Interim report of Hypoport AG first half-year 2018

Berlin, 6 Aug 2018

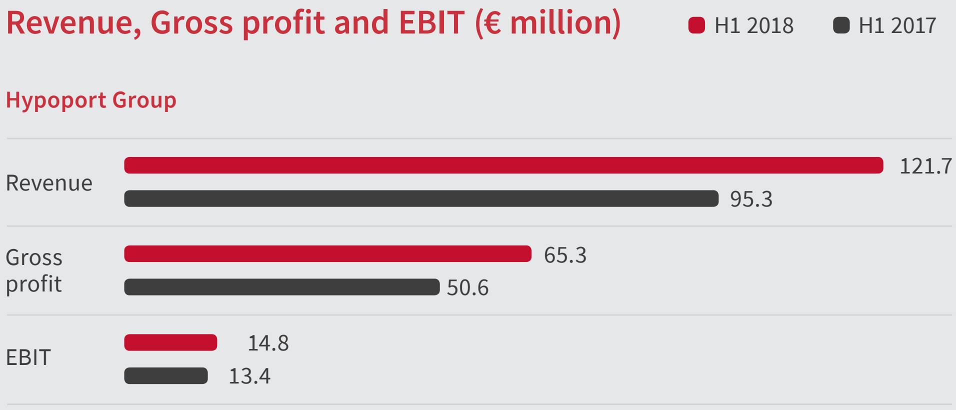
Key performance indicators

Revenue and earnings (€'000)	H1 2017	H1 2018	Change
Revenue	95,262	121,745	28%
Gross profit	50,625	65,282	29%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	16,710	19,005	14%
Earnings before interest and tax (EBIT)	13,357	14,787	11%
EBIT margin (EBIT as a percentage of Gross profit)	26.4	22.7	−14%
Net profit for the year	10,624	11,366	7%
attributable to Hypoport AG shareholders	10,598	11,343	7%
Earnings per share (€)	1.78	1.88	6%

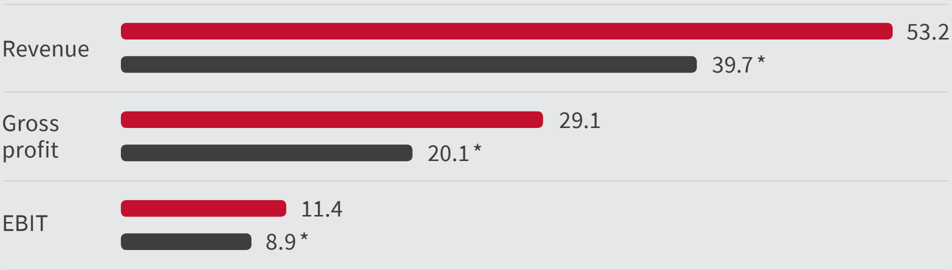
	Q2 2017	Q2 2018	Change
Revenue	47,578	61,640	30%
Gross profit	24,979	33,756	35%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	8,105	9,498	17%
Earnings before interest and tax (EBIT)	6,363	7,250	14%
EBIT margin (EBIT as a percentage of Gross profit)	25.5	21.5	−16%
Net profit for the year	5,193	5,489	6%
attributable to Hypoport AG shareholders	5,167	5,479	6%
Earnings per share (€)	0.87	0.90	3%

Financial position (€'000)	31 Dec 2017	30 Jun 2018	Change
Current assets	68,376	77,790	14%
Non-current assets	72,604	205,499	183%
Equity	82,906	141,945	71%
attributable to Hypoport AG shareholders	82,600	141,608	71%
Equity ratio (%)	58.8	50.1	−15%
Total assets	140,980	283,289	101%

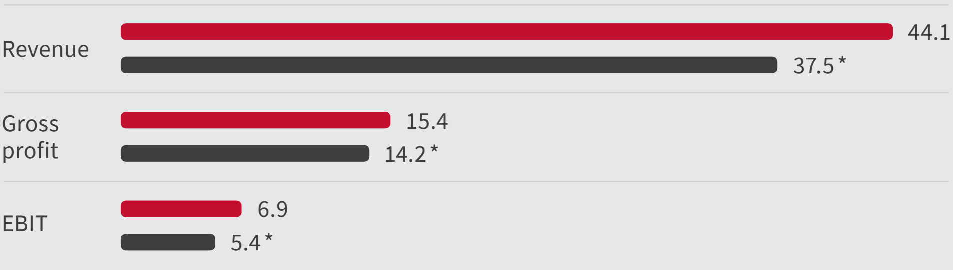
Revenue, Gross profit and EBIT (€ million)



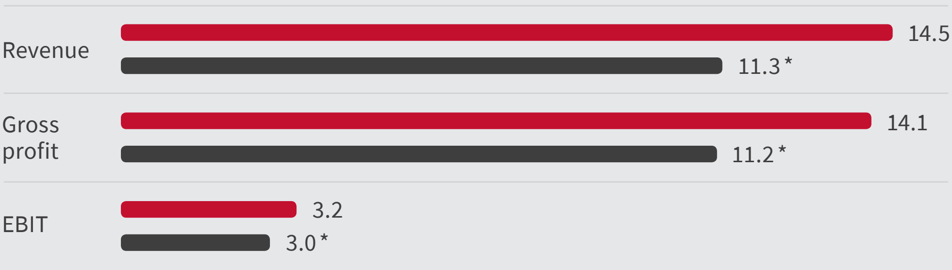
Credit Platform



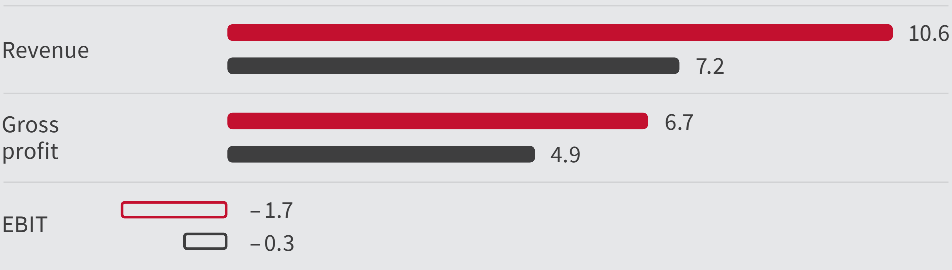
Privat Clients



Real Estate Platform (former Institutional Clients)



Insurance Platform



* 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 2017"

Contents

Letter to shareholders

Dear shareholder,

In the first six months of 2018, the Hypoport Group generated revenue of €121.7 million and thus exceeded the €100 million mark for a half-year period for the very first time, and by a comfortable margin. The Group generated revenue growth – largely organically – of 28 per cent in a only sligtly growing overall market, illustrating the strong market position of our corporate network. Alongside the growth in revenue of Hypoport Group, gross profit rose by 29 per cent in the first half of 2018, from €50.6 million to €65.3 million. The 11 per cent increase in EBIT from €13.4 million to €14.8 million is proof that we have once again been able to find the right balance between investments that promote future growth and our efforts to maintain the steady upward trajectory of our EBIT.

What makes our growth in the first half of 2018 particularly impressive is that little to none of the contributions to revenue and profits of our three most recent acquisitions – FIO Systems AG, Value AG and ASC Assekuranz-Service Center GmbH – are included in the results for the period. FIO and Value AG have only been consolidated since May 2018, and ASC will start to contribute to the results of the Hypoport Group from July 2018. All three companies will thus be making contributions to the growth of the Hypoport Group in the second half of 2018.

FIO and Value AG were integrated into the Institutional Clients segment, which has now been renamed. As the business models of Value AG and of the existing Group company HypService GmbH are complementary, HypService was reassigned to the same segment with retroactive effect from 1 January 2018. The Institutional Clients segment, which now also includes these subsidiaries, combines all of the Group's real estate-related activities (except private mortgage finance) in one place with the aim of digitalising the valuation, management and sale of properties. The name 'Institutional Clients' no longer reflects the newly extended remit of this segment and we have therefore decided to change its name to 'Real Estate Platform' (further details can be found in the management report and the notes to the consolidated financial statements).

The Hypoport Group is now organised in four segments: Credit Platform, Private Clients, Real Estate Platform and Insurance Platform. I would now like to go into further detail about the performance of each of these segments in the first half of 2018:

At the technological core of our Credit Platform segment is the EUROPACE financial marketplace, the largest German software platform offering mortgages, building finance products and personal loans. In the first half of 2018, EUROPACE increased its transaction volume by 16 per cent to €27.9 billion. This rise was supported by all four sales groups – independent loan brokerage advisors, private banks, savings banks and cooperative banks. Once more, the FINMAS sub-marketplace for savings banks expanded at an even faster rate, reporting growth of 73 per cent, while GENOPACE, our sub-marketplace for the cooperative financial network, also achieved encouraging growth at 27 per cent. EUROPACE, FINMAS and GENOPACE and their growing network of contractual partners (now standing at 565, an increase of 24 per cent) generated more revenue thanks to their increased transaction volume. The two brokerage pools, Qualitypool and Starpool, also performed well, bringing the combined revenue for the Credit Platform segment to an impressive €53.2 million (up by 34 per cent). The segment's EBIT also advanced by 27 per cent to €11.4 million.

Sales volume in the Private Clients segment expanded by 27 per cent to €3.2 billion and the number of advisors employed at Dr. Klein offices rose by 13 per cent from 511[1] to 575. The upward trend in demand for independent advice on financial products continues and the increased number of Dr. Klein advisors, especially at the offices of our franchisees, is designed to meet this demand. As a result of the growth in transaction volume, segment revenue rose by 18 per cent to €44.1 million and EBIT improved by 26 per cent to €6.9 million.

The Credit Platform and Private Clients segments, both of which are primarily focused on the mortgage finance market, again made substantial further gains in market share in the first six months of 2018. The overall market only grew by around 3 per cent[2], whereas transaction volumes of EUROPACE and Dr. Klein increased at a significantly higher rate.

The newly created Real Estate Platform segment is made up of three product groups: advice and loan brokerage (Dr. KLEIN Firmenkunden AG), software as a service – or 'SaaS' – (FIO and Hypoport B.V.) and property valuation (Value AG and HypService). In the first half of 2018, the Real Estate Platform segment generated revenue of around €14.5 million (up by 28 per cent). The advice and loan brokerage product group contributed around €7.7 million to this total, while SaaS accounted for €3.9 million and property valuation for €2.8 million. EBIT for the segment as a whole came to €3.2 million (up by 7 per cent).

Since 2017, the Insurance Platform segment has been pursuing the overarching goal of expanding business relationships with existing clients (insurance sales organisations and start-up B2C insurtech companies) to encompass all modules of the Smart InsurTech platform. Meanwhile, in the background, we are also intensifying the integration of our acquired companies into the Hypoport Group. We have been making good progress with regard to the expansion of business relationships with our existing clients. This enabled us to increase our revenue in the segment by 46 per cent to €10.6 million. For 2018 as a whole, we anticipate revenue growth of 50 per cent in the Insurance Platform segment. The technical and cultural integration of the acquired companies is progressing well, but the cost of integration had a slightly stronger impact on the segment's performance in the first half of 2018 than initially expected. This resulted in a segment EBIT of minus €1.7 million for the period. The acquisition of ASC, which was completed in June 2018, is strengthening the segment further and will also bring in additional volume and complementary products to the existing portfolio. This will help to promote the continued expansion of our Smart InsurTech platform.

[1] *The comparative prior-year figures have been adjusted and are explained in section 4 of the notes to the interim consolidated financial statements "Comparative figures for 2017"*

[2] *the volume of new home loan business in period January to June 2018 compared with the same period of 2017 according to data from Deutsche Bundesbank.*

Based on the healthy growth in all four segments, as presented above, and further growth potential from our three recent acquisitions, 2018 remains well on track to become one of the most successful years in terms of growth in the history of the Hypoport Group. We have therefore adjusted our forecasts for the full year upward and now expect revenue to be at a level of €240 million to €260 million and EBIT to be at a level of €29 million to €34 million in 2018.

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 10). Uncertainty for the German export sector increased significantly in the period due to the imposition of further tariffs by the US government and its renunciation of multilateral trade agreements. But there is not yet any clear indication of an immediate and far-reaching negative impact on export-oriented German industries.

Based on recent estimates as at June 2018, the European Central Bank (ECB) expects the eurozone's economic output to grow by 2.1 per cent in the full year 2018. Inflation in the eurozone was 1.5 per cent in 2017 and dropped to a range of 1.1 percent to 1.3 per cent in the period from January to April 2018. The sharp increase in inflation to 1.9 per cent in May and 2.0 per cent in June can be attributed to a rise in energy prices. The average of the monthly inflation figures for 2018 is lower than the specified target rate of 'just under 2.0 per cent' and the ECB has also announced that it intends to maintain the key interest rate at the current level at least until the summer of 2019. Interest rate hikes thus remain unlikely in the near term. The termination of the ECB's bond-buying programme, which has been announced for December 2018, is also unlikely to have a major immediate impact on the low-interest-rate environment, as it will be implemented gradually and any incoming repayments of principal will be reinvested. It might, however, lead to a gradual rise in interest rates in the medium term.

A similar trend to that of the eurozone as a whole is expected for Germany, a key market for the Hypoport Group. Based on their Joint Economic Forecast published in April 2018, Germany's leading economic research institutes expect the country's GDP to grow at a rate of 2.2 per cent in 2018 and 2.0 per cent in 2019. Inflation in Germany will also be roughly in line with the overall trend for the eurozone. From a level of 1.8 per cent in 2017, the rate dropped to a range of 1.4 per cent to 1.6 per cent in the period from January to April 2018 and then jumped to 2.2 per cent in May and 2.1 per cent in June due to rising energy prices. The unemployment rate in Germany, another relevant key figure for consumer sentiment, continued to fall from 5.8 per cent at the start of the year to 5.0 per cent as at June 2018.

Sectoral performance

The subsidiaries of the Hypoport Group that are involved in operating activities are assigned to its four segments: Credit Platform, Private Clients, Real Estate Platform (previously Institutional Clients) and Insurance Platform. The companies within the first three segments are primarily involved in the brokerage of financial products for residential mortgage finance and related services. The key target sector for these segments is therefore the German residential mortgage finance market. The Credit Platform and Private Clients segments offer direct and indirect financial services for consumers, whereas the services of the Real Estate Platform segment (previously Institutional Clients) are targeted at companies in the housing and real-estate sectors and at mortgage lenders. The fourth segment – Insurance Platform – provides software solutions for traditional insurance sales organisations and start-up B2C insurtech companies. The German insurance industry therefore constitutes the key market environment for this segment.

Sectoral conditions in the market for residential mortgage finance and in the insurance industry have not changed materially since we reported on them in Hypoport AG's 2017 annual report (pages 10 and 11).

Market for residential mortgage finance

In addition to general macroeconomic factors such as wage growth, unemployment, inflation and GDP that have a general impact on consumers' purchasing power, a range of industry-specific factors also have an impact on the market for residential mortgage finance. The following three factors are the most important:

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

Regulatory requirements have tightened further following the introduction of the General Data Protection Regulation (GDPR) in the first half of 2018. Initial assessments suggest that the requirements have been implemented well by organisations in the market for residential mortgage finance, but the new rules make regulation an even more pressing factor.

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 information provided by the German Federal Statistical Office, the number of planning approvals for new-build housing (excluding residential homes) increased slightly from 128,671 to 133,510 (up by 3.8 per cent) in the period from January to May 2018 compared with the corresponding prior-year period.

New orders, which naturally follow the trend in planning permissions, also increased slightly. The volume index for the primary construction industry for residential construction rose – adjusted for calendar and seasonal effects – from 178.0 in January 2018 to 184.9 in April 2018. Rising prices for residential construction in the same period resulted in an even stronger increase in the value index from 209.6 to 221.6.

Factor number three, the short-term interest rate outlook, is not a key consideration in the purchasing decisions of private individuals (Credit Platform and Private Clients segments), because finding a property that matches their personal circumstances at a fair price takes priority. But for the advice and loan brokerage product group, which forms part of the new Real Estate Platform segment (previously Institutional Clients), current interest rate trends play a crucial role. Institutional clients, which constitute the target audience for this product group, have the necessary financial means to be able to postpone large one-off real estate transactions while waiting for more attractive interest rate conditions. At the start of 2018, the Dr. Klein average interest rate[3] rose from 1.65 per cent (September to December 2017) to 1.73 per cent

[3] €150 thousand loan value, 2 per cent repayment, 80 per cent loan-to-value ratio, 10-year fixed interest rate

(January 2018). After this initial increase, the rate fluctuated within a narrow range of 1.72 per cent to 1.76 per cent until the end of May. In June, the upward momentum returned and the rate went up to 1.84 per cent.

According to studies conducted by Deutsche Bundesbank, the total new business volume in mortgage finance in Germany increased by 3.1 per cent in the period from January to June compared with the corresponding prior-year period. This constitutes a healthy start to the new year, but should primarily be seen as a catch-up effect following the market contraction of recent years, when new business volume fell by 3.6 per cent in 2016 and 2.2 per cent in 2017. Hypoport continues to anticipate flat or only modest growth in the volume of new business for the overall private mortgage finance market in 2018 as a whole (see the outlook).

Insurance market

Regular income from premiums, the predictable nature of insurance benefit payments and the huge number of individual policies mean that the insurance industry (direct insurance) is not generally subject to rapid or dramatic changes. In 2017, premium income in the insurance industry rose slightly, by 1.9 per cent, compared with the previous year. According to the German Insurance Association (GDV), the premium income collected by its 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 further legislative interventions, generating premium income of €90.7 billion in 2017 (2016: €90.8 billion), premium income from private health insurance rose to €38.8 billion (2016: €37.3 billion) and premium income from non-life insurance advanced to €68.2 billion (2016: €66.30 billion).

Business performance

In the first half of 2018, Hypoport increased its revenue by 28 per cent to €121.7 million (H1 2017: €95.3 million). Excluding selling expenses of €56.5 million (H1 2017: €44.6 million), the Hypoport network achieved a correspondingly strong increase in gross profits (up by 29 per cent) to €65.3 million (H1 2017: €50.6 million). Earnings before interest and tax (EBIT) in the first half of 2018 came to €14.8 million (H1 2017: €13.4 million), a rise of 11 per cent.

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

ASC Assekuranz-Service Center GmbH will be consolidated with effect from 30 June 2018 and will become part of the Insurance Platform segment.

Some minor reallocations were also made within the Credit Platform and Private Clients segments with retroactive effect from 1 January 2018. The Private Clients segment used to be home to a service offering which closely mirrors the proprietary sales operations of Dr. Klein Privatkunden AG in organisational terms and offers other financial service providers the opportunity to sell white-labelled EUROPACE-based personal loans. However, the proportion of EUROPACE partners making use of this service has been increasing significantly over time, so this element of the personal loans product group no longer really fitted in with the consumer-oriented Private Clients segment. The smaller portion of the personal loans product group, which involves Dr. Klein advisors for private clients brokering personal loans to consumers, will remain part of the Private Clients segment. This change will create a clear distinction by client focus between the two segments. The Credit Platform segment will continue to position itself with a B2B business model, whereas the Private Clients segment and its main brand Dr. Klein will focus even more on a B2C respectively B2B2C business model.

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

Credit Platform

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

In the first six months of 2018, EUROPACE increased its overall transaction volume to €27.9 billion and thus clearly exceeded the total volume generated in the corresponding prior-year period (H1 2017: €24.0 billion) by 16 per cent. The key performance indicator of transaction volume per sales day[4] rose to €227 million for the first six months of 2018 and to €239 million for the second quarter (Q3 2017: €227 million, Q4 2017: €198 million, Q1 2018: €227 million). This reflects the steady gain in market share of EUROPACE.

The mortgage finance, building finance and personal loans product groups are all represented on the EUROPACE financial marketplace. The transaction volume of the mortgage finance product group, which traditionally accounts for the largest proportion of the total volume, grew by 13 per cent in the first half of 2018, from €19.0 billion to €21.5 billion. The building finance product group, which is typically marketed on EUROPACE in connection with mortgage finance solutions, contributed €4.5 billion to the total transaction volume in the first half of 2018 (H1 2017: €3.7 billion; up by 22 per cent). Personal loans, the smallest product group, contributed €1.8 billion to the total volume over the same period (H1 2017: €1.3 billion; up by 43 per cent).

[4] *Sales days are defined as the number of bank working days less half the number of 'bridging days' (days between a public holiday and weekend)*

As in the first quarter, the growth of the EUROPACE marketplace as a whole in the first half-year of 2018 was supported by increased sales activities from all four user groups (independent loan brokerage advisors, private banks, savings banks and cooperative banks). FINMAS, the sub-marketplace for savings banks, recorded a particularly strong increase in sales volume. The volume of transactions brokered through FINMAS increased by 73 per cent in the first six months of 2018 to €1.8 billion (H1 2017: €1.0 billion). FINMAS has now reached a market share of 4 per cent in the Savings Banks Finance Group. The volume of transactions brokered by co-operative banks through the GENOPACE marketplace grew strongly towards the end of the first half-year of 2018, after relatively low levels of use of the platform in Q1 2018. The 27 per cent overall increase in the first six months to €0.8 billion (H1 2017: €0.6 billion) clearly exceeded the average level of growth for the EUROPACE financial marketplace as a whole (up by 16 per cent) once again. Within the cooperative financial network, GENOPACE currently holds a market share of around 2 per cent.

Out of an estimated total of around 1,400 financial institutions in Germany that engage in mortgage financing, as many as 565 partners were connected to EUROPACE, GENOPACE and FINMAS as at 30 June 2018 (20 June 2017: 456). Despite an already high degree of coverage at the prior-year reporting date, the number of contractual partners was increased by another 109 partners – a substantial rise of 24 per cent. FINMAS won its 200th partner in the second quarter of 2018 and increased its total number of partners to 210 as at 30 June 2018, up from 155 a year earlier. The number of contractual partners of GENOPACE rose to 264 as at 30 June 2018 from 213 in the previous year.

Financial figures Credit Platform	Q2 2017*	Q2 2018	H1 2017*	H1 2018	H1 Change
Transaction volume (billion €)					
Total	11.8	14.4	24.0	27.9	16%
thereof mortgage finance	9.4	11.1	19.0	21.5	13%
thereof personal loans	0.6	0.9	1.3	1.8	43%
thereof building finance	1.8	2.4	3.7	4.5	22%
Partners (number)					
Europace (incl. Genopace and Finmas)			456	565	24%
Genopace			213	264	24%
Finmas			155	210	35%
Revenue and earnings (million €)					
Revenue	20.6	27.3	39.7	53.2	34%
Gross profit	9.9	15.1	20.1	29.1	45%
EBIT	4.6	6.2	8.9	11.4	27%

* 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 2017"

In the first six months of 2018, revenue in the Credit Platform segment increased by 34 per cent to €53.2 million (H1 2017: €39.7 million). The key driver behind this substantial revenue growth was the increase in transaction volumes on EUROPACE, GENOPACE and FINMAS, as well as an increase in revenue generated by Qualitypool and Starpool and a positive trend in the personal loans business. All of this resulted in gross profit of €29.1 million (H1 2017: €20.1 million, up by 45 per cent). Gross profit rose slightly more strongly than revenue in relative terms because the EUROPACE financial marketplace grew at a faster rate than the pooling companies. The EBIT of the Credit Platform segment advanced by 27 per cent to €11.4 million (H1 2017: €8.9 million).

Private Clients

The Private Clients segment, made up of the web-based, non-captive financial product distributor Dr. Klein Privatkunden AG and the consumer comparison portal Vergleich.de (collectively referred to in the following as ‘Dr. Klein’), brings together all our business models aimed at directly advising consumers on mortgages, insurance and pension products (B2C business model, or B2B2C including franchisees).

Dr. Klein offers advice on mortgage finance, building finance products and personal loans at more than 200 locations. This advice is mainly provided through a franchise system with more than 180 franchisees. The segment also has eight Hypoport flagship stores which are located in German metropolitan areas. The network of sites has already been optimised in terms of coverage, which means further growth will be largely determined by the number and performance of the advisors[5] at the individual locations. As at 30 June 2018, a further 64 advisors had been added, taking the total to 575 (30 June 2017: 511[6]) – an increase of 13 per cent.

The total volume of loans brokered by the Private Clients segment rose by 27 per cent to around €3.2 billion in the first six months of 2018 (H1 2017: €2.5 billion).

Financial figures Private Clients	Q2 2017*	Q2 2018	H1 2017*	H1 2018	H1 Change
Transaction volume (billion €)	1.2	1.6	2.5	3.2	27%
Number of branch advisors (financing)			511	575	13%
Number of branch advisors (insurance)			151	128	−15%

Revenue and earnings (million €)	Q2 2017*	Q2 2018	H1 2017*	H1 2018	H1 Change
Revenue	17.8	21.8	37.5	44.1	18%
Gross profit	6.7	7.7	14.2	15.4	9%
EBIT	2.3	3.4	5.4	6.9	26%

* 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 2017"

[5] Franchisees, advisors employed by franchisees, advisors in branches

[6] 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 2017"

Total revenue in the Private Clients segment advanced by 18 per cent to €44.1 million in the first half of 2018 (H1 2017: €37.5 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 segment's operating performance is therefore reflected in gross profit, which rose by 9 per cent to €15.4 million (H1 2017: €14.2 million). Gross profit grew at a slightly lower rate than revenue due to a change in the product mix. EBIT rose by 26 per cent to €6.9 million (H1 2017: €5.4 million).

Real Estate Platform (formerly Institutional Clients)

All real estate-related activities of the Hypoport Group, with the exception of mortgage finance, are grouped together in the new Real Estate Platform segment with the aim of digitalising the sale, valuation and management of properties. The segment is made up of three product groups: advice and loan brokerage (Dr. KLEIN Firmenkunden AG), SaaS (FIO Systems AG and Hypoport B.V.) and property valuation (Value AG and HypService GmbH). The volume of transactions brokered in the advice and loan brokerage product group came to €0.9 billion (H1 2017: €1.1 billion; down by 20 per cent). This fall was attributable to a lack of stimulus from interest rates in Q2 2018, following an initial rise in interest rates at the start of the year.

Financial figures Real Estate Platform	Q2 2017*	Q2 2018	H1 2017*	H1 2018	H1 Change
Transaction volume (million €)					
Brokered loans (total)	660	660	1,132	902	−20%
thereof New business	639	346	1,038	808	−22%
thereof Renewals	21	33	94	95	1%
Consulting revenue (million €)	1.2	1.2	2.7	2.5	−4%
Revenue and earnings (million €)					
Revenue	5.8	7.8	11.3	14.5	28%
Gross profit	5.7	7.6	11.2	14.1	26%
EBIT	1.5	1.0	3.0	3.2	7%

* 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 2017"

The advice and loan brokerage product group generated revenue of €7.7 million. Together with revenue of €3.9 million from SaaS and €2.8 million from property valuation, the total segment revenue came to €14.5 million (H1 2017: €11.3 million; up by 28 per cent). Gross profit rose at a similar rate (26 per cent) to €14.1 million, up from €11.2 million in the corresponding prior-year period. EBIT for the segment as a whole came to €3.2 million (H1 2017: €3.0 million; an increase of 7 per cent). The slightly weaker rise in EBIT relative to revenue and gross profit can be attributed to the fact that parts of the property valuation product group are not yet very profitable, as well as to lower revenue from the volatile advice and loan brokerage product group.

Insurance Platform

The Insurance Platform segment operates Smart InsurTech, a leading web-based B2B platform for advice, comparison of tariffs and the administration of insurance policies. Since 2017, this relatively new segment has been pursuing the goal of expanding business relationships with existing clients (insurance sales organisations and start-up B2C insurtech companies) to encompass all modules of the Smart InsurTech platform. The acquisition of ASC Assekuranz-Service Center GmbH in June 2018 complemented this organic growth strategy, as it expanded the functional scope of Smart InsurTech to include policy issuance and premium collection and also increased the volume of assets managed through this platform.

Financial figures Insurance Platform	Q2 2017	Q2 2018	H1 2017	H1 2018	H1 Change
Revenue and earnings (million €)					
Revenue	3.4	5.0	7.2	10.6	46%
Gross profit	2.4	3.5	4.9	6.7	38%
EBIT	−0.2	−0.2	−0.3	−1.7	>−100%

The expansion of our business relationships with existing clients and the acquisition of new clients generated an increase in revenue of 46 per cent, from €7.2 million to €10.6 million. Behind the scenes, the technical, cultural and operational integration of the acquired companies into the Insurance Platform segment was intensified at the same time. This involved slightly higher-than-expected costs, which had an impact on the segment's performance in the first half of 2018. EBIT thus dropped to minus €1.7 million for the first six months of 2018. However, based on the long-term orientation of this relatively new Insurance Platform segment and the expected EBIT margin for business through this platform, these expenses were accepted as a promising investment in the future.

Earnings

Against the backdrop of the operating performance of the segments as described above, EBITDA for the first six months of 2018 advanced from €16.7 million to €19.0 million and EBIT from €13.4 million to €14.8 million. In the second quarter of 2018, the Company generated EBITDA of €9.5 million (Q2 2017: €8.1 million) and EBIT of €7.3 million (Q2 2017: €6.4 million).

As a result of higher personnel expenses (partly in connection with IT development and key account management) and other operating expenses, the EBIT margin (EBIT as a percentage of gross profit) for the first half of 2018 fell from 26.4 per cent to 22.7 per cent.

Revenue and earnings (million €)	Q2 2017	Q2 2018	H1 2017	H1 2018	H1 Change
Revenue	47.6	61.6	95.3	121.7	28%
Gross profit	25.0	33.8	50.6	65.3	29%
EBITDA	8.1	9.5	16.7	19.0	14%
EBIT	6.4	7.3	13.4	14.8	11%
EBIT margin (EBIT as percentage of Gross profit)	25.5%	21.5%	26.4%	22.7%	– 14%

Own work capitalised

In the second quarter of 2018, the Company continued to attach considerable importance to investing in the further expansion of its Credit, Insurance and Real Estate Platforms. There was also further capital expenditure on new advisory systems for consumers and distributors. This capital expenditure underpins the further growth of all four segments.

In the second quarter of 2018, the Company invested a total of €5.2 million in expansion (Q2 2017: €3.6 million); in the first six months of this year, it spent €9.6 million (H1 2017: €7.0 million). Of these totals, €2.3 million was capitalised in the second quarter of 2018 (Q2 2017: €1.6 million) and €4.5 million was capitalised in the first half of this year (H1 2017: €3.3 million), while amounts of €2.9 million for the second quarter of 2017 (Q2 2017: €2.0 million) and €5.1 million for the first six months of this year (H1 2017: €3.7 million) were expensed as incurred. These amounts represent the pro-rata personnel expenses and operating costs attributable to software development. The rise in development costs was primarily attributable to the newly acquired software companies.

Other income and expenses

Other operating income mainly comprised income of €0.5 million from other accounting periods (H1 2017: €1.3 million) and income of €0.5 million from employee contributions to vehicle purchases (H1 2017: €0.4 million).

Personnel expenses for the first half of 2018 rose owing to salary increases and because the average number of employees during the period advanced from 864 to 1,266.
The breakdown of other operating expenses is shown in the table below.

Other operating expenses (million €)	Q2 2017	Q2 2018	H1 2017	H1 2018	H1 Change
Operating expenses	2.2	2.4	4.2	4.7	14%
Other selling expenses	1.1	1.5	2.1	2.7	29%
Administrative expenses	1.9	3.1	3.9	5.6	40%
Other personnel expenses	0.2	0.4	0.4	0.8	86%
Other expenses	0.6	0.6	0.9	1.6	78%
	6.0	**8.0**	**11.5**	**15.4**	**34%**

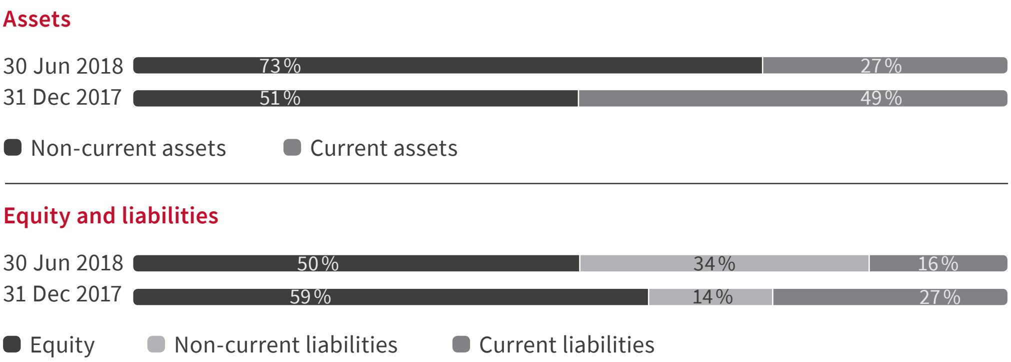
The operating expenses consisted mainly of building rentals of €1.4 million (H1 2017: €1.2 million) and vehicle-related costs of €1.2 million (H1 2017: €1.1 million). The other selling expenses related to advertising costs and travel expenses. The administrative expenses largely comprised IT-related costs of €2.5 million (H1 2017: €1.8 million) and legal and consultancy expenses of €1.5 million (H1 2017: €1.0 million). The other personnel expenses mainly consisted of training costs of €0.5 million (H1 2017: €0.3 million).

The net finance costs primarily included interest expense and similar charges of €0.4 million incurred by the drawdown of loans and the use of credit lines (H1 2017: €0.2 million).

Balance sheet

The Hypoport Group's consolidated total assets as at 30 June 2018 amounted to €283.3 million, which was a 101 per cent increase on the total as at 31 December 2017 (€141.0 million).

Balance sheet structure



Non-current assets totalled €205.5 million (31 December 2017: €72.6 million). They largely consisted of goodwill of €137.5 million (31 December 2017: €24.8 million) and development costs for the platforms of €29.9 million (31 December 2017: €24.7 million).

Current other assets essentially comprised prepaid expenses of €1.6 million (31 December 2017: €1.0 million) and commission of €0.4 million paid in advance to distribution partners (31 December 2017: €0.4 million).

The equity attributable to Hypoport AG shareholders as at 30 June 2018 had increased by €59.0 million, or 71.4 per cent, to €141.6 million. The equity ratio decreased from 58.8 per cent to 50.1 per cent, owing to the marked increase in total assets.

The €74.7 million increase in non-current liabilities to €95.2 million stemmed primarily from the €62.2 million rise in non-current financial liabilities.

Other current liabilities mainly comprised deferred income of €3.1 million (31 December 2017: €0.3 million), bonus commitments of €2.8 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 €68.5 million to €84.8 million, the main components of this change being scheduled repayments of bank loans totalling €3.1 million against new loans taken out amounting to €70.4 million.

Cash flow

Cash flow grew by €1.4 million to €16.8 million during the reporting period. This increase was largely attributable to the year-on-year improvement in the net profit reported for the year.

The total net cash generated by operating activities in the six months to 30 June 2018 amounted to €18.1 million (H1 2017: €5.3 million). The cash used for working capital fell by €11.4 million to €1.3 million (H1 2017: minus €10.1 million). This reduction in working capital is related to the increase in working capital at the end of 2017 in connection with the acquisition of IWM Software AG.

The net cash outflow of €73.3 million for investing activities (H1 2017: €15.2 million) primarily consisted of €62.8 million for the acquisitions of IWM Software AG, FIO Systems AG, Value AG and ASC Assekuranz-Service Center GmbH and capital expenditure of €6.1 million on non-current intangible assets (H1 2017: €3.7 million).

The net cash of €67.3 million provided by financing activities (H1 2017: €7.6 million) consisted of new borrowing of €70.4 million (H1 2017: €10.0 million) and scheduled loan repayments of €3.1 million (H1 2017: €2.5 million).

Cash and cash equivalents as at 30 June 2018 totalled €26.4 million, which was €12.1 million higher than at the beginning of the year.

Capital expenditure

Most of the capital investment was spent on the acquisitions of IWM Software AG (insurance software), FIO Systems AG (real-estate software), Value AG (property appraiser) and ASC Assekuranz-Service Center GmbH (insurance provider) and on the refinement of the IT platforms.

Employees

The number of employees in the Hypoport Group rose by 37 per cent compared with the end of 2017 to 1,384 (31 December 2017: 1,009 employees). The average number of people employed in the first half of 2018 was 1,266 (H1 2017: 864 people).

Outlook

Our forecast for the macroeconomic environment in Germany and our industry-specific market outlook have not changed significantly since we presented it in the 2017 annual report (pages 49 and 50). In this unchanged market environment, the Hypoport Group was able to adjust its revenue and earnings forecasts upwards once again, as described below, as a result of the acquisitions made in the first half of 2018.

Based on their Joint Economic Forecast, Germany's leading economic research institutes expect the country's GDP to grow at a rate of 2.2 per cent in 2018 and 2.0 per cent in 2019. At the same time, inflation will most likely stay below the specified target rate of 'just under 2.0 per cent' in 2018 and the ECB has announced that it intends to maintain the key interest rate at the current level for the time being. Interest rate hikes thus remain unlikely in the current year.

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

The changes to the segment structure of the Hypoport Group (see 'business performance' section) created clearer distinctions between the individual segments, but had no impact on the performance of the Group as a whole. The additional contributions to revenue and earnings as a result of the acquisitions of FIO, Value AG and ASC, however, led to an upward adjustment of the forecast for 2018 as a whole. We now expect revenue to be at a level of €240 million to €260 million and EBIT to be at a level of €29 million to €34 million. This forecast is based on our assumption that the German economy will continue to perform reasonably well and that the mortgage finance market and the insurance market will grow slightly.

Please note that this interim report contains statements about economic and political developments as well as the future performance of the Hypoport Group. These statements are assessments that we have reached on the basis of the information available to us at the present time. If the assumptions underlying these assessments do not prove to be correct or if other risks emerge, the actual results could deviate from the outcome we currently expect.

Shares and investor relations

Share price performance

Hypoport shares started the 2018 trading year at €148.40 (XETRA). In the weeks that followed, they fell to around €125, partly due to their strong performance at the end of 2017 (price rise of 15 per cent in December 2017). This decline was reversed in early February, and the share price hovered at a level of €130–€135 during the remainder of the month. On 2 March, Hypoport AG informed the capital markets that it expected revenue growth of around 24 per cent for 2017 and that EBIT was likely to be on a par with 2016. The share price dropped to €120 on the back of this disclosure, but recovered to its previous level by mid-March. From the end of April, the shares started to climb again, boosted by positive interim results and the acquisition of FIO Systems AG and Value AG, until it reached a high of €166.60 on 22 May 2018. It then dropped to €148.60 towards the end of May, but picked up again slightly in June and stabilised at around €160.

Hypoport shares thus improved by around 8 per cent in the first six months of the year and outperformed the capital markets slightly (DAX down by 5 per cent, SDAX up by 1 per cent).

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

In terms of free float market capitalisation, which is relevant to the SDAX ranking, Hypoport shares are now positioned mid-table in the SDAX, bringing a long period in the bottom half of the index to an end. At €1.9 million per trading day, the average free float trading volume remained high in the first six months of 2018 and was in the top half of the SDAX.

Capital increase in May 2018

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

Shareholder structure

In the first six months of 2018, there were five Voting Rights Announcements 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. KBC Asset Management told us on 20 April 2018 that its voting share in Hypoport was 2.98 per cent as at this date. On 22 May 2018, Mr Nicolas Schulmann reported that his voting share in Hypoport AG, which he holds indirectly through Exformer GmbH, was 4.595 per cent as at this date.

Research

Bankhaus Metzler and Commerzbank began covering Hypoport AG in the first half of 2018, which means Hypoport shares were covered by six analysts (Bankhaus Metzler, Berenberg, Commerzbank, equinet Bank, ODDO BHF and Warburg Research) as at the reporting date of 30 June 2018. As at this date, four analysts recommended the shares as a ‘buy’, one as an ‘accumulate’ and one as a ‘hold’, with the target prices ranging from €165.00 to €178.50 depending on each analyst’s assessment.

Designated sponsors

Designated sponsors enhance a share’s liquidity by quoting binding prices at which they will buy and sell the share. In the first six months of 2018, the designated sponsors for Hypoport AG were ODDO SEYDLER BANK AG, Frankfurt am Main, and equinet Bank AG, Frankfurt am Main.

Interim consolidated financial statements

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

	H1 2018 €'000	H1 2017 €'000	Q2 2018 €'000	Q2 2017 €'000
Revenue	**121,745**	**95,262**	**61,640**	**47,578**
Selling expenses	−56,463	−44,637	−27,884	−22,599
Gross profit	**65,282**	**50,625**	**33,756**	**24,979**
Own work capitalised	4,856	3,303	2,599	1,656
Other operating income	1,520	2,162	664	1,425
Personnel expenses	−37,303	−27,965	−19,524	−14,048
Other operating expenses	−15,363	−11,536	−8,000	−5,992
Income from companies accounted for using the equity method	13	121	3	85
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**19,005**	**16,710**	**9,498**	**8,105**
Depreciation, amortisation expense and impairment losses	−4,218	−3,353	−2,248	−1,742
Earnings before interest and tax (EBIT)	**14,787**	**13,357**	**7,250**	**6,363**
Financial income	14	298	1	278
Finance costs	−468	−215	−272	−114
Earnings before tax (EBT)	**14,333**	**13,440**	**6,979**	**6,527**
Income taxes and deferred taxes	−2,967	−2,816	−1,490	−1,334
Net profit for the year	**11,366**	**10,624**	**5,489**	**5,193**
attributable to non-controlling interest	23	26	10	26
attributable to Hypoport AG shareholders	**11,343**	**10,598**	**5,479**	**5,167**
Earnings per share (€)	**1.88**	**1.78**	**0.90**	**0.87**

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

	H1 2018 €'000	H1 2017 €'000	Q2 2018 €'000	Q2 2017 €'000
Net profit for the year	**11,366**	**10,624**	**5,489**	**5,193**
Total income and expenses recognized in equity*)	0	0	0	0
Total comprehensive income	**11,366**	**10,624**	**5,489**	**5,193**
attributable to non-controlling interest	23	26	10	26
attributable to Hypoport AG shareholders	**11,343**	**10,598**	**5,479**	**5,167**

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

Consolidated balance sheet as at 30 June 2018

Assets	30 June 2018 €'000	31 Dec 2017 €'000
Non-current assets		
Intangible assets	183,885	55,971
Property, plant and equipment	8,909	4,447
Investments accounted for using the equity method	2,669	1,050
Financial assets	2,023	1,428
Trade receivables	4,094	6,671
Other assets	1,340	1,287
Deferred tax assets	2,579	1,750
	205,499	**72,604**
Current assets		
Trade receivables	46,176	42,664
Other current items	4,962	11,252
Income tax assets	196	127
Cash and cash equivalents	26,456	14,333
	77,790	**68,376**
	283,289	**140,980**
Equity and Liabilities		
Equity		
Subscribed capital	6,493	6,195
Treasury shares	−247	−249
Reserves	135,362	76,654
	141,608	**82,600**
Non-controlling interest	337	306
	141,945	**82,906**
Non-current liabilities		
Financial liabilities	75,510	13,360
Provisions	87	87
Other liabilities	8,000	0
Deferred tax liabilities	11,563	7,031
	95,160	**20,478**
Current liabilities		
Provisions	143	95
Financial liabilities	9,288	2,942
Trade payables	19,940	23,338
Current income tax liabilities	1,801	951
Other liabilities	15,012	10,270
	46,184	**37,596**
	283,289	**140,980**

Abridged consolidated statement of changes in equity for the six months ended 30 June 2018

2017 €'000	Subscribed capital	Capital reserves	Retained earnings	Equity attributable to Hypoport AG shareholders	Equity attributable to non-controlling interest	Equity
Balance as at 1 January 2017	5,942	2,605	55,283	63,830	303	64,133
Dissemination of own shares	2	168	21	191	0	191
Total comprehensive income	0	0	10,598	10,598	26	10,624
Balance as at 30 June 2017	**5,944**	**2,773**	**65,902**	**74,619**	**329**	**74,948**

2018 €'000	Subscribed capital	Capital reserves	Retained earnings	Equity attributable to Hypoport AG shareholders	Equity attributable to non-controlling interest	Equity
Balance as at 1 January 2018	5,946	2,905	73,749	82,600	306	82,906
Capital increase	298	0	0	298	0	298
Dissemination of own shares	2	47,347	18	47,367	0	47,367
Changes to the basis of consolidation	0	0	0	0	8	8
Total comprehensive income	0	0	11,343	11,343	23	11,366
Balance as at 30 June 2018	**6,246**	**50,252**	**85,110**	**141,608**	**337**	**141,945**

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

	H1 2018 €'000	H1 2017 €'000
Earnings before interest and tax (EBIT)	14,787	13,357
Non-cash income / expense	986	489
Interest received	14	298
Interest paid	−468	−215
Income taxes paid	−2,140	−1,514
Current tax	−702	−743
Change in deferred taxes	127	559
Income from companies accounted for using the equity method	−13	−121
Depreciation and amortisation expense, impairment losses / reversals of impairment losses on non-current assets	4,218	3,353
Profits / losses on the disposal of non-current assets	18	−48
Cashflow	**16,827**	**15,415**
Increase / decrease in current provisions	48	−80
Increase / decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	9,136	−3,785
Increase / decrease in trade payables and other liabilities not attributable to investing or financing activities	−7,891	−6,219
Change in working capital	**1,293**	**−10,084**
Cash flows from operating activities	**18,120**	**5,331**
Payments to acquire property, plant and equipment / intangible assets	−7,946	−4,896
Cash outflows for acquisitions less acquired cash	−63,348	−9,940
Proceeds from the disposal of financial assets	12	2
Purchase of financial assets	−2,012	−329
Cash flows from investing activities	**−73,294**	**−15,163**
Proceeds from the drawdown of loans under finance facilities	70,439	10,000
Redemption of loans	−3,142	−2,450
Cash flows from financing activities	**67,297**	**7,550**
Net change in cash and cash equivalents	12,123	−2,282
Cash and cash equivalents at the beginning of the period	14,333	22,411
Cash and cash equivalents at the end of the period	**26,456**	**20,129**

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

€'000	Credit Platform	Private Clients	Real Estate Platform	Insurance Platform	Reconci-liation	Group
Segment revenue in respect of third parties						
H1 2018	52,716	44,006	14,501	10,318	204	121,745
H1 2017*	39,352	37,384	11,283	6,918	325	95,262
Q2 2018	27,044	21,728	7,839	4,900	129	61,640
Q2 2017*	20,494	17,803	5,757	3,259	265	47,578
Segment revenue in respect of other segments						
H1 2018	494	100	0	247	−841	0
H1 2017*	334	95	7	305	−741	0
Q2 2018	237	44	0	108	−389	0
Q2 2017*	151	36	2	157	−346	0
Total segment revenue						
H1 2018	53,210	44,106	14,501	10,565	−637	121,745
H1 2017*	39,686	37,479	11,290	7,223	−416	95,262
Q2 2018	27,281	21,772	7,839	5,008	−260	61,640
Q2 2017*	20,645	17,839	5,759	3,416	−81	47,578
Gross profit						
H1 2018	29,055	15,445	14,051	6,731	0	65,282
H1 2017*	20,063	14,235	11,166	4,867	294	50,625
Q2 2018	15,076	7,692	7,568	3,495	−75	33,756
Q2 2017*	9,893	6,729	5,719	2,392	246	24,979
Segment earnings before interest, tax, depreciation and amortisation (EBITDA)						
H1 2018	13,071	7,125	3,846	−962	−4,075	19,005
H1 2017*	10,268	5,920	3,332	278	−3,088	16,710
Q2 2018	7,047	3,520	1,550	−509	−2,110	9,498
Q2 2017*	5,352	2,551	1,711	125	−1,634	8,105
Segment earnings before interest and tax (EBIT)						
H1 2018	11,385	6,866	3,163	−1,689	−4.938	14,787
H1 2017*	8,930	5,443	2,954	−302	−3,668	13,357
Q2 2018	6,219	3,407	1,016	−873	−2,519	7,250
Q2 2017*	4,646	2,316	1,514	−173	−1,940	6,363
Segment assets						
1 Jan – 30 Jun 2018	54,418	24,967	129,171	69,469	5,264	283,289
1 Jan – 31 Dec 2017*	55,167	18,580	29,936	32,836	4,461	140,980

* The comparative prior-year tax figures have been adjusted and are explained in section 4 of the notes to the interim consolidated financial statements "Comparative figures for 2017"

Notes to the interim consolidated financial statements

Information about the Company

The Hypoport Group is a technology service provider for the financial, real-estate and insurance sectors. It is made up of a network of independent subsidiaries that are grouped into four segments: Credit Platform, Private Clients, Real Estate Platform and Insurance Platform.

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 Real Estate Platform segment provides its institutional clients 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. FIO Systems AG and Value AG furthermore pursue the goal of digitalising the sale, management and valuation of real estate in Germany.

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 AG. 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 six months ended 30 June 2018 have been prepared in accordance with the provisions of IAS 34 (Interim Financial Reporting). They are based on the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as adopted by the European Union and take into account the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC). The report has been condensed in accordance with IAS 34 compared with the scope of the consolidated financial statements for the year ended 31 December 2017. These condensed interim consolidated financial statements should therefore be read in conjunction with the consolidated financial statements for the year ended

31 December 2017 and the disclosures contained in the notes thereto. These condensed interim consolidated financial statements and the interim group management report have not been audited or reviewed by an auditor.

These condensed interim consolidated financial statements are based on the accounting policies and the consolidation principles applied to the consolidated financial statements for the year ended 31 December 2017. However, the changes presented below have been introduced due to the adoption of new or revised accounting standards and due to a review of the expected useful life of software.

The interim consolidated financial statements and the separate financial statements for the entities included in the IFRS interim consolidated financial statements are prepared in euros.

To improve clarity, all figures in the IFRS interim consolidated financial statements and the interim group management report are presented in thousands or millions of euros unless stated otherwise. We wish to point out that the application and aggregation of rounded amounts and percentages and the use of automated calculation methods may give rise to rounding discrepancies.

All disclosures on the number and volume of financial products processed are calculated at a cut-off point in the product transaction process that is appropriate for the accrual method of accounting used. The growth of the subsidiaries in the Credit Platform and Private Clients segments can be seen from the volume of transactions on the EUROPACE transaction platform. The volume of transactions is the indicator used by the management to measure the current intensity with which the EUROPACE marketplace is being used. Transactions are initiated at the end of the advisory process. They take place after the advisor/consumer has selected a specific product and include a check against all of the product supplier's lending rules stored in the system. A query is also sent to the product supplier's external decision-making systems. Transactions are then frequently cancelled, for example because the consumer allows the offering period to expire, the product supplier rejects the transaction following the individual credit check or the consumer exercises his or her right to withdraw. The revenue for a transaction may be recognised up to three months later. This means that it is only possible to draw limited conclusions about revenue for a period from the volume of transactions in that period.

The consolidated income statement is presented under the nature-of-expense method.

Accounting policies

The accounting policies applied are those used in 2017, with the following exceptions:

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

The first-time adoption of the standards and interpretations listed above has had no significant impact on the financial position or financial performance of the Hypoport Group or on its earnings per share.

Comparative figures for 2017

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

The companies FIO Systems AG (‘FIO’) and Value AG, which were acquired in the first half of 2018, were consolidated within the Hypoport Group with effect from May 2018 and have since then been allocated to the now renamed Institutional Clients segment. In order to reflect the changed focus of the business model underlying the Institutional Clients segment following the integration of the operations of FIO and Value AG, the name of the segment was changed to Real Estate Platform. Due to similarities in the business models and client bases of the newly acquired Value AG and the existing Hypoport Group company HypService GmbH, both HypService and Hypoport on-geo GmbH have been reallocated from the Credit Platform segment to the Real Estate Platform segment with retroactive effect from 1 January 2018.

Some minor reallocations were also made within the Credit Platform and Private Clients segments with retroactive effect from 1 January 2018. The Private Clients segment used to be home to a service offering which closely mirrors the proprietary sales operations of Dr. Klein Privatkunden AG in organisational terms and offers other financial service providers the opportunity to sell white-labelled EUROPACE-based personal loans. However, the proportion of EUROPACE partners making use of this service has been increasing significantly over time, so this element of the personal loans product group no longer really fitted in with the consumer-oriented Private Clients segment. The smaller portion of the personal loans product group, which involves Dr. Klein advisors for private clients brokering personal loans to consumers, will remain part of the Private Clients segment. This change will create a clear distinction by client focus between the two segments. The Credit Platform segment will continue to position itself with a B2B business model, whereas the Private Clients segment and its main brand Dr. Klein will focus even more on a B2C business model.

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

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

€'000	Credit Platform	Private Clients	Real Estate Platform	Insurance Platform	Reconci-liation	Group
Segment revenue in respect of third parties						
Q1 2018 adjusted	25,672	22,278	6,662	5,418	75	60,105
Q1 2018 as reported	22,484	26,132	5,996	5,418	75	60,105
Change	3,188	−3,854	666	0	0	0
H1 2017 adjusted	39,352	37,384	11,283	6,918	325	95,262
H1 2017 as reported	37,448	39,780	10,791	6,918	325	95,262
Change	1,904	−2,396	492	0	0	0
Q2 2017 adjusted	20,494	17,803	5,757	3,259	265	47,578
Q2 2017 as reported	19,132	19,413	5,509	3,259	265	47,578
Change	1,362	−1,610	248	0	0	0
Segment revenue in respect of other segments						
Q1 2018 adjusted	257	56	0	139	−452	0
Q1 2018 as reported	257	56	0	139	−452	0
Change	0	0	0	0	0	0
H1 2017 adjusted	334	95	7	305	−741	0
H1 2017 as reported	334	95	7	305	−741	0
Change	0	0	0	0	0	0
Q2 2017 adjusted	151	36	2	157	−346	0
Q2 2017 as reported	151	36	2	157	−346	0
Change	0	0	0	0	0	0
Total segment revenue						
Q1 2018 adjusted	25,929	22,334	6,662	5,557	−377	60,105
Q1 2018 as reported	22,741	26,188	5,996	0	−377	60,105
Change	3,188	−3,854	666	5,557	0	0
H1 2017 adjusted	39,686	37,479	11,290	7,223	−416	95,262
H1 2017 as reported	37,782	39,875	10,798	7,223	−416	95,262
Change	1,904	−2,396	492	0	0	0
Q2 2017 adjusted	20,645	17,839	5,759	3,416	−81	47,578
Q2 2017 as reported	19,283	19,449	5,511	3,416	−81	47,578
Change	1,362	−1,610	248	0	0	0
Gross profit						
Q1 2018 adjusted	13,979	7,753	6,483	3,236	75	31,526
Q1 2018 as reported	12,658	9,730	5,827	3,236	75	31,526
Change	1,321	−1,977	656	0	0	0
H1 2017 adjusted	20,063	14,235	11,166	4,867	294	50,625
H1 2017 as reported	19,306	15,471	10,687	4,867	294	50,625
Change	757	−1,236	479	0	0	0
Q2 2017 adjusted	9,893	6,729	5,719	2,392	246	24,979
Q2 2017 as reported	9,309	7,559	5,473	2,392	246	24,979
Change	584	−830	246	0	0	0

€'000	Credit Platform	Private Clients	Real Estate Platform	Insurance Platform	Reconci-liation	Group
Segment earnings before interest, tax, depreciation and amortisation (EBITDA)						
Q1 2018 adjusted	6,024	3,605	2,296	−453	−1,965	9,507
Q1 2018 as reported	5,065	4,444	2,416	−453	−1,965	9,507
Change	959	−839	−120	0	0	0
H1 2017 adjusted	10,268	5,920	3,332	278	−3,088	16,710
H1 2017 as reported	9,191	6,486	3,843	278	−3,088	16,710
Change	1,077	−566	−511	0	0	0
Q2 2017 adjusted	5,352	2,551	1,711	125	−1,634	8,105
Q2 2017 as reported	4,722	2,950	1,942	125	−1,634	8,105
Change	630	−399	−231	0	0	0
Segment earnings before interest and tax (EBIT)						
Q1 2018 adjusted	5,166	3,459	2,147	−816	−2,419	7,537
Q1 2018 as reported	4,233	4,298	2,241	−816	−2,419	7,537
Change	933	−839	−94	0	0	0
H1 2017 adjusted	8,930	5,443	2,954	−302	−3,668	13,357
H1 2017 as reported	7,799	6,009	3,519	−302	−3,668	13,357
Change	1,131	−566	−565	0	0	0
Q2 2017 adjusted	4,646	2,316	1,514	−173	−1,940	6,363
Q2 2017 as reported	3,986	2,715	1,775	−173	−1,940	6,363
Change	660	−399	−261	0	0	0
Segment assets						
31.03.2018 adjusted	57,550	21,730	32,203	35,646	7,084	154,213
31.03.2018 as reported	58,461	21,730	31,292	35,646	7,084	154,213
Change	−911	0	911	0	0	0
30.06.2017 adjusted	47,206	22,972	30,547	24,354	3,689	128,768
30.06.2017 as reported	47,850	22,972	29,903	24,354	3,689	128,768
Change	−644	0	644	0	0	0
31.12.2017 adjusted	55,167	18,580	29,936	32,836	4,461	140,980
31.12.2017 as reported	55,971	18,580	29,132	32,836	4,461	140,980
Change	−804	0	804	0	0	0

Basis of consolidation

The consolidation as at 30 June 2018 includes all entities controlled by Hypoport AG in addition to Hypoport AG itself. The table below shows the entities included in the interim consolidated financial statements in addition to Hypoport AG.

Parent company	Holding in %
ASC Assekuranz-Service Center GmbH, Bayreuth	100.00
ASC Objekt GmbH, Bayreuth	100.00
Basler Service GmbH, Bayreuth	70.00
Dr. Klein Privatkunden AG, Lübeck	100.00
Dr. Klein Finance S.L.U., Santa Ponça (Spain)	100.00
DR. KLEIN Firmenkunden AG, Lübeck	100.00
Europace AG, Berlin	100.00
FIO SYSTEMS AG, Leipzig	100.00
FIO SYSTEMS Bulgaria EOOD, Sofia (Bulgaria)	100.00
GENOPACE GmbH, Berlin	50.025
Hypoport B.V., Amsterdam	100.00
Hypoport Grundstücksmanagement GmbH, Berlin	100.00
Hypoport Invest GmbH, Berlin	100.00
Hypoport Mortgage Market Ltd., Westport (Ireland)	100.00
Hypoport Systems GmbH, Berlin	100.00
Hypservice GmbH, Berlin	100.00
INNOFINANCE GmbH, Inning am Ammersee	100.00
INNOSYSTEMS GmbH, Inning am Ammersee	100.00
IWM Software AG, Nonnweiler	100.00
Klosterstraße 71 Objektgesellschaft mbH, Berlin	100.00
maklersoftware.com GmbH, Neßlbach / Winzer	100.00
NKK Consulting Aktiengesellschaft AG, Regensburg	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
Smart InsurTech Versicherungsservice GmbH, Lübeck	100.00
Starpool Finanz GmbH, Berlin	50.025
Value AG, Berlin	100.00
Vergleich.de Gesellschaft für Verbraucherinformation mbH, Berlin	100.00
Vergleich.de Versicherungsservice GmbH, Lübeck	100.00
VS Direkt Versicherungsmakler GmbH, Bayreuth	100.00
Volz 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	
BAUFINEX GmbH, Schwäbisch Hall	30.00
Genoport Kreditmanagement GmbH, Berlin	25.00
IMMO CHECK Gesellschaft für Informationsservice mbH, Bochum	33.33

With the exception of the aforementioned joint ventures and associates (all accounted for under the equity method owing to lack of control), all major Hypoport Group companies are fully consolidated.

