GRENKE AG commissions independent audit of franchise acquisitions and examines possible integration of the franchise model into the Group - Wolfgang Grenke suspends his Supervisory Board mandate and offers GRENKE AG to acquire CTP's franchise shareholdings

Baden-Baden, September 21, 2020: GRENKE AG, a global financing partner for small and medium-sized enterprises, announces the next steps:

1. An independent auditing company will be commissioned to examine the market conformity of the franchise acquisitions of the previous years and their advantageousness for GRENKE AG.
2. GRENKE is reviewing an integration of the franchise model into the Group. Wolfgang Grenke offers GRENKE AG to acquire the shareholdings in the franchise companies held by CTP.
3. Wolfgang Grenke, company founder and Deputy Chairman of the Supervisory Board, will suspend his Supervisory Board mandate for the time being.
4. The Grenke family commits to its shareholding of 40.84 percent in the long-term.

Independent audit of franchise acquisitions

The acquisitions of the franchise companies in the previous years will be analyzed and evaluated by an independent auditor. This concerns in particular the market conformity of the valuations, the advantageousness for GRENKE AG and the validation of the purchase agreements concluded including the parties involved. The Supervisory Board has decided to obtain a corresponding audit and will soon commission an independent auditing company for this purpose.

Moreover, as already announced, the auditing firm KPMG will conduct a special audit. The objective is to prove the substance of the business and to definitively rebut the accusations.

Possible integration of the franchise model into the Group

Up to now, the expansion of the GRENKE Group into new markets has been carried out via franchise companies in which the managing directors of the franchise companies hold a substantial minority interest. The controlling interest has so far been held by various financial investors, including CTP Handels- und Beteiligungs GmbH (CTP). After typically four to six years, GRENKE acquires the franchise companies.

While GRENKE intends to continue to adhere to the proven model of a minority shareholding by the managing directors in the future, it is now being considered that GRENKE's controlling interest will not be acquired after the start-up phase, but that GRENKE will become a shareholder of the franchise companies as soon as they are founded.

The results of the independent auditor's report will be taken into consideration in this regard. In parallel to the preparation of the report, GRENKE will be working on the design of a new structure in the coming weeks, examining the economic merit of various options and entering into discussions with the other parties involved.

Wolfgang Grenke, indirect owner of CTP since February 2020, has offered GRENKE AG to acquire CTP's franchise shareholdings and will uphold his offer until December 31, 2021. The Board of Directors and the Supervisