

GRENKE significantly increases earnings in Q3 2023

- Income from operating business +14.7% to EUR 109.1 million (Q3 2022: EUR 95.1 million)
- Net profit +18.0% to EUR 24.0 million (Q3 2022: EUR 20.3 million)
- Loss rate at 1.1%, significantly better than target level of 1.5%
- Cost-income ratio in the third quarter improves to 57.0% (Q2 2023: 59.5%; Q1 2023: 57.1%)
- Business performance within plan: Consolidated Group net profit expected in the upper half of the EUR 80 to 90 million range, and new leasing business expected to be in the lower half of the EUR 2.6 to 2.8 billion range with a stable margin

Baden-Baden, November 9, 2023: GRENKE AG, a global financing partner for small and medium-sized enterprises, generated income from operating business of EUR 109.1 million in the third quarter of 2023, corresponding to a year-on-year increase of 14.7% (Q3 2022: EUR 95.1 million). Consolidated Group net profit also rose sharply year-on-year by 18.0% to EUR 24.0 million (Q3 2022: EUR 20.3 million). Earnings per share equalled EUR 0.53 (Q3 2022: EUR 0.50).

"We are fully on target," emphasises Dr. Sebastian Hirsch, CEO of GRENKE AG. "We have fully priced in the market's higher interest rates. This means that we are particularly well positioned for the long term, having aligned to the higher interest rate environment sooner than expected. Our margin is already stable, and our interest income continues to rise steadily. As we are also maintaining our discipline when it comes to costs, we expect to reach the upper half of our earnings forecast by the end of the year."

Interest income continued to develop positively in the third quarter of this year, increasing by EUR 16.3 million to EUR 119.8 million compared to the same quarter of the prior year (Q3 2022: EUR 103.5 million). This increase compensated for the refinancing expenses, which rose EUR 15.7 million compared to the prior-year quarter to a total of EUR 33.4 million in Q3 2023. The CM2 margin remained stable at 16.5% in the third quarter of 2023 (Q3 2022: 16.4%) despite a further rise in interest rates. The volume of more than one million active leases with an average term of four years currently amounts to around EUR 9.3 billion (September 30, 2022: EUR 9.0 billion). This growing portfolio will materialise into future earnings growth.

While maintaining a cautious assessment of all available macroeconomic factors, there was a further reduction in the settlement of claims and risk provision. In conjunction with the favourable payment behaviour of customers, the settlement of claims and risk provision in the third quarter of 2023 equalled EUR 24.5 million and was below the level in the same quarter of the prior year (Q3 2022: EUR 30.3 million). The resulting loss rate in the reporting period was 1.1% (Q3 2022: 1.4%) and significantly lower than the forecast of up to 1.5% for the current 2023 financial year.

At EUR 43.2 million, staff costs in the third quarter of 2023 were in line with the average staff costs for the prior three quarters (Ø Q4 2022–Q2 2023: EUR 42.7 million). Compared to the third quarter of 2022 (EUR 38.2 million), costs in the reporting quarter increased by EUR 5.0 million. Due to higher interest income, the cost-income ratio (CIR) improved to 57.0% in the third quarter of 2023, after 59.5% in the second quarter of 2023 and 57.1% in the first quarter of 2023.

As of September 30, 2023, the GRENKE Group's total assets amounted to EUR 7.1 billion (December 31, 2022: EUR 6.4 billion). The largest balance sheet item, current and non-current lease receivables, increased slightly to EUR 5.5 billion as of the reporting date (December 31, 2022: EUR 5.2 billion). Liquidity in the form of cash and cash equivalents reached approximately EUR 1.0 billion (December 31, 2022: EUR 0.4 billion). A key component of this item was the bond issued in the third quarter of

2023 in the amount of EUR 500 million. This marked GRENKE's first placement of a bond for the exclusive purpose of refinancing sustainable lease assets. Through this green bond issue, GRENKE has added a further instrument to structurally strengthen its refinancing basis and accomplished a rise into the benchmark class.

The equity ratio held at a consistently high level of 18.9% (December 31, 2022: 20.8%) and comfortably above GRENKE's self-set target of at least 16.0%.

Outlook

The Board of Directors currently expects to generate Consolidated Group net profit in the current financial year in the upper half of the forecast range (EUR 80 to 90 million) and new leasing business in the lower half of the forecast range (EUR 2.6 to 2.8 billion), while maintaining stable margins.

For the year 2024, based on updated economic forecasts and a continued focus on balanced margins, the Board of Directors continues to aim for new leasing business of EUR 3.0 to 3.2 billion and Consolidated Group net profit of EUR 95 to 115 million.

The financial report for the third quarter and the first nine months of 2023 will be published on November 9, 2023 and available online at www.grenke.com/investor-relations/reports-and-presentations/.

Key figures at a glance (in EUR million)

	Q3 2023	Q3 2022	Δ (%)	Q1–Q3 2023	Q1–Q3 2022	Δ (%)
New business	811.4	782.0	3.8	2,493.1	2,264.6	10.1
New leasing business	591.1	565.5	4.5	1,851.6	1,652.2	12.1
New factoring business	210.7	205.0	2.8	608.1	571.5	6.4
New lending business	9.6	11.5	-16.3	33.4	40.9	-18.4
CM2 margin of new leasing business in %	16.5	16.4	0.1 pp	16.7	16.3	0.4 pp
Consolidated Group net profit	24.0	20.3	18.0	64.4	61.8	4.2
Earnings per share in EUR	0.53	0.50	6.0	1.27	1.22	4.1
Cost-income-ratio in %	57.0	56.5	0.5 pp	57.9	54.3	3.6 pp
Equity ratio in %	18.9	20.8	-1.9 pp			
Average no. of employees in full-time equivalents	2,112	1,904	10.9	2,052	1,854	10.7

Note: Rounding differences may occur between individual values and the actual figure achieved in euros.

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About GRENKE

The GRENKE Group (GRENKE) is a global financing partner for small and medium-sized companies. As a one-stop shop for customers, GRENKE's products range from flexible small-ticket leasing and demand-driven bank products to convenient factoring. Fast and easy processing and personal contact with customers and partners are at the centre of GRENKE's activities.

Founded in 1978 in Baden-Baden, the Group operates in more than 30 countries and employs approximately 2,000 staff (measured in terms of full-time equivalents) worldwide. GRENKE shares are listed on the Frankfurt Stock Exchange (ISIN DE000A161N30).