

Hypoport SE

*Results for
Q1 2023*

Mission

Digitalising the credit, real estate & insurance industries



Credit industry



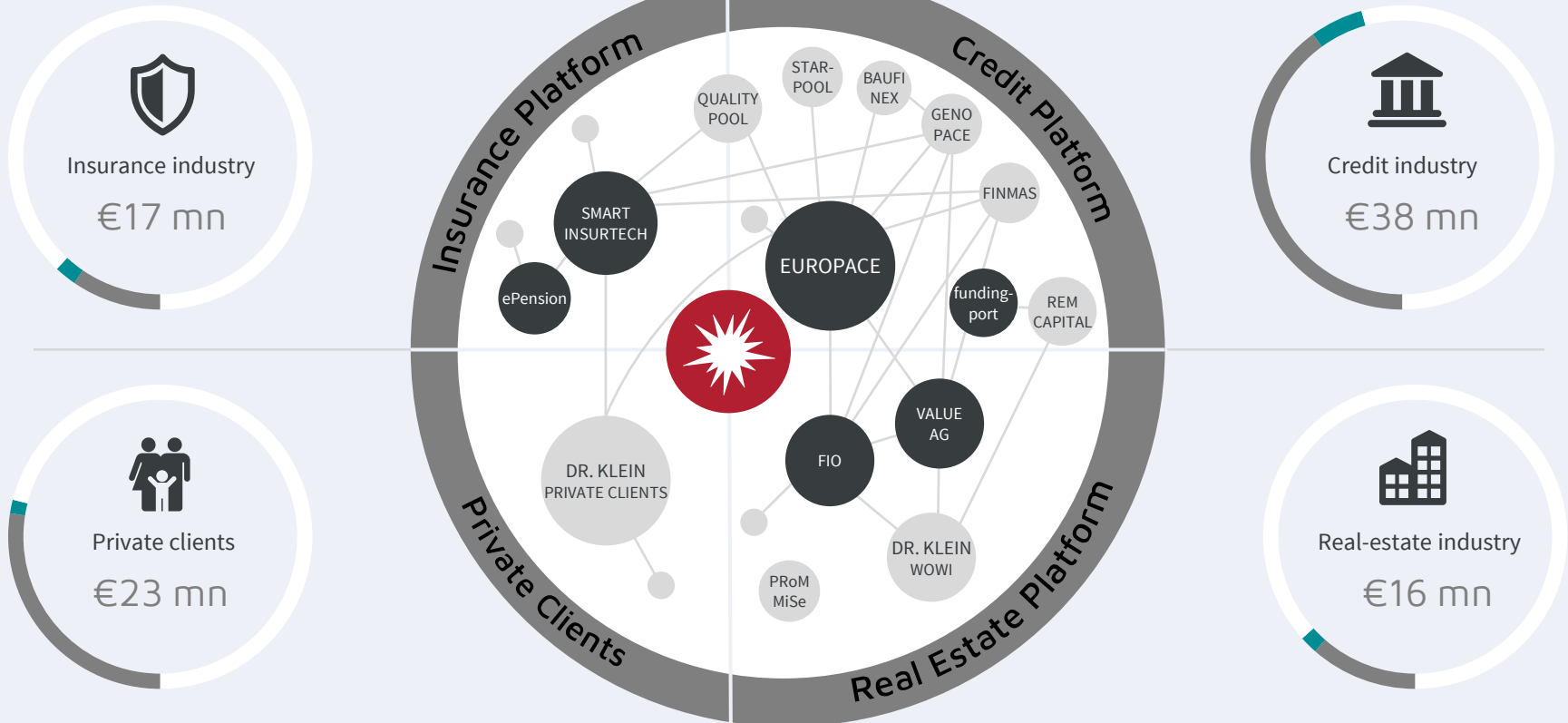
Real Estate industry



Insurance industry

Hypoport – a network of technology companies

Revenue in Q1 2023 by segment



Strong growth, even in a weak market environment

Results for Q1 2023

Key figures for Q1 2023 compared with Q4 2022 (qoq)

- Revenue: €94 million (+7%)
- Gross profit: €52 million (-4%)
- EBITDA: €9.4 million (Q4 2022: €6.4 million, adjusted for one-off items amounting to minus €4 million in Q4 2022)
- EBIT: €0.8 million (Q4 2022: net loss of €2.5 million, adjusted for negative one-off items amounting to €4 million in Q4 2022)
- EPS: €0.08 (Q4 2022: loss per share of €0.33) adjusted for negative one-off items amounting to €4 million in Q4 2022)

Q1 2023 compared with Q4 2022 (qoq): Hypoport market volume (trailing)

- Credit Platform revenue: -1% → Mortgage finance: -5%*
- Private Clients revenue: +26%
- Real Estate Platform revenue: +10% → Residential property (2022): -6%**
- Insurance Platform revenue: +1% → Insurance premiums: -1%***

Sources: *Deutsche Bundesbank **Estimate by GEWOS Institut für Stadt-, Regional- und Wohnforschung GmbH dated 10 October 2022 ***German Insurance Association (GDV), 26 January 2023.

Contents

1. Market environment

2. Key performance indicators for the segments

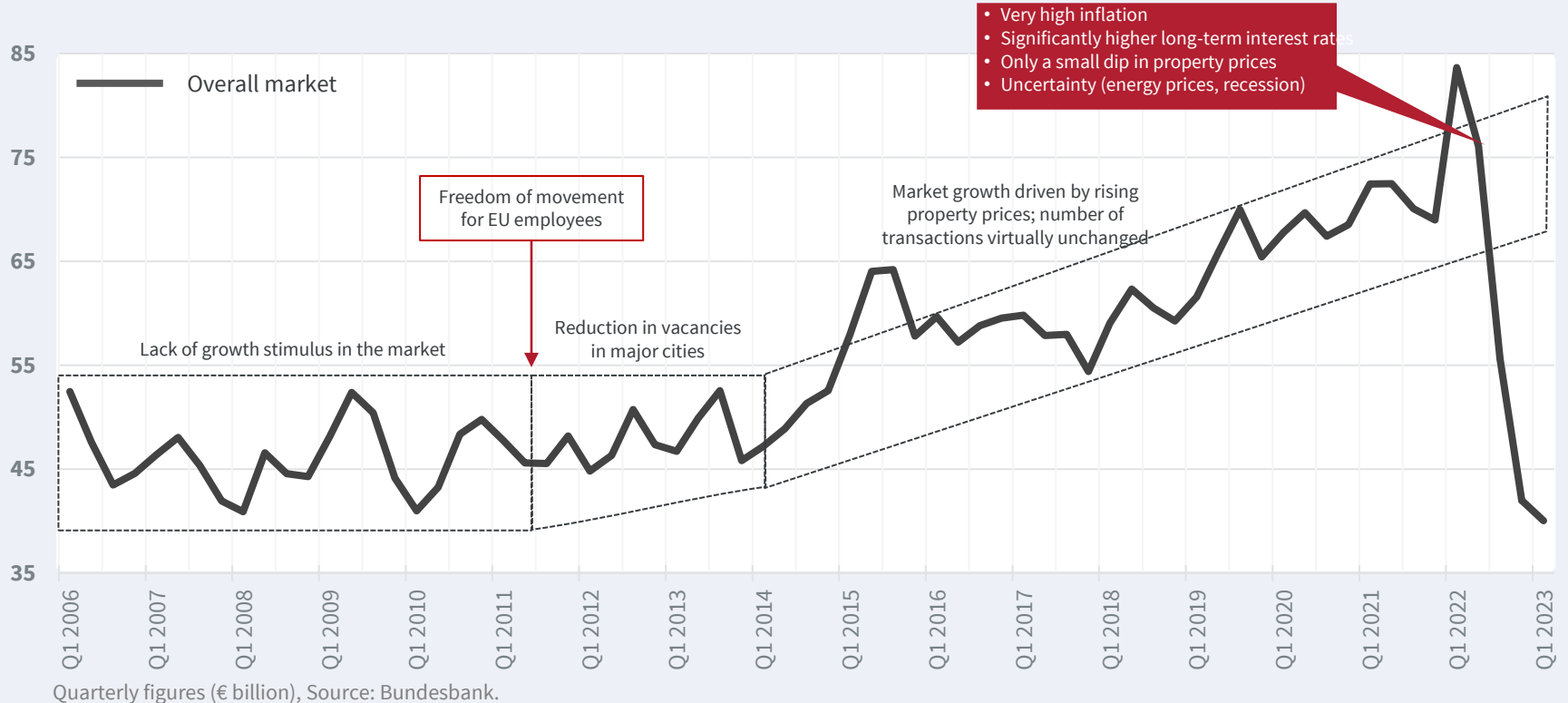
3. Overview of key performance indicators

4. Outlook

Annex (incl. share price info & IR)

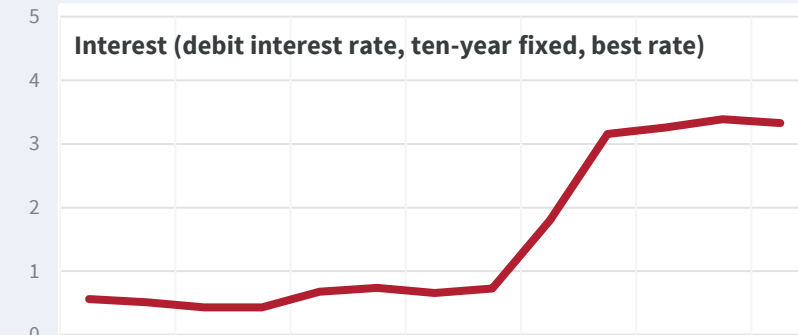
Current market volume well below trend range

Volume of private mortgage finance in Germany



No alternative to property acquisition in the future

Macroeconomic factors affecting mortgage finance



Sources: Dr. Klein best interest rate, Europace EPX hedonic price index, Value AG

Contents

1. Market environment

2. Key performance indicators for the segments

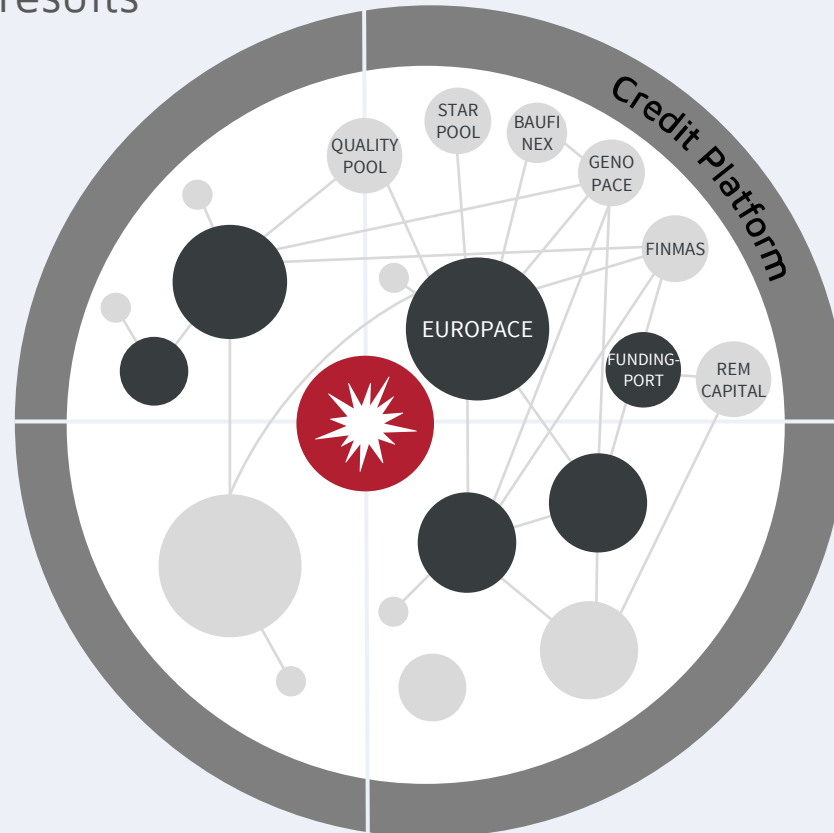
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4. Outlook

Annex (incl. share price info & IR)

Credit Platform

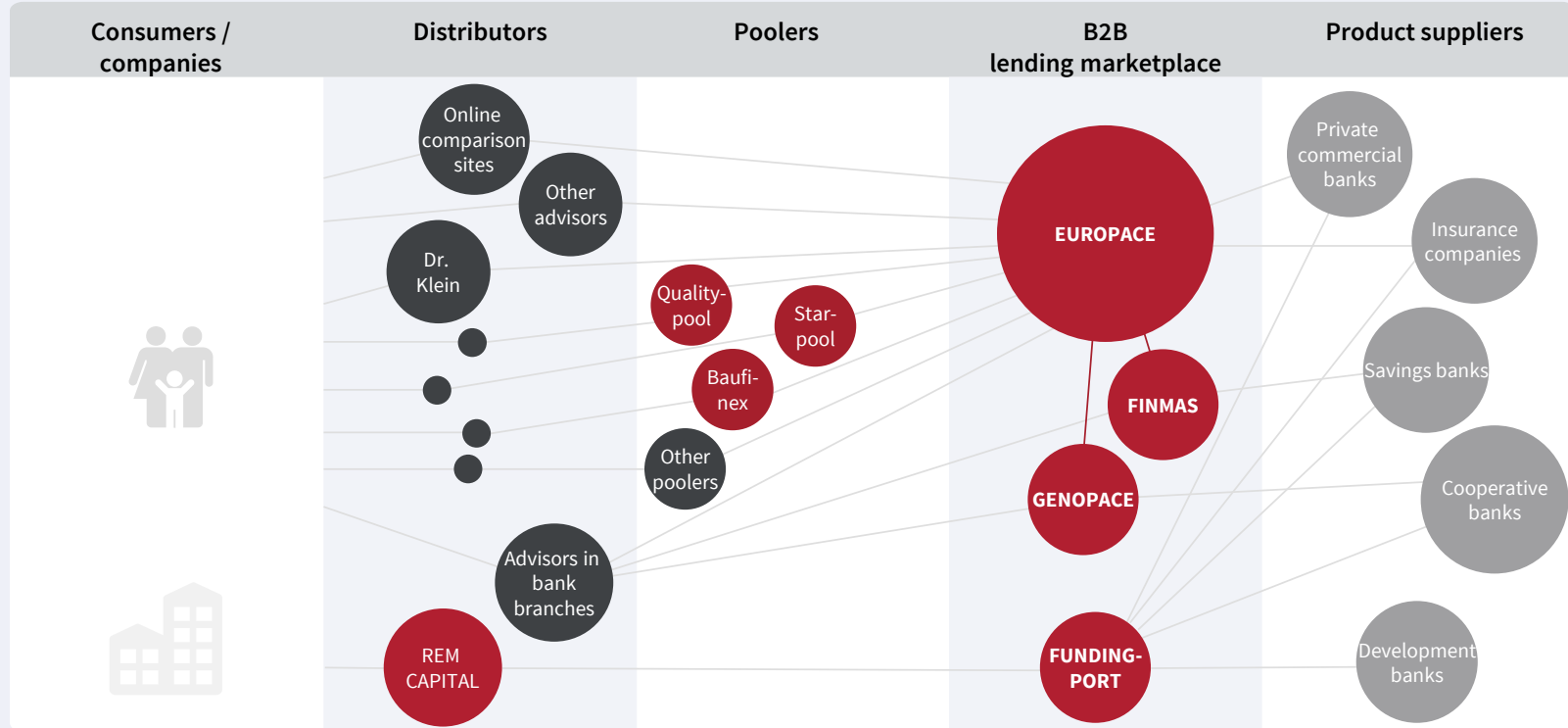
Business model & results



Credit industry

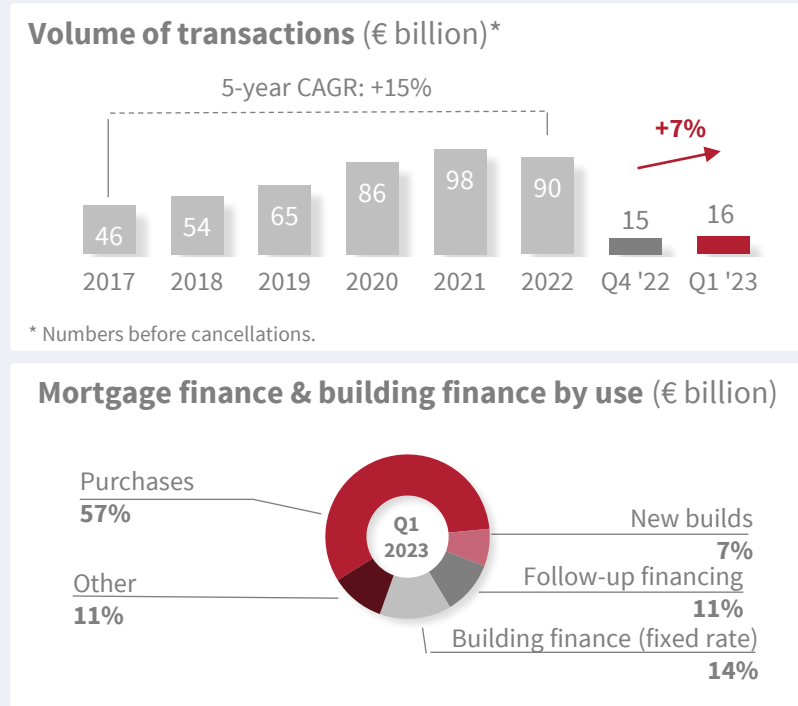
Digitalisation of the credit industry

Credit Platform segment business model



Positive performance in a weak market environment

Credit Platform: mortgage finance and building finance product type

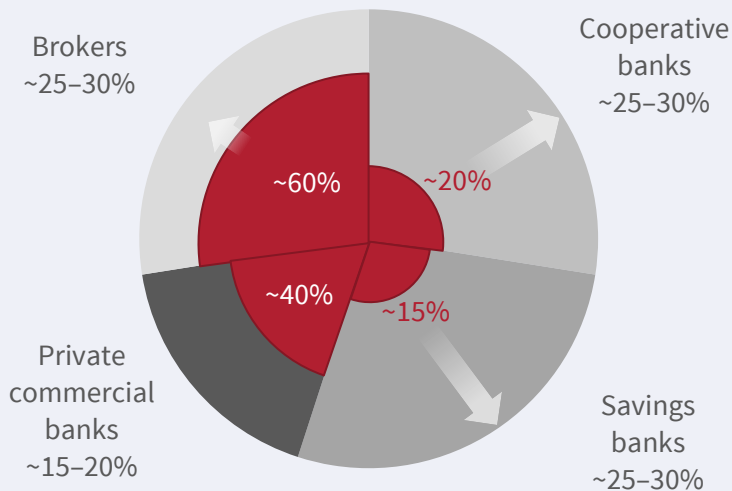


- Further market share gained in a deteriorating market environment (Bundesbank: -5% qoq; trailing)
- Slight fall in the volume of building finance (as a way of locking in interest rates) in a weakening overall market (-0.2%) for retirement savings plans
- Start of the rollout of a new product, the self-service prolongation front-end for banks, using #Passt
- ImmobilienScout now following in the footsteps of Immowelt by starting to work with #Passt to generate leads
- Growing demand for interest-rate comparisons and a broad range of product choices as interest rates have gone up while property prices have fallen only moderately

Europeace still has huge potential for growth

Mortgage finance product type: market share, by distribution channel

Distribution channels and Europeace's share

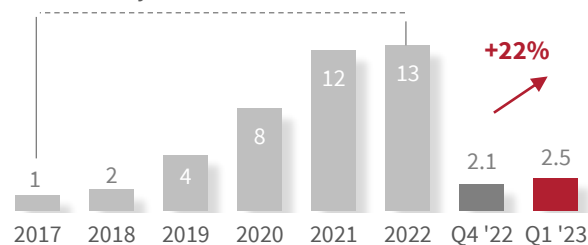


○ Mortgage finance in Germany in Q1 2023: €40 billion
 ■ Mortgage finance on Europeace* in Q1 2023: €13 billion

* Numbers before cancellations (€ billion). Sources: Bundesbank, Europeace, own estimates.

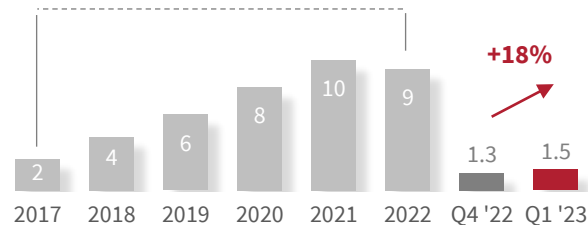
GENOPACE (for cooperative banks)*

5-year CAGR: +60%



FINMAS (for savings banks)*

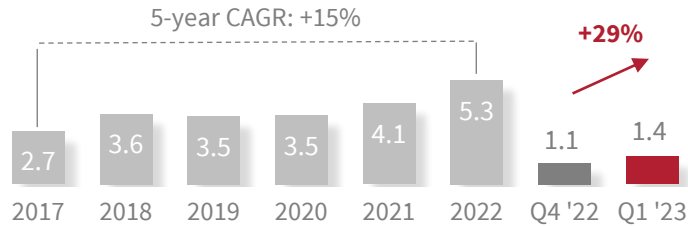
5-year CAGR: +31%



Robust growth in a stagnating market environment

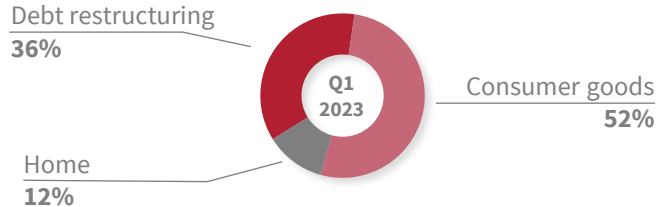
Credit Platform: personal loans product type

Transaction volume in personal loans (€ billion)*



* Numbers before cancellations.

Transaction volume by use (€ billion)

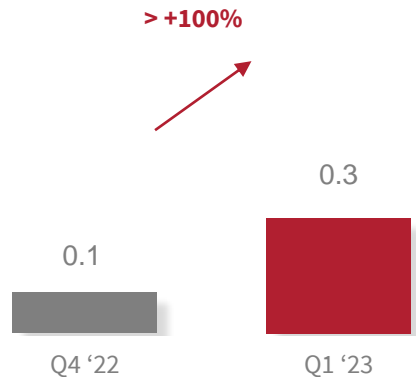


- Over the past five years, Europace has gained significant market share in the personal loans business as a B2B marketplace
- The expansion in this segment was achieved in a stagnating market (5-year CAGR: +0.3%)
- Solid start to 2023, although banks are increasingly shifting to a more restrictive stance
- ‘Sofortkredit’ instant credit product rolled out to all distributors following a successful pilot phase
- Personal loans for energy efficiency improvements and property renovations are an area of business with growth potential for distributors
- Broad-based rollout of GENOFLEX – a system that serves as a price and risk management tool and is aimed at developing business jointly within the cooperative banking sector – from 2023 after a successful pilot project

Solid start to the year for subsidy consulting

Credit Platform: corporate finance product type

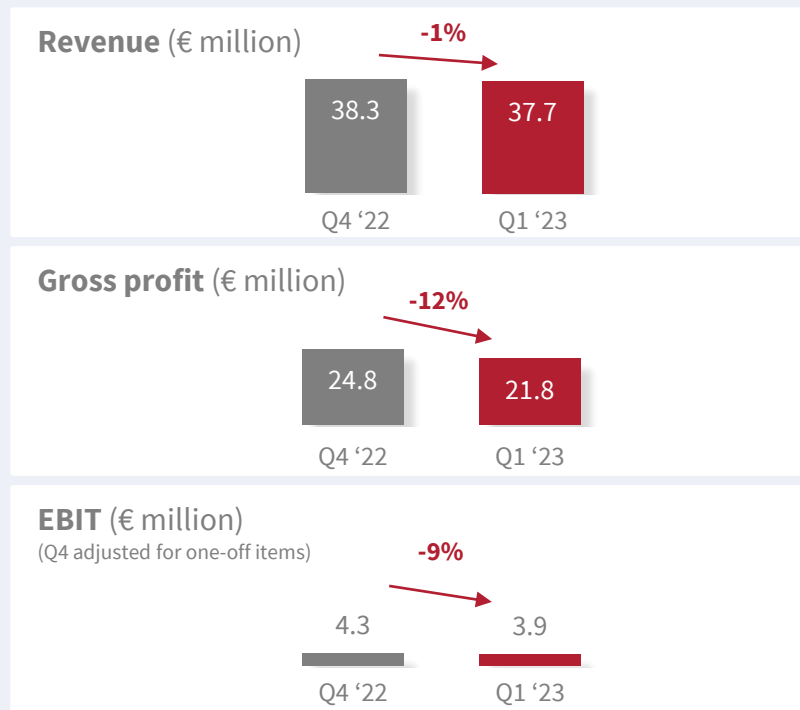
Volume of new projects at REM Capital (€ billion)



- From mid-2021 to mid-2022 exceptionally strong growth at REM Capital due to attractive KfW funding schemes for energy-efficient properties, follow-on scheme still pending
- Current external factors (climate change mitigation, energy crisis, disrupted supply chains, inflation) are posing challenges for German SMEs and sparking strong demand for advice, with substantial associated potential for transactions
- Current support programmes of national and regional governments and the EU have not yet been adapted effectively to the latest climate goals and the trajectory of the current crisis
- In this challenging environment, banks are more reluctant to lend
- Compared with extremely weak new project volume in Q4 2022, figures for Q1 2023 represent a good start to the year

Encouraging start to the year

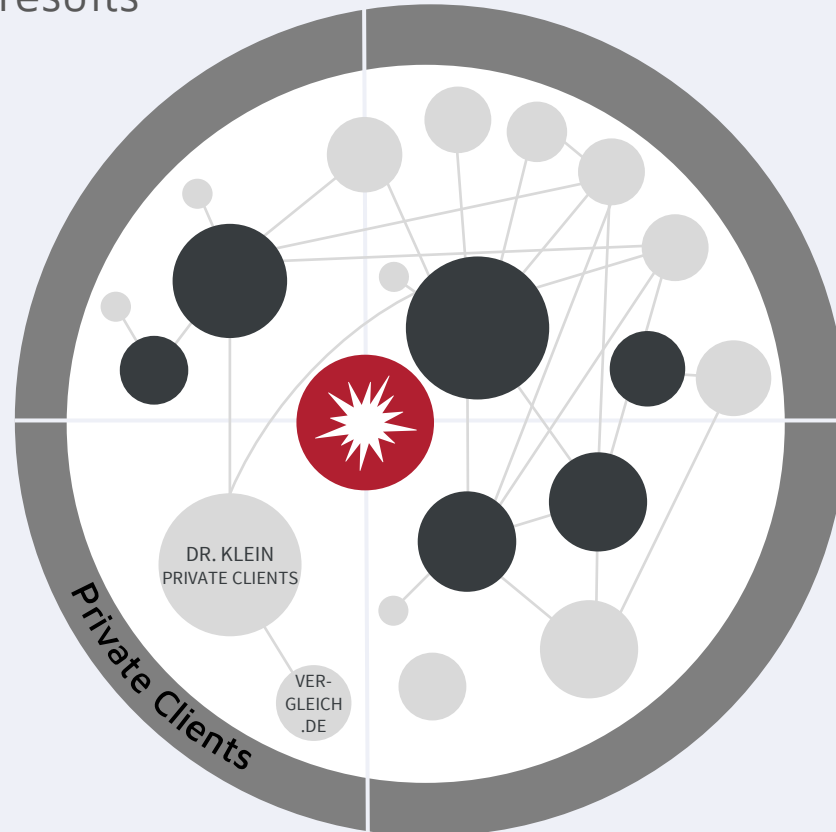
Credit Platform: revenue, gross profit and EBIT



- Slight drop in revenue compared with very strong Q4 result, which was boosted by year-end commissions
- Profitability still below the five-year average of 40–45% (EBIT relative to gross profit) due to weakness in the markets for private mortgage finance and finance for SMEs
- Confirmation of segment outlook for 2023, predicting a slight drop in revenue and a pronounced fall in EBIT compared with 2022
- Strong potential if mortgage finance market continues to normalise and the investment required to transition to green heating is unlocked, for example through effective funding support schemes for consumers and SMEs

Private Clients

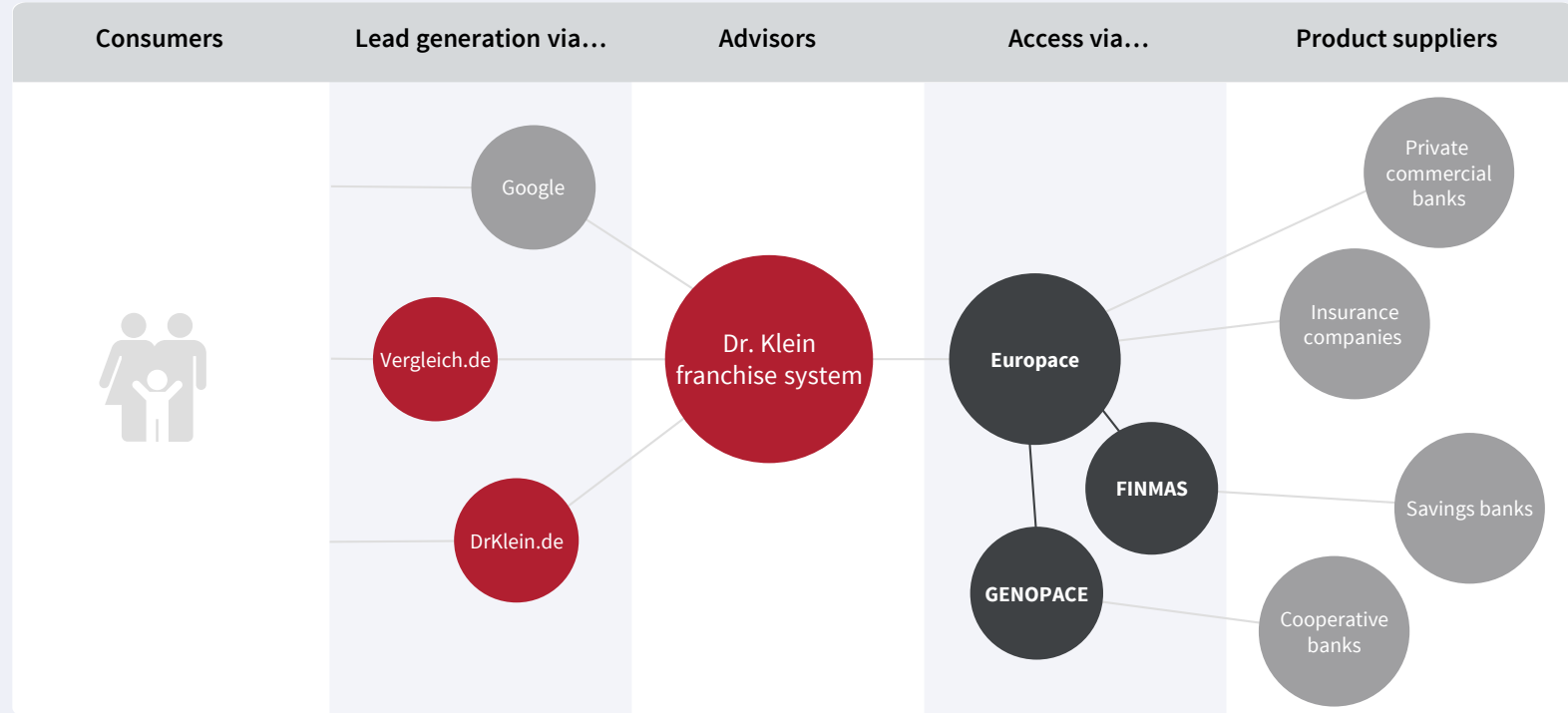
Business model & results



Private Clients

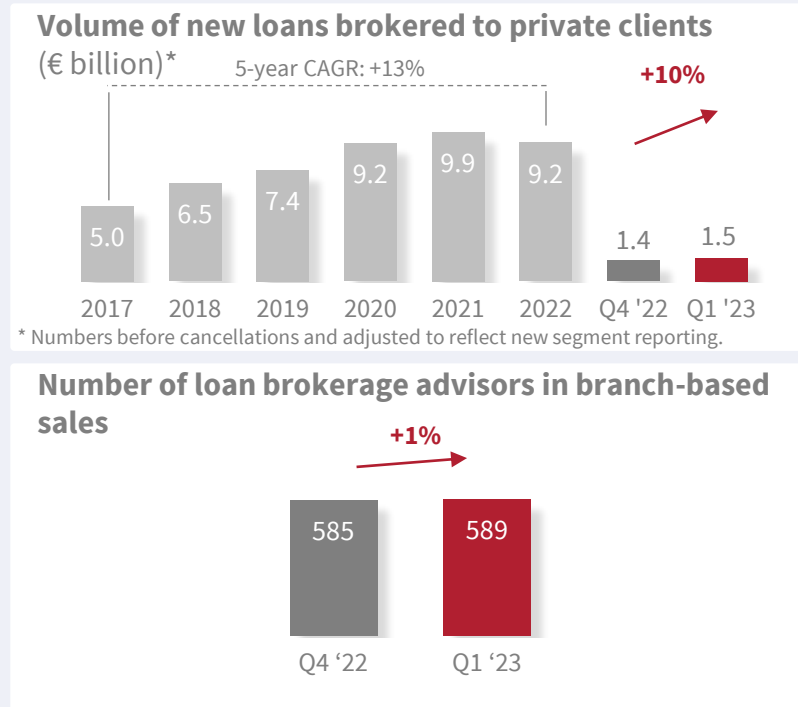
Strong brand for independent advice

Private Clients segment business model



Further gains in market share in a weak market

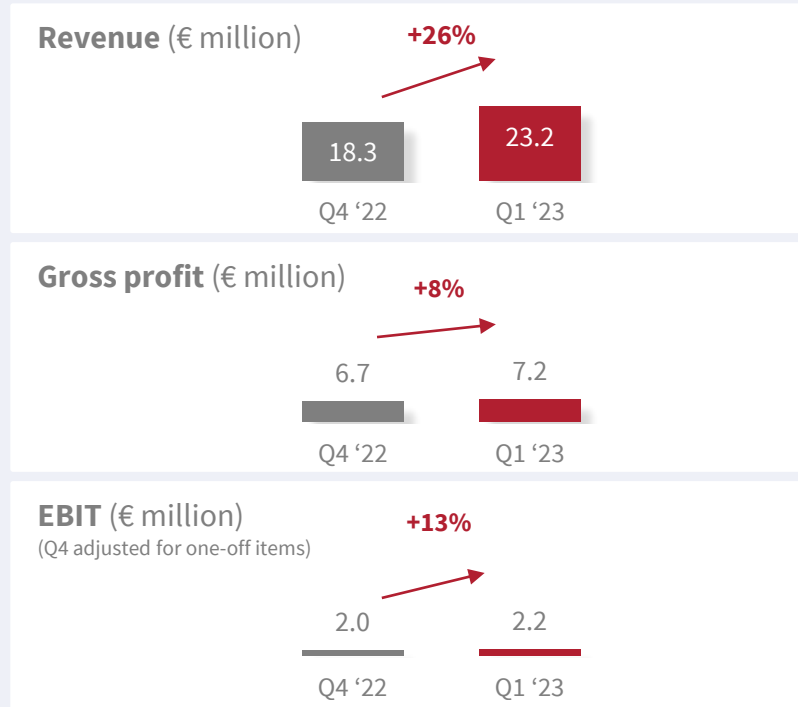
Private Clients: operational key figures



- Further expansion of market share (overall market: -5%, trailing) and 10% increase in the volume of new loans brokered
- Significantly higher interest rates make customers more interested in optimising their financing solutions; independent financial product distributors stand to benefit because they help customers to compare interest rates from hundreds of banks, offer a broad choice of products, and provide up-to-date specialist advice
- Advisory capacity of franchisees has stabilised following a drop in Q4 2022 (loss of 60 advisors)

Dr. Klein bounces back in 2023 after weak Q4 2022

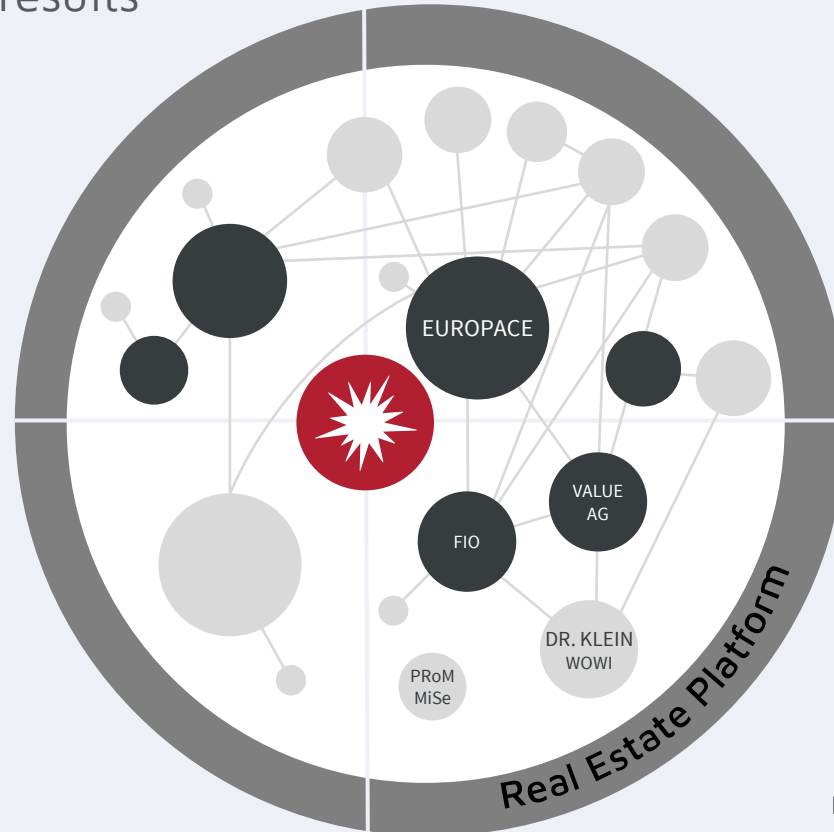
Private Clients: revenue, gross profit and EBIT



- Disproportionately strong increase in revenue as a result of earnings coming through that had been expected in Q4 2022 but were delayed due to long processing times of loan applications at partner banks around the turn of the year
- Increase in gross profit outstrips growth in volume of new loans brokered
- If the market remains weak, smaller financial product distributors / advisors will likely join bigger brands; as the biggest franchise network and brand for independent advisory services, Dr. Klein should benefit greatly from this shift
- Expectations for 2023 for this segment are that revenue will fall significantly and EBIT even more sharply, but there is substantial upside potential if the market continues to normalise

Real Estate Platform

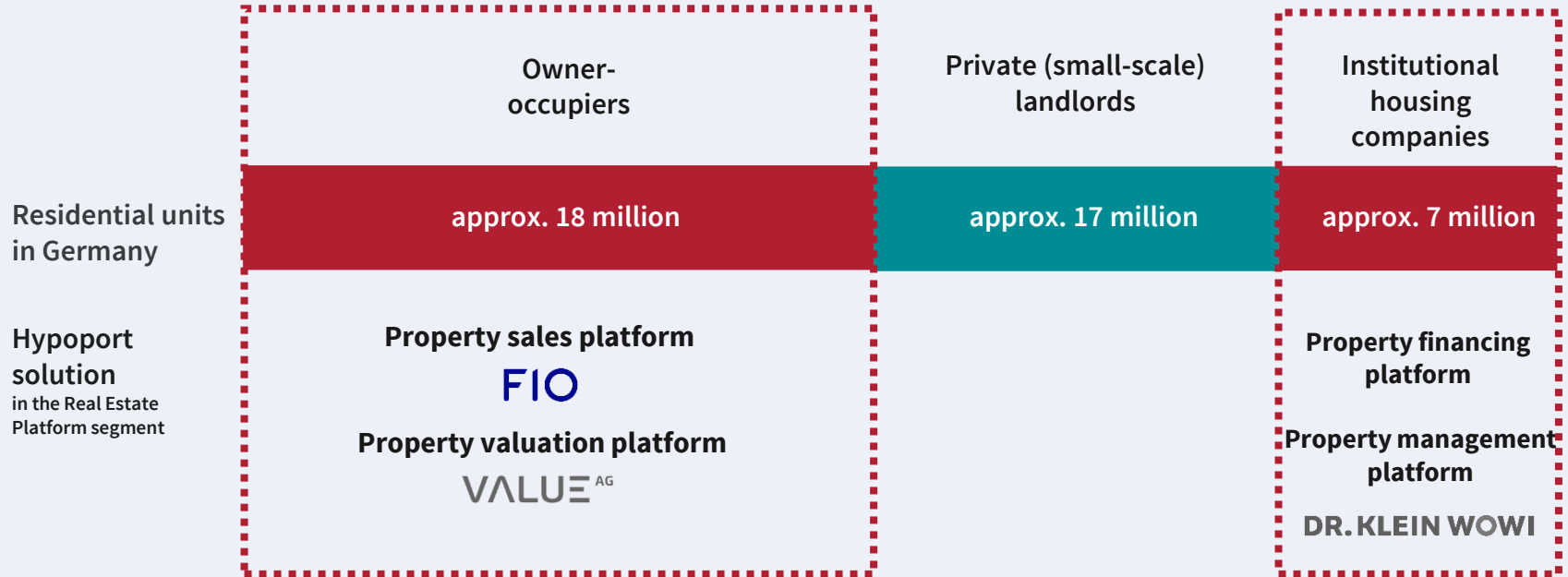
Business model & results



Real-estate industry

Potential in the digitalisation of the housing industry

Market segments and solutions

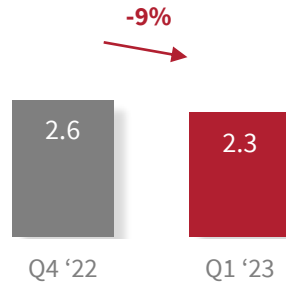


Sources: German Housing and Property Companies Association (GdW), German Federal Statistical Office (time series 31231-001)

FIO boosts innovation in a sluggish market

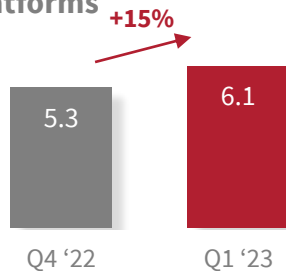
Real Estate Platform: property sales platform and property management platform

Property sales platform volume
(€ billion)



Revenue from the property sales and property management platforms

(€ million)*



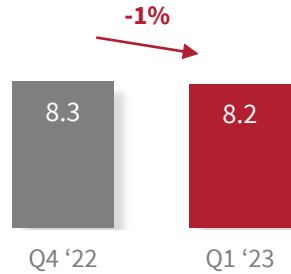
* Revenue of FIO SYSTEMS AG, Maklaro GmbH and Hypoport B.V. (PRoMMiSe).

- Development of software solutions for the sale and management of residential properties in the credit and housing industries
- Retail banks occupy a leading position in Germany when it comes to residential property sales but have a lot of catching up to do in terms of digitalisation
- Expansion of service portfolio is making up for the retail banks' loss of market share and the difficult market conditions
- FIO market share among savings banks already over 90%
- Pilot project in the cooperative sector to trial mortgage finance lead generation using the FIO property offering and #passt mortgage finance via Genopace

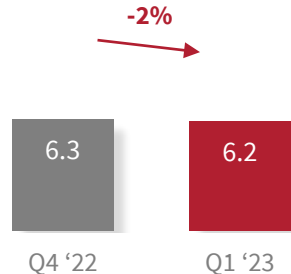
Slowdown of mortgage market is taking its toll

Real Estate Platform: property valuation platform

Property valuation platform volume
(€ billion)



Revenue from the property valuation platform
(€ million)

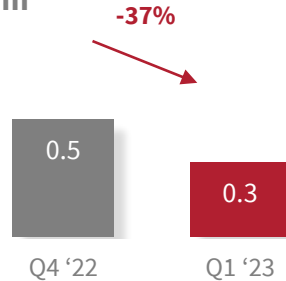


- The fall in mortgage finance volume and the small loans threshold being raised by 50% have caused the property valuation market to contract
- High level of capital expenditure on the digitalisation of business processes and the development of a comprehensive suite of outsourcing services for the credit industry
- Extensive cost reduction measures successfully completed in H2 2022
- Cross-selling potential and USP thanks to incremental improvements to the technical integration of FIO, Europace and VALUE AG with the aim of creating one overall digital process, i.e. one integrated home ownership platform

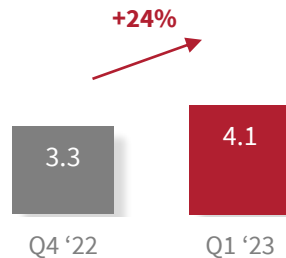
Sluggish first quarter of 2023

Real Estate Platform: property financing platform for the institutional housing sector

Volume of new loans brokered on the property financing platform
(€ billion)



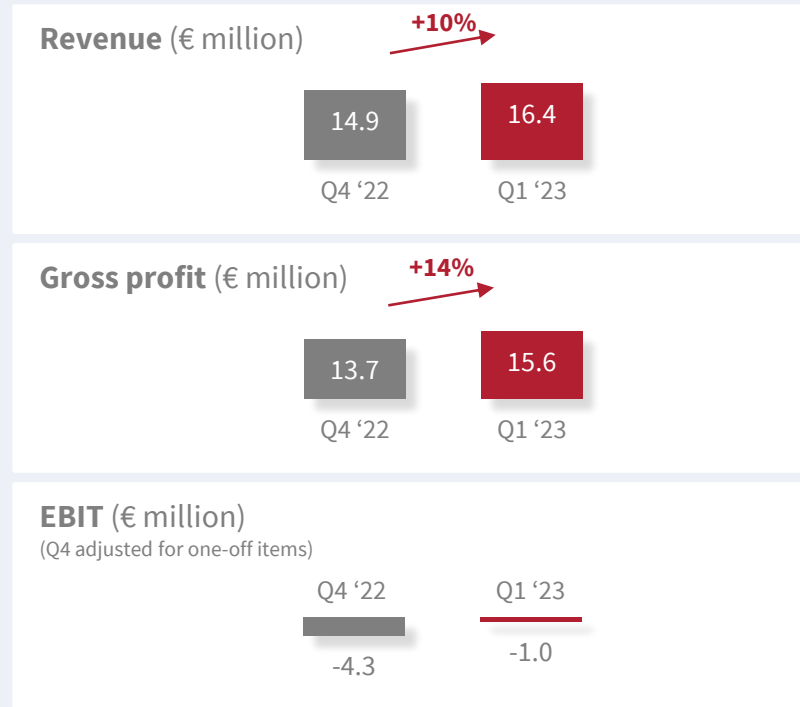
Revenue from the property financing platform
(€ million)



- Rising interest rates and interest-rate volatility in 2022 have reduced the willingness of the housing industry to do business in 2023
- Double-digit percentage fall quarter on quarter is partly attributable to seasonal differences as volume tends to be particularly high in the final quarter of a year
- The fact that revenue grew in spite of the fall in brokerage volume can be explained by a seasonal upturn in insurance business in Q1 2023
- Huge potential if the federal and regional governments put in place the right frameworks for much needed construction of social housing
- Measures to improve the energy efficiency of the existing property stock, which requires investment of at least €500 billion over the period until 2045, have only been funded to a small extent so far
- The anticipated withdrawal of private landlords poses both an opportunity and a challenge for local housing companies

Cost-cutting measures significantly reduce start-up losses

Real Estate Platform: revenue, gross profit and EBIT



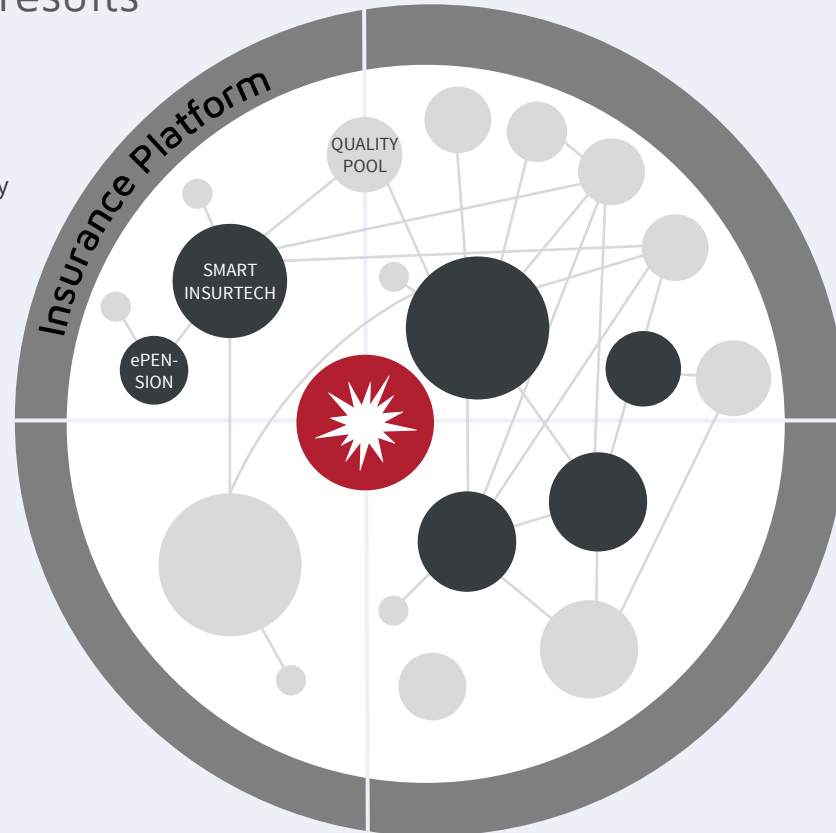
- Solid start to the year for the segment in a challenging market environment
- Cross-selling by the Credit Platform segment (Europace, FINMAS, GENOPACE) provides a strong basis for further gains in market share
- In 2023 revenue should remain stable as start-up losses should continue to reduce

Insurance Platform

Business model & results

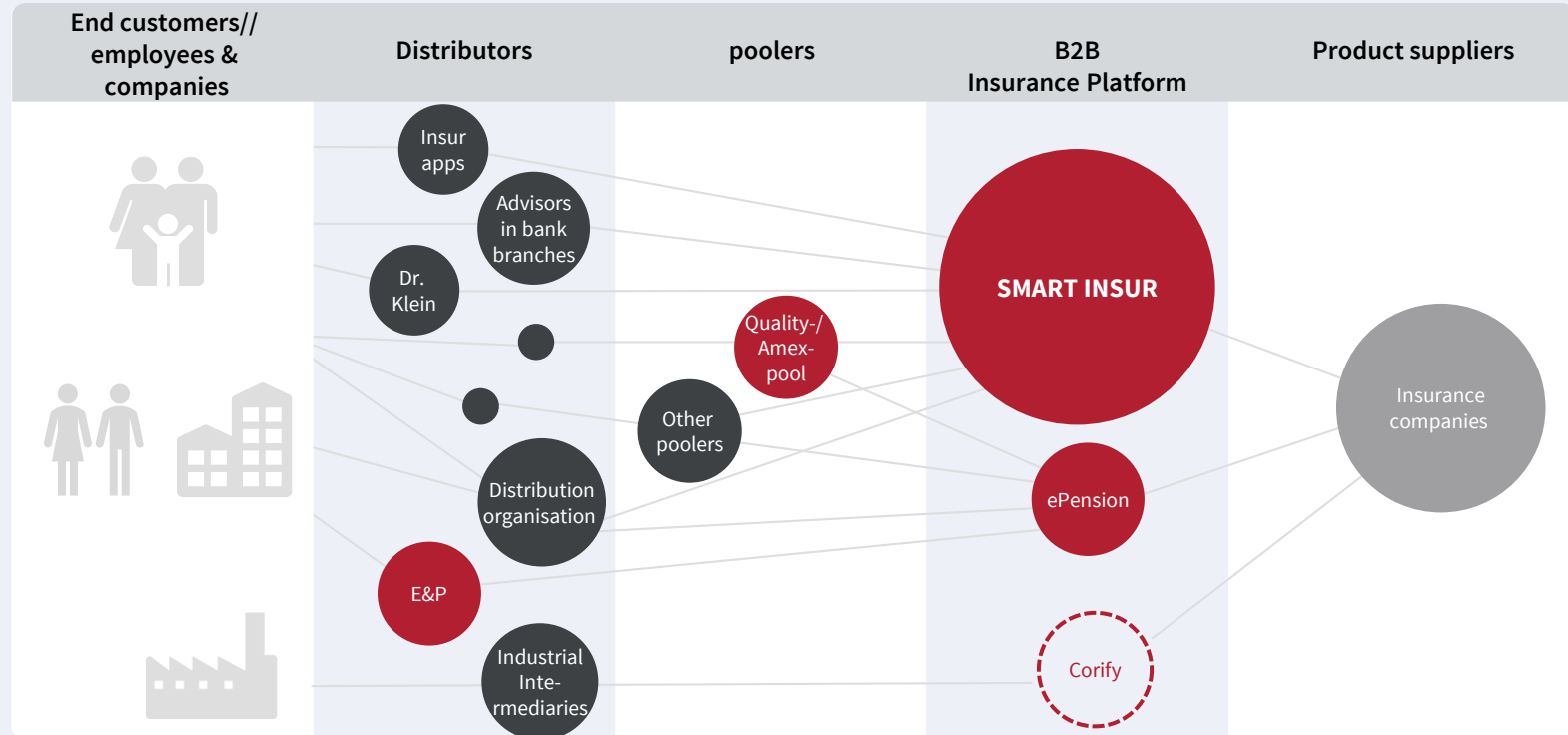


Insurance industry



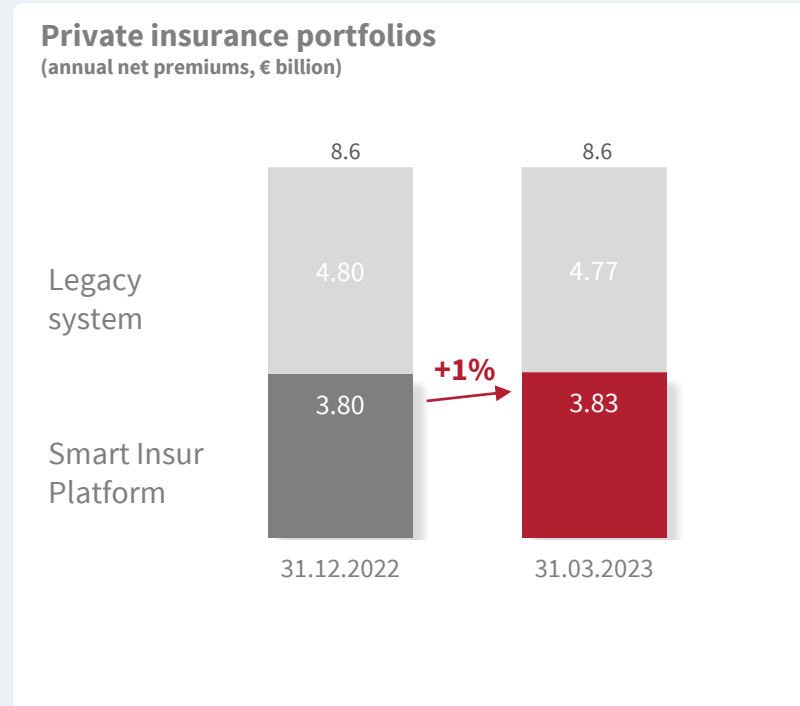
Digitalisation of the insurance industry

Insurance Platform segment business model



Steady increase in the platform volume

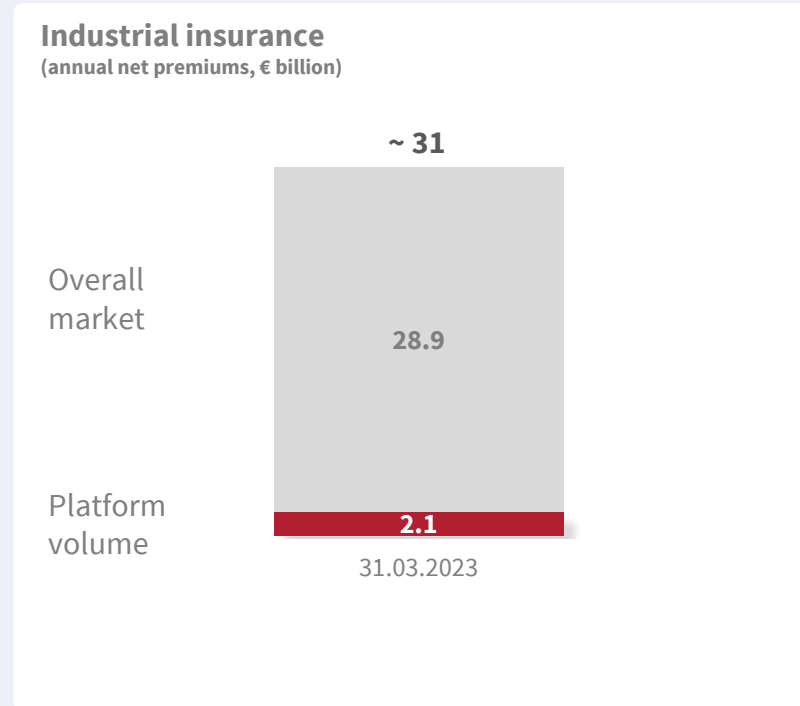
Insurance Platform: progress with the migration



- Annual net premiums of just under €9 billion are managed in the legacy systems
- Migrating these portfolios to the SMART INSUR platform is crucial to the establishment of premiums-based fee models in the sector
- SmIT is gradually validating these portfolios; the validation rate currently stands at 30%
- Validation of the policy portfolios is needed to be able to provide further added value for brokers, distribution organisations and insurance companies, e.g. automated recommendations for action for their advisors

Industrial insurance now a separate business line

Insurance Platform: industrial insurance strategy

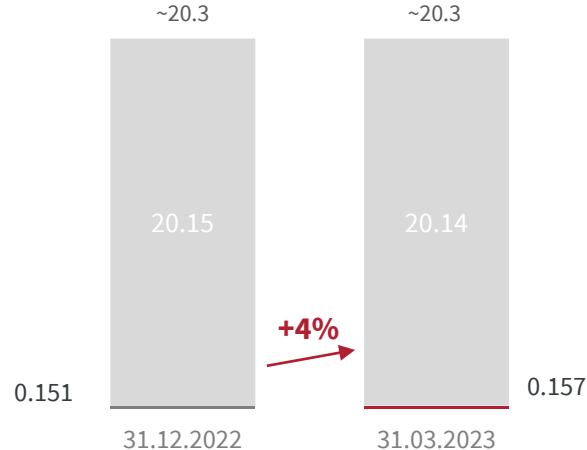


- Strategic repositioning as a contract portfolio management platform for the growing industrial insurance market concluded
- Progress with the collaborative development of Corify (first marketplace for industrial insurance risk) together with major industrial insurance providers and brokers
- First product applications set to go into testing from H2 2023
- Attractive potential for development in terms of market share and growth in the industrial insurance business in the coming years

Huge potential to digital the occupational pension market

Insurance Platform: occupational pension portfolios

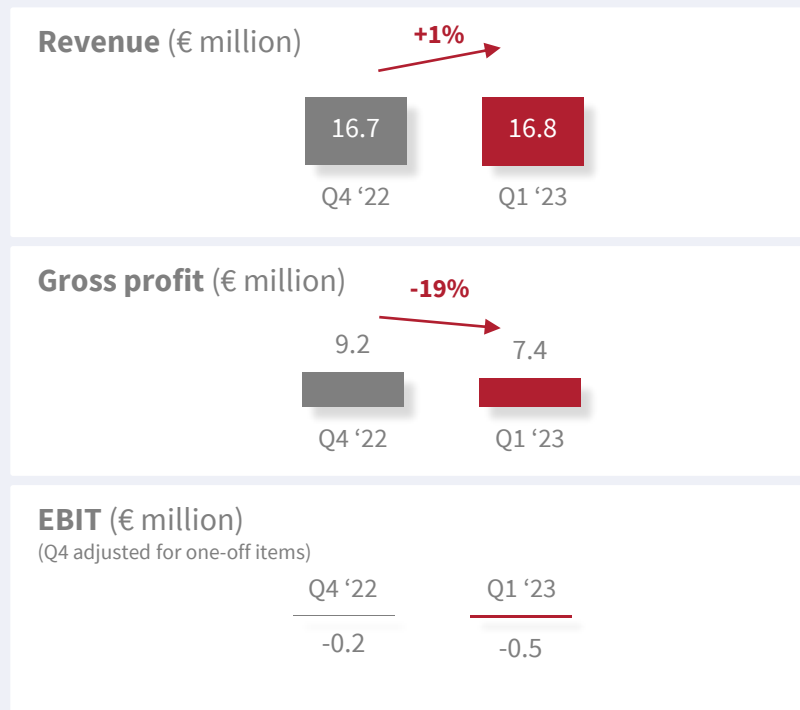
Annual net policy premiums on occupational pension portfolios (€ billion)



- ePension integrates all stakeholders in the occupational pension market, including HR departments of large companies, insurers, specialist distributors of occupational pension schemes / brokerage organisations and employees
- Several large industrial brokers (including the Funk Group) have been signed up to use ePension
- Regulation regarding occupational pension provision is forcing employers to implement complex processes and manage a broad range of choices
- Volume from new clients depressed by cuts to corporate benefits (voluntary contributions)
- Volume of existing customers on the platform growing steadily due to wage increases and increases in the income threshold for assessing contributions

Progress with the strategic realignment

Insurance Platform: revenue, gross profit and EBIT



- Volumes from additional clients signed up for SMART INSUR and ePension in 2022 are being steadily migrated to the platform, but the acquisition of new clients continues to progress much more slowly than expected
- Robust gross profit in Q4 thanks to income from new client commission at ePension
- Successful strategic realignment in 2022 through the creation of three distinct business units (private insurance, industrial insurance, occupational pension provision)
- The plan for 2023 is to generate modest revenue growth and reach EBIT breakeven through optimisation of the cost base

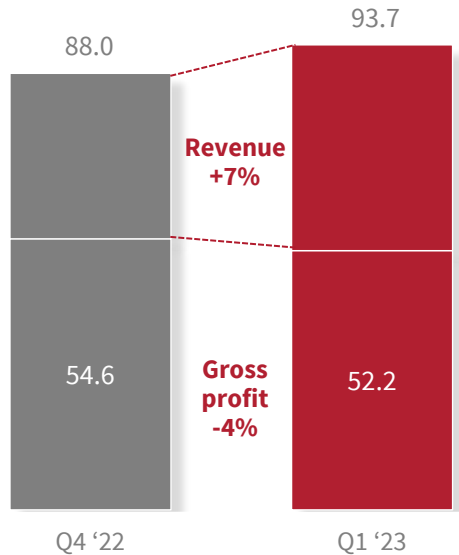
Contents

1. Market environment
 2. Key performance indicators for the segments
 - 3. Overview of key performance indicators**
 4. Outlook
- Annex (incl. share price info & IR)

Modest growth; EBIT back in positive territory

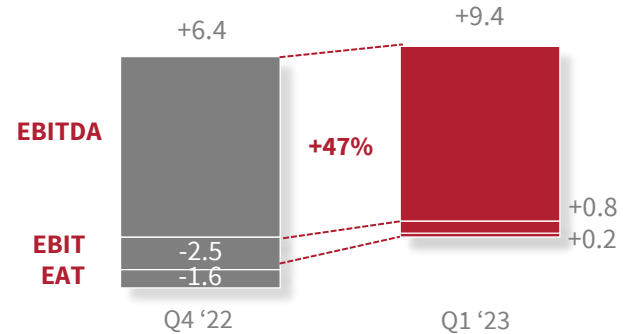
Overview of Hypoport's key performance indicators

Performance (€ million)



Earnings (€ million)

(Q4 adjusted for one-off items)



22-year track record as a profitable growth company

Long-term changes in revenue and EBITDA

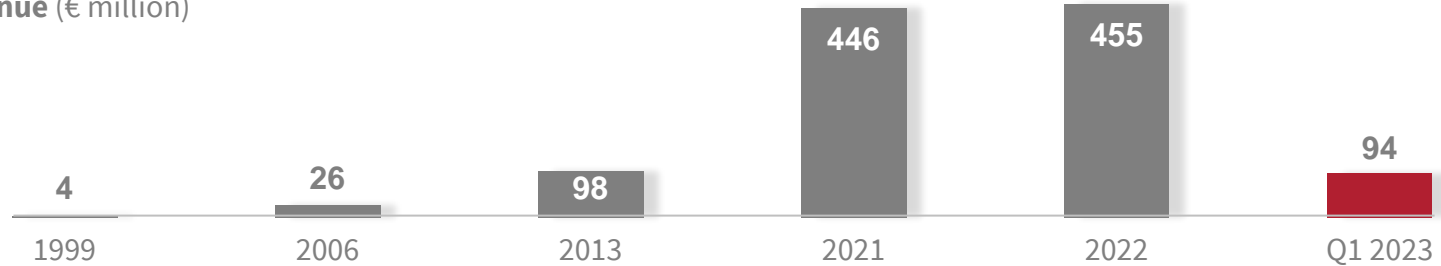
Start-up

Established
despite fin. crisis

Upscaling and
expansion

Qualitative growth
in periods of crisis

Revenue (€ million)



EBITDA (€ million)



Contents

1. Market environment
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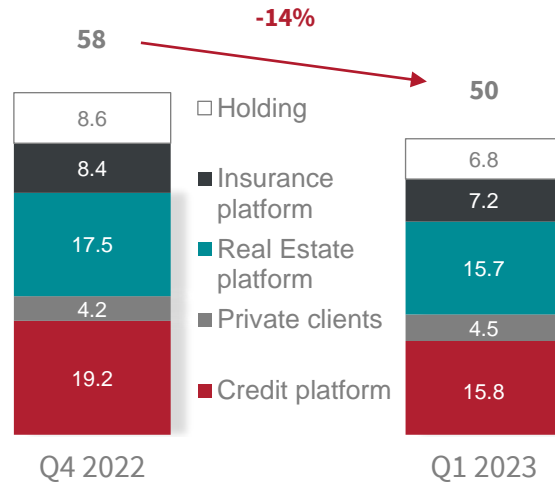
4. Outlook

Annex (incl. share price info & IR)

Cost adjustments take effect in Q1 despite high inflation

Cost development of the segments

Costs* (€ million)























* Personnel expenses and other operating expenses. In Q4 adjusted for net on-off effects totaling 4 million euros.

- The reduction of costs since Q3 will lower expenditure by €35–40 million per year compared with the Q3 run rate (€60 million)
- From Q4 2022 to Q1 2023 costs reduced by €8 million or 14% and compared to Q3 2022 even by €10 million or 17%
- Effects of Q3 cost savings in the Private Client segment already included in Q4
- Operating costs lowered by reducing office space, scaling back consultancy agreements and identifying a whole host of small direct cost items
- Investments were kept almost constant from Q4 to Q1 despite cost reductions. **All promising innovation projects will be pursued further in 2023**

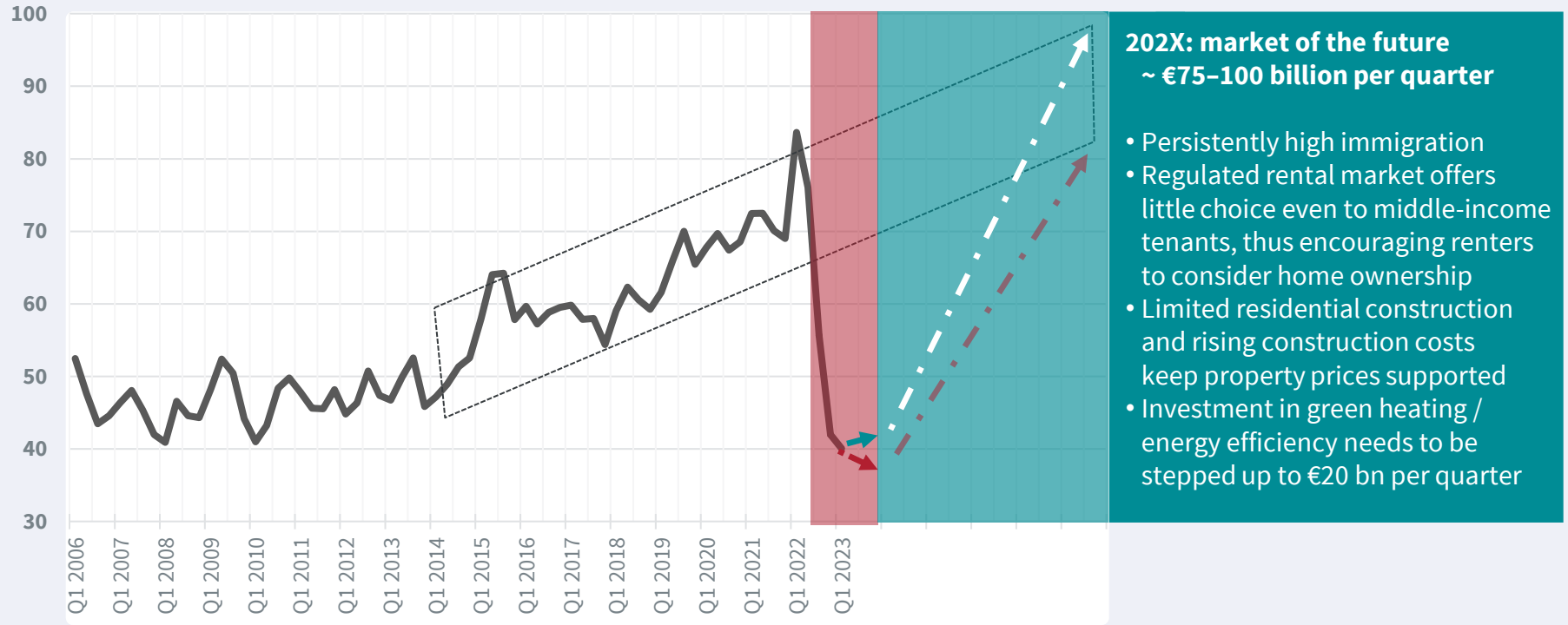
Trigger events cause Germans to turn to financing

Factors of relevance for financing decisions

Type Reasons	Property purchase	Remortgaging	New builds	Modernisation
Life events	 Children, divorce, career changes		 Children	
Interest rates	 Changes in choice of location, size, and fixtures and fittings of the property	 Majority of loans have to be renegotiated after ten years	 Minor change to fixtures and fittings of new builds	
Resources			 Shortage of land for development, construction costs	 Shortages of skilled labour
Regulatory and political environment	 High transaction costs and inaccessible rental market		 Excessive building regulations, lack of funding support schemes	 Insulation bonus
Macroeconomic environment	 Target group: medium to high-income households		 Target group: high-income households	

Market holds huge opportunities for growth

Primary drivers of long-term market growth



Total mortgage finance volume (€ billion, per quarter), source: Bundesbank.

For years

Hypoport has been generating double-digit increases in revenue and EBIT

Forecast for 2023

Based on the assumption of a partial normalisation in the mortgage finance market over the further course of 2023, revenue is expected to fall by up to 10 per cent and EBIT by up to 30 percent

For many more years

Hypoport will generate double-digit increases in market share and thus, in normal market phases, also in revenue and EBIT

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Annex

Investment highlights

~20% **REVENUE GROWTH**
10-year CAGR

2.7 **MODERATE DEBT LEVEL**
Liabilities to banks /
EBITDA 2022

~20% **EBIT INCREASE**
10-year CAGR

20+ **YEARS**
of experience with platform-
based business models

15+ **ACQUISITIONS**
in 10 years

93% **OUR EMPLOYEES**
are satisfied or even
extremely satisfied with
Hypoport as an employer

Huge potential for growth in all product groups

Market share in the three product groups

Overall market in 2022: €224 billion in annual net premiums written



Sources: German Insurance Association (GDV) as at 26 January 2023, own estimates.

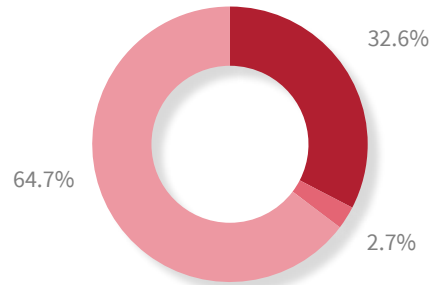
Market capitalisation of just under €1 billion

Shareholder structure and share information

Breakdown of shareholders as at 30 April 2023

- Ronald Slabke (CEO)
- Treasury shares
- Free float

(of which more than 5% held by Baillie Gifford, more than 3% by Allianz Global Investors, more than 3% by BlackRock, more than 3% by Premier Miton and more than 3% by Nicolas Schulmann)

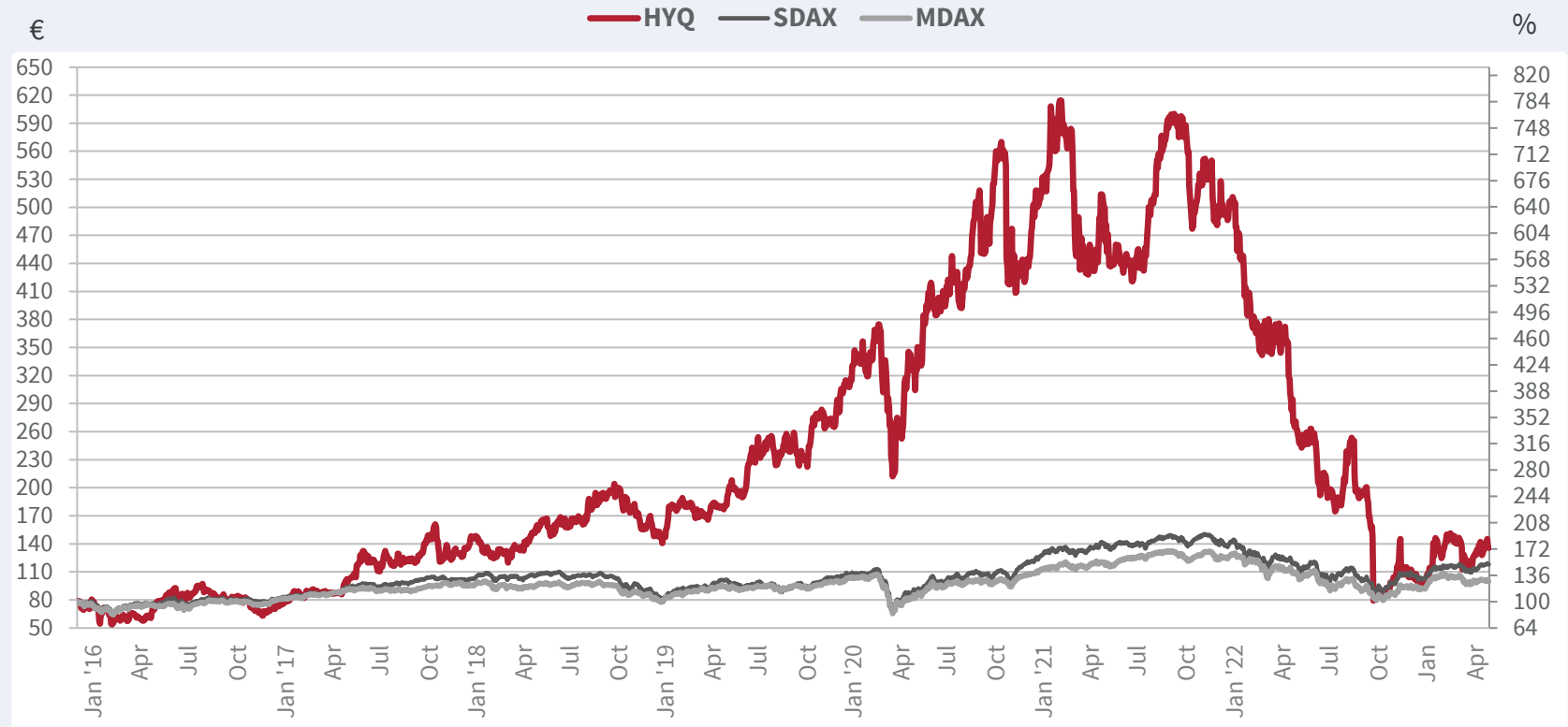


Key performance indicators

KPI	Details	Value
EPS	Earnings per share in Q1 2023	€0.08
Number of shares	Total number of shares	6,872,164
Market cap	Market capitalisation as at 4 May 2023	~€0.9 bn
Trading volume	Average trading volume per day in 2023	~€3.5 mn
High	Highest closing price in 2022	€151.40
Low	Lowest closing price in 2022	€100.40
Indices	SDAX, Prime All Share, CDAX, DAXplus Family, GEX	

Share price performance superior to indices

Share price since the date of joining the SDAX (daily closing price, Xetra, €)



Hypoport's investor relations activity

Investor events, professional analysts' assessments, awards

Analyst	Recommendation	Target price	Date
Bankhaus Metzler	Sell	€84.00	25 April 2023
Berenberg	Buy	€230.00	13 March 2023
BNP Paribas Exane	Underperform	€90.00	14 March 2023
Pareto Securities	Buy	€215.00	25 April 2023
Warburg	Buy	€235.00	14 March 2023

Index and awards

- SDAX, HDAX, DAX PLUS FAMILY
- Warburg 'Best Ideas 2023'
- Institutional Investor 'The 2020 All-Europe Executive Team'
 - 1st place 'Best IR Program Small & Midcap - Specialty & Other Finance' (investor choice)
 - 1st place 'Best IR Professional Small & Midcap - Specialty & Other Finance' (investor choice)

Recent IR events

Conferences	Lyon	Q1/23
Roadshows	Ger/Aus/Swi, UK, USA	Q1/23
Conferences	Lyon, Hamburg, Frankfurt (3x), London, Munich (2x), Paris (2x)	2022
Roadshows	USA, UK, Ger/Aus/Swi	2022
Conferences	Amsterdam, Berlin, Frankfurt (2x), Hamburg, London, Lyon, Munich (2x), Paris, USA (2x)	2021
Roadshows	Ger/Aus/Swi, London (2x), USA	2021

Financial calendar

14 August 2023

Results for Q2 2023

Mortgage finance – a high-potential market

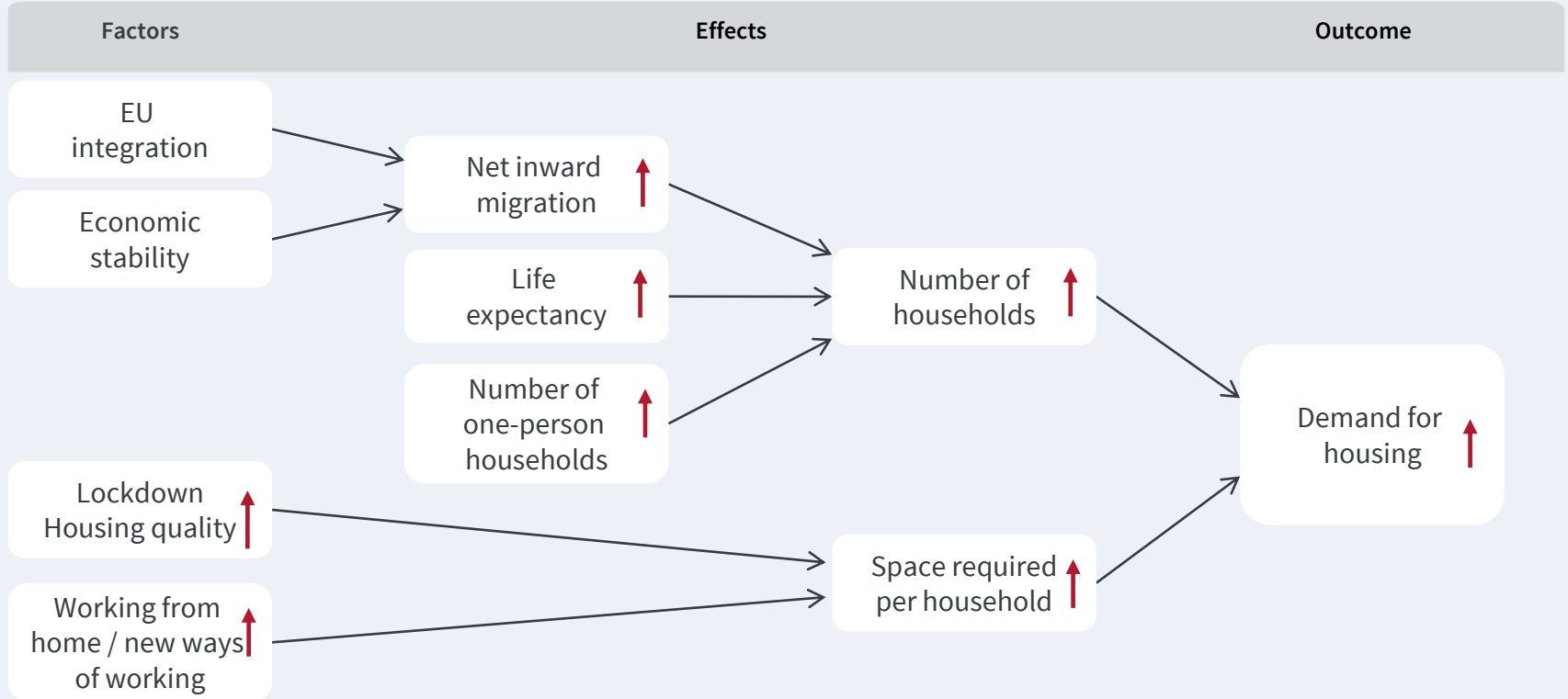
Long-term factors influencing private and institutional residential mortgage finance

	Negative factors	Positive factors
<p>Finance for OWNER- OCCUPIED PROPERTIES</p> <p>Credit Platform Private Clients</p>	<ul style="list-style-type: none">• Lack of available properties• High ancillary purchasing costs• Legislators keep the market busy with a steady stream of new regulatory ideas• Commercial and residential projects competing for construction resources	<ul style="list-style-type: none">• Strong pent-up demand in and from the rental market• Buying often cheaper than renting• Slight growth in construction activity• Market share of neutral loan brokerage advisors is growing• Low proportion of home ownership (under 50%)*
<p>Finance for RENTAL PROPERTIES</p> <p>Real Estate platform</p>	<ul style="list-style-type: none">• Increasingly unrealistic, uneconomic ideas about rent regulation in an already over-regulated rental market• In metropolitan areas such as Berlin, political favouritism stands in the way of necessary new construction	<ul style="list-style-type: none">• Marked increase in planned projects owing to pent-up demand for affordable housing, which has become a political issue

* Source: Federal Statistical Office.

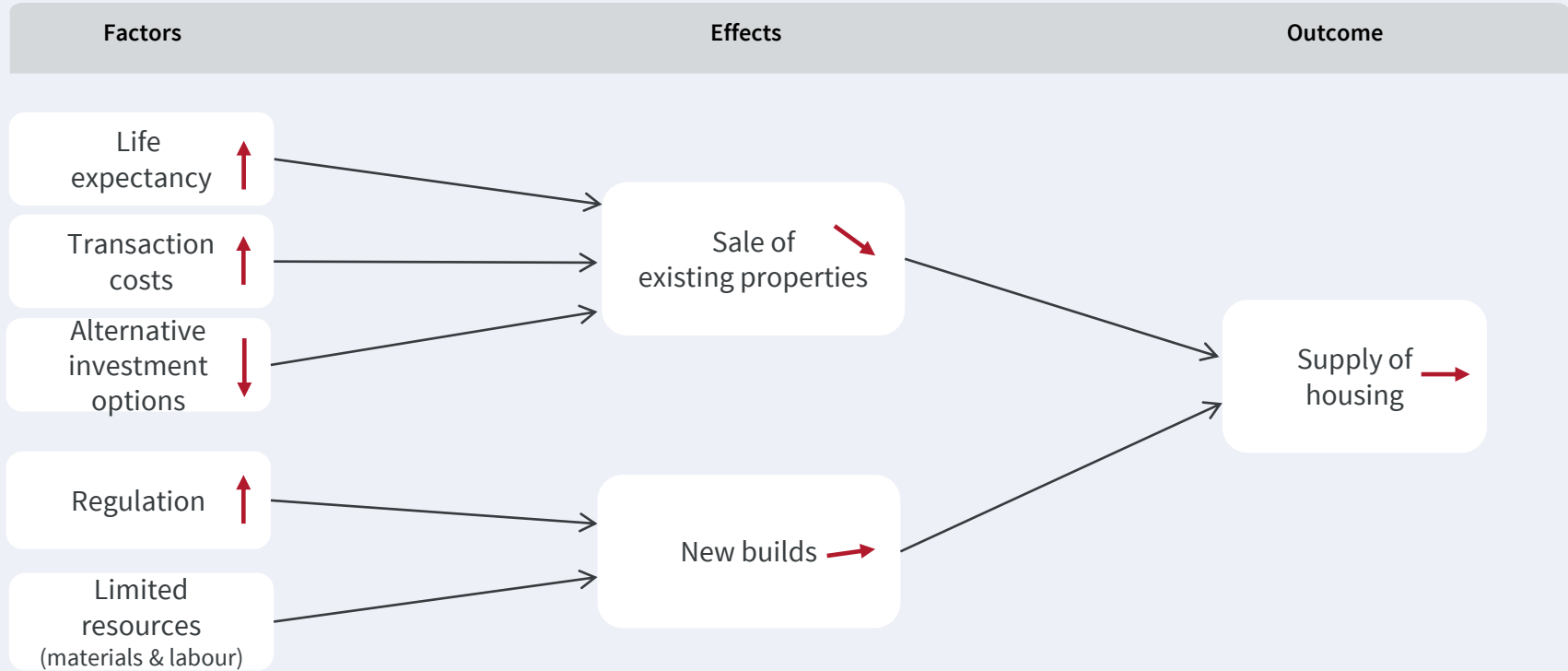
Long-term neither interest rates nor short-term political topics matter

Factors influencing demand in the German property market



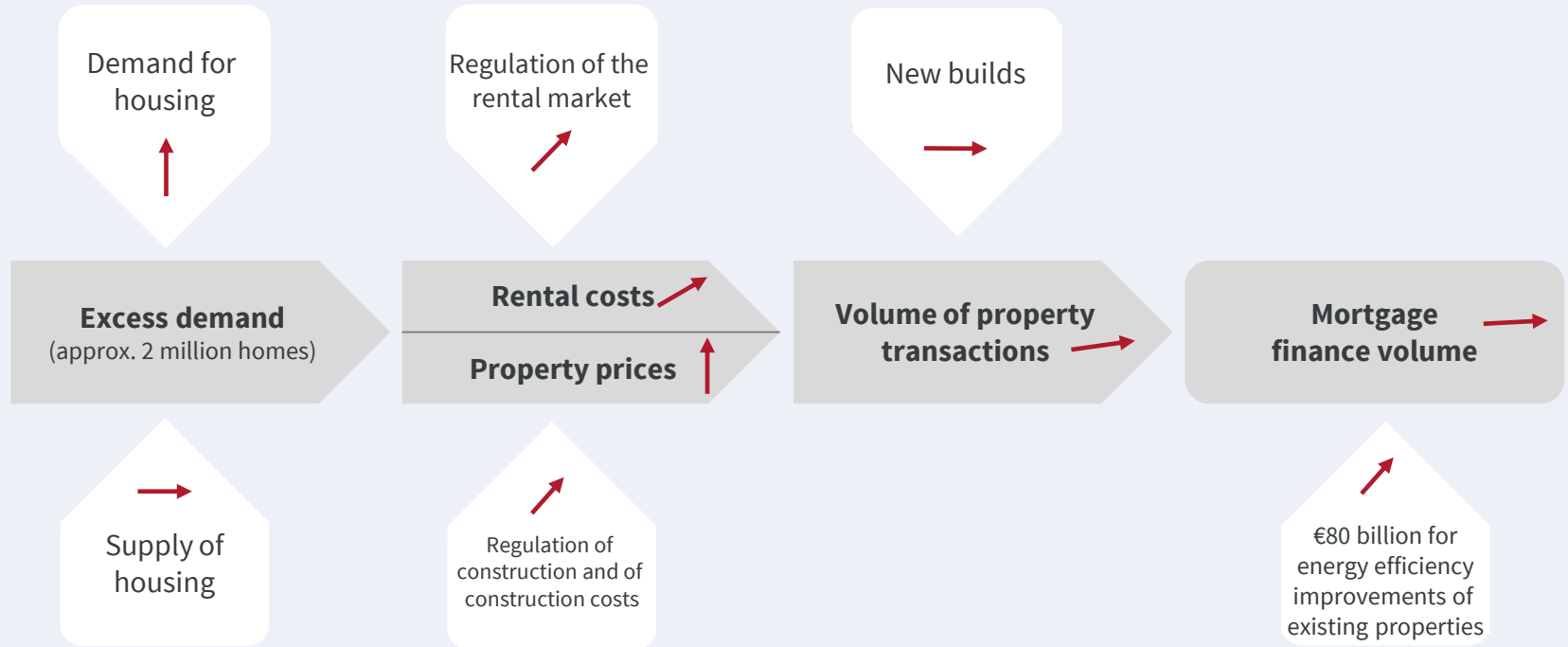
Scarce supply due to low sales volumes and limited new building

Factors influencing supply in the German property market



A long-term growth market

Structural factors underpinning sustained growth in the finance market



Potential for digitalisation in the insurance market

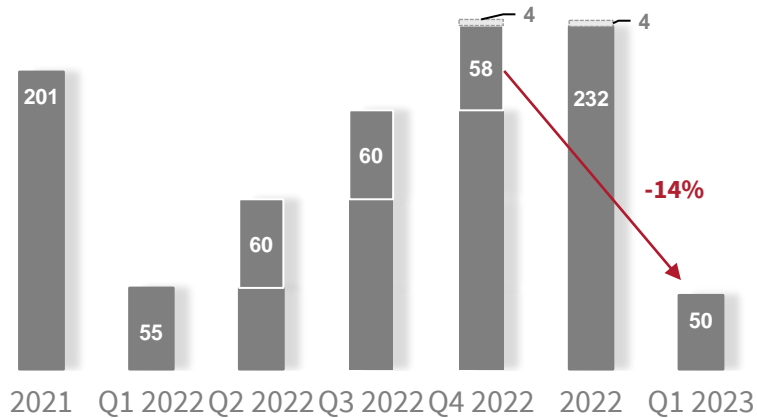
Long-term market factors

	Negative factors	Positive factors
Private insurance companies	<ul style="list-style-type: none">• Established market players' legacy systems are slowing the pace of digitalisation due to the lack of compatibility with new technologies• Further regulation is increasing the complexity of the insurance business and its digital transformation	<ul style="list-style-type: none">• Consumers have higher expectations regarding digitalisation• Insurtech start-ups and coronavirus are increasing the pressure on traditional market players to adopt digital technologies• Possibilities for evaluating big data provide an incentive for digitalisation
Occupational pension schemes	<ul style="list-style-type: none">• Continuing lack of products and poor knowledge are holding back growth• Low interest-rate environment and falling technical interest rate are making it more difficult to keep to guarantees	<ul style="list-style-type: none">• Employees' growing expectations are driving the digitalisation of occupational pension support, administration and communications• Increasingly complex occupational pension processes make digitalisation a necessity

First signs in Q1 that cost adjustments have been effective

Progress with cost adjustments

Costs (€ million)



- The reduction of costs since Q3 will lower expenditure by €35–40 million per year compared with the Q3 run rate (€60 million x 4 = ~€240 million)
- Costs reduced by more than 20% between Q4 2022 and Q1 2023. Savings achieved in all segments
- Operating costs lowered by reducing office space, scaling back consultancy agreements and identifying a whole host of small direct cost items
- All promising innovation projects will continue in 2023, ensuring that opportunities for the future will still be exploited