42
Financial assets	28
Trade receivables	231
Other current items	0
Cash and cash equivalents	2
	1,795
Liabilities	
Financial liabilities	(0)
Trade payables	(38)
Other liabilities	(198)
Deferred tax liabilities	(446)
	(682)
Total identifiable net assets at fair value	1,113
Goodwill arising on acquisition (provisional)	2,887
Purchase consideration transferred	4,000
Analysis of cash flows on acquisition	
Net cash acquired with the subsidiary (included in cash Cashflow aus Investitionstätigkeit) flows from investing activities)	2
Cash paid	(4,000)
Net cash outflow	3,998

The consideration transferred for the acquisition of the shares in INNOFINANCE GmbH amounted to €2.0 million and consisted entirely of the purchase price paid. The purchase consideration was largely attributable to insurance portfolios and goodwill. The acquisition was accounted for using the acquisition method. INNOFINANCE GmbH was included in the interim consolidated financial statements with effect from 1 January 2017. 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:

INNOFINANCE initial consolidation	Fair value recognises on acquisition €'000
Assets	
Intangible assets	739
Property, plant and equipment	0
Financial assets	3
Trade receivables	416
Other current items	0
Cash and cash equivalents	41
	1,199
Liabilities	
Financial liabilities	(0)
Trade payables	(52)
Other liabilities	(60)
Deferred tax liabilities	(222)
	(334)
Total identifiable net assets at fair value	865
Goodwill arising on acquisition (provisional)	1,135
Purchase consideration transferred	2,000
Analysis of cash flows on acquisition	
Net cash acquired with the subsidiary (included in cash Cashflow aus Investitionstätigkeit) flows from investing activities)	41
Cash paid	(2,000)
Net cash outflow	1,959

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 the time of acquisition, Maklersoftware.com GmbH, INNOSYSTEMS GmbH and INNOFINANCE GmbH have contributed a total of €5.0 million to revenue and €0.3 million to net profit for the year.

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

The Group incurred total costs of €108 thousand 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.

Dr. Klein Privatkunden AG founded Dr. Klein Finance S.L.U., Santa Ponça, Mallorca, on 23 March 2017. The object of this entity is loan brokerage, investment brokerage, documentation and brokerage activities in connection with purchase agreements and leases for properties of all kinds, brokerage of insurance agreements, management consultancy and business consultancy. This business was allocated to the Private Clients business unit.

On 24 April 2017, DR. KLEIN Firmenkunden AG and Ritterwald Unternehmensberatung GmbH, Berlin, founded Expertise Management & Holding GmbH, Berlin. This company's subscribed capital amounts to €40,000.00 and is fully paid-up. DR. KLEIN Firmenkunden AG's initial capital contribution was €20,000.00. The object of the company is the establishment, acquisition, sale, holding and administration of companies and long-term equity investments. The Hypoport Group's aim in founding the company is to be able to offer loan brokerage and consulting services to the European housing sector. Expertise Management & Holding GmbH is accounted for under the equity method. Its activities were allocated to the Institutional Clients business unit.

On 3 May 2017, Hypoport AG founded Hypoport Grundstücksmanagement GmbH, Berlin, and Klosterstrasse 71 Objektgesellschaft mbH, Berlin. Each company's subscribed capital amounts to €25,000.00 and is fully paid-up. The object of each company is the acquisition, management and sale of land and property. The companies' activities are shown under 'Reconciliation'.

Smart InsurTech GmbH acquired Volz Software GmbH, Hamburg, and Volz Vertriebsservice GmbH, Ulm, with effect from 7 September 2017. The acquisitions were accounted for using the acquisition method. The activities of Volz Software GmbH and Volz Vertriebsservice GmbH were allocated to the Insurance Platform business unit. Furthermore, Smart InsurTech GmbH concluded an agreement on 27 September 2017 to acquire all of the shares in IWM Software AG, Nonnweiler, with effect from 1 January 2018. The aim of these three acquisitions is to drive forward the digitalisation of the insurance market and to expand the fully integrated digital insurance platform with additional customers, employees and technologies.

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 2017	9M 2016	Q3 2017	Q3 2016
Income taxes and deferred taxes	3,781	3,647	965	1,344
current income taxes	3,525	1,815	1,268	537
deferred taxes	256	1,832	-303	807
in respect of timing differences	689	959	-166	399
in respect of tax loss carryforwards	-433	873	-137	408

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 2017, there were no share options that would have a dilutive effect on earnings per share.

Earnings per share	9M 2017	9M 2016	Q3 2017	Q3 2016
Net income for the year (€'000)	14,791	13,086	4,167	4,405
of which attributable to Hypoport AG stockholders	14,754	13,087	4,156	4,409
Basic weighted number of outstanding shares (€'000)	5,943	6,019	5,944	6,010
Earnings per share (€)	2.48	2.17	0.70	0.73

As a result of the release of treasury shares, the number of shares in issue rose by 2,161, from 5,941,843 as at 31 December 2016 to 5,944,004 as at 30 September 2017.

Intangible assets and property, plant and equipment

Intangible assets primarily comprised development costs of €23.4 million for the financial marketplaces (31 December 2016: €21.1 million) and goodwill of €24.5 million (31 December 2016: €18.6 million). The increase in goodwill resulted from the first-time consolidation of Maklersoftware.com GmbH, INNOSYSTEMS GmbH and INNOFINANCE GmbH.

Property, plant and equipment consisted solely of office furniture and equipment amounting to €4.5 million (31 December 2016: €2.6 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, Berlin (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 associate IMMO Check Gesellschaft für Informationsservice mbH, Bochum (Hypoport's interest: 33.33 per cent). In the first nine months of 2017, the profit from equity-accounted long-term equity investments amounted to €131 thousand (Q1–Q3 2016: €52 thousand).

Subscribed capital

The Company's subscribed capital as at 30 September 2017 was unchanged at €6,194,958.00 (31 December 2016: €6,194,958.00) and was divided into 6,194,958 (31 December 2016: 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 250,954 treasury shares as at 30 September 2017 (equivalent to €250,954.00, or 4.1 per cent, of the subscribed capital of Hypoport AG), which are intended to be issued to employees or used as consideration for the acquisition of new subsidiaries. The change in the balance of treasury shares and the main data relating to transactions in 2017 are shown in the following table:

Change in the balance of treasury shares in 2017	Number of shares	Proportion of subscribed capital (%)	Cost of purchase (€)	Sale price (€)	Gain or loss on sale (€)
Opening balance as at 1 January 2017	253,115	4.086	9,914,143.86		
Dissemination in January 2017	15	0.000	163.50	1,173.44	1,009.94
Dissemination in February 2017	24	0.000	261.60	2,030.40	1,768.80
Dissemination in March 2017	108	0.002	1,177.20	9,523.65	8,346.45
Dissemination in April 2017	1,895	0.031	20,114.90	169,792.00	149,677.10
Dissemination in May 2017	81	0.001	850.50	8,351.10	7,500.60
Dissemination in July 2017	17	0.000	180.30	1,748.50	1,568.20
Dissemination in August 2017	16	0.000	170.40	1,433.60	1,263.20
Dissemination in September 2017	5	0.000	53.25	448.00	394.75
Balance as at 30 Sep 2017	250,954	4.051	9,891,172.21		

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 issuance of shares to employees (€675 thousand, of which €1 thousand relates to 2017).

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 2016: €7 thousand) are also reported under this item.

Non-controlling interests

The net profit for the first nine months of 2017 attributable to non-controlling interests was €37 thousand (Q1–Q3 2016: net loss of €1 thousand). Total non-controlling interests amounted to €340 thousand as at 30 September 2017 (31 December 2016: €303 thousand), of which €240 thousand (31 December 2016: €203 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 2016: €100 thousand) to GENOPACE GmbH (non-controlling interest of 49.975 per cent).

Share-based payment

No share options were issued in the third quarter of 2017.

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 2017.

	Shares (number) 30 Sep 2017	Shares (number) 31 Dec 2016
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	9,500
Roland Adams	0	0
Christian Schröder	14,000	14,700

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

Revenue generated by joint ventures totalled €29 thousand in the third quarter of 2017 (Q3 2016: €18 thousand) and €87 thousand in the first nine months of this year (Q1–Q3 2016: €59 thousand). As at 30 September 2017, receivables from joint ventures amounted to €21 thousand (31 December 2016: €73 thousand) and liabilities to such companies totalled €65 thousand (31 December 2016: €69 thousand).

Opportunities and risks

Please refer to the opportunities and risks report that forms part of the group management report in our 2016 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 2017. In the mortgage finance sector, the first nine months of 2017 were characterised by a solid 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

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, 30 October 2017

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