Changes to the basis of consolidation; acquisitions

The Hypoport Group carried out the following major acquisitions in the first six months of 2018.

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

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

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

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

Platform segment.
All shares in Value AG, Berlin, were acquired on 3 May 2018. Value AG specialises in property appraisals. By acquiring this real-estate specialist, the Hypoport Group is significantly bolstering its competitive position in the property valuation segment and can now offer a complete range of products. The consideration transferred for the acquisition of the shares in Value AG amounted to €19.9 million and consisted entirely of the purchase price paid. The purchase consideration was largely attributable to goodwill. The acquisition was accounted for using the acquisition method. Value AG was included in the interim consolidated financial statements with effect from 1 July 2018. Its activities were allocated to the Real Estate Platform segment.

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

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

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

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

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

* incl. subsidiaries

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

Since their respective times of acquisition, the acquired companies have contributed a combined total of €4.2 million to revenue and €0.5 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 €0.3 million for legal advice and due diligence in connection with the acquisitions. These costs are shown under administrative expenses in the income statement and under cash flows from operating activities in the cash flow statement.

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

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

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)	H1 2018	H1 2017	Q2 2018	Q2 2017
Income taxes and deferred taxes	2,967	2,816	1,490	1,334
current income taxes	2,837	2,257	1,636	1,661
deferred taxes	130	559	−146	−327
in respect of timing differences	892	855	215	−218
in respect of tax loss carryforwards	−762	−296	−361	−109

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

Earnings Per Share	H1 2018	H1 2017	Q2 2018	Q2 2017
Net incomefor the year (€'000)	11,366	10,624	5,489	5,193
of which attributable to Hypoport AG stockholders	11,343	10,598	5,479	5,167
Basic weighted number of outstanding shares (€'000)	6,023	5,943	6,076	5,944
Earnings per share (€)	**1.88**	**1.78**	**0.90**	**0.87**

The number of shares in issue rose by 300,235 shares to 6,246,621 shares as at 30 June 2018 (31 December 2017: 5,946,386), mainly as a result of the capital increase.

Intangible assets and property, plant and equipment

Intangible assets primarily comprised development costs of €29.9 million for the financial marketplaces (31 December 2017: €24.7 million) and goodwill of €137.5 million (31 December 2017: €24.8 million). The rise in goodwill was the result of the first-time consolidation of IWM Software AG, FIO Systems AG, Value AG and ASC Assekuranz-Service Center GmbH.

Property, plant and equipment largely consisted of office furniture and equipment amounting to €4.9 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 three joint ventures FINMAS GmbH, Berlin (Hypoport's interest: 50 per cent), Hypoport on-geo GmbH, Berlin (Hypoport's interest: 50 per cent), LBL Data Services B.V., Amsterdam (Hypoport's interest: 50 per cent) and Expertise Management & Holding GmbH (Hypoport's interest: 50 per cent) as well as of the associates BAUFINEX GmbH, Schwäbisch Hall (Hypoport's interest: 30 per cent), 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 half of 2018, the profit from equity-accounted long-term equity investments amounted to €13 thousand (H1 2017: €121 thousand).

Subscribed capital

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

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

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

Authorised capital

The Annual Shareholders' Meeting held on 5 May 2017 voted to set aside the unused authorisation granted on 1 June 2012 and to issue a new authorisation. The Management Board was authorised – subject to the consent of the Supervisory Board – to increase the Company's subscribed capital by up to a total of €3,097,479.00 by issuing new registered no-par-value shares for cash or non-cash capital contribution on one or more occasions on or before 4 May 2022. The Management Board can decide – subject to the consent of the Supervisory Board – to disapply the shareholders' statutory pre-emption rights.

Treasury shares

Hypoport held 246,755 treasury shares as at 30 June 2018 (equivalent to €246,755.00, or 3.8 per cent, of the subscribed capital of Hypoport AG), which are mainly intended to be issued to employees. The change in the balance of treasury shares and the main data relating to transactions in 2018 are shown in the following table:

Change in the balance of treasury shares in 2018	Number of shares	Proportion of subscribed capital (%)	Cost of purchase (€)	Sale price (€)	Gain or loss on sale (€)
Opening balance as at 1 January 2018	**248,572**	**4.012**	**9,865,351.40**		
Dissemination 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
Dissemination in April 2018	36	0.001	381.60	4,902.00	4,520.40
Capital increase May 2018]	298,418	4.596	0.00	0.00	0.00
Dissemination in May 2018	298,468	4.596	530.00	47,217,866.96	7,609.36
Dissemination in June 2018	8	0.000	84.80	1,283.12	1,198.32
Balance as at 30 June 2018	**246,755**	**3.800**	**9,845,632.46**		

The release of treasury shares was part of an employee share ownership programme and of the acquisition of FIO Systems AG, and was recognised directly in equity and offset against retained earnings.

Reserves

The breakdown of reserves can be found in the above consolidated statement of changes in equity.

Capital reserves include the premium from the capital increase carried out in 2001 (€400 thousand), the premium from the issuance of shares under the 2002–2004 employee share ownership programme from 2006 to 2009 (€1.187 million), amounts equivalent to the par value of the treasury shares recalled in 2006 (€99 thousand), an amount equivalent to the imputed share of subscribed capital for the treasury shares recalled in 2007 (€247 thousand) and income from the disposal of shares (€48.321 million, of which €47.348 million relates to 2018).

Retained earnings include the profits generated by the entities included in the consolidated financial statements prior to the first-time consolidation on 1 January 2004, the capital gains on the sale of treasury shares, the losses on the recall of treasury shares and three negative goodwill amounts arising from business combinations. These negative goodwill amounts are reported under retained earnings, because profits had been retained after the acquisition but before the date of first-time consolidation.

The cumulative net profits and losses for all periods since the date of first-time consolidation, all the remaining adjustments made under the first-time adoption of IFRS with effect from 1 January 2004 and recognised directly in equity, and a statutory reserve of €7 thousand (31 December 2017: €7 thousand) are also reported under this item.

Non-controlling interests

The net profit for the first half of 2018 attributable to non-controlling interests was €23 thousand (H1 2017: €26 thousand). Total non-controlling interests amounted to €337 thousand as at 30 June 2017 (31 December 2017: €306 thousand), of which €229 thousand (31 December 2017: €206 thousand) related to the non-controlling interest in the equity of Starpool Finanz GmbH (non-controlling interest of 49.975 per cent), €100 thousand (31 December 2017: €100 thousand) to GENOPACE GmbH (non-controlling interest of 49.975 per cent) and €8 thousand (31 May 2018: €8 thousand) to Basler Service GmbH (non-controlling interest of 30.0 per cent).

Share-based payment

No share options were issued in the second 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 30 June 2018.

	Shares (number) 30 June 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
Dieter Pfeiffenberger	1,000	0

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

Revenue generated from joint ventures totalled €74 thousand in the second quarter of 2018 (Q2 2017: €30 thousand) and €132 thousand in the first half of this year (H1 2017: €58 thousand). As at 30 June 2018, receivables from joint ventures amounted to €111 thousand (31 December 2017: €195 thousand) and liabilities to such companies totalled €149 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 half of 2018 was characterised by a good level of construction activity. The Company is assuming that there will be growth in the distribution of insurance products for private and corporate clients during the course of the year, partly as a result of certain industry-wide cancellation deadlines and tax issues.

Events after the reporting period

No material events have occurred since the balance sheet date.

Responsibility statement

"We assure that, to the best of our knowledge and in accordance with the accounting standards applicable to interim financial reporting, the interim consolidated financial statements give a fair presentation of the Hypoport Group's financial position and financial performance, the interim group management report gives a fair presentation of the Hypoport Group's business, profits and position and that the material opportunities and risks of its expected development during the remainder of the financial year are described."

Berlin, 6 August 2018

Hypoport AG – The Management Board

Ronald Slabke	Stephan Gawarecki	Hans Peter Trampe

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

DEUTSCHE BÖRSE
PRIME STANDARD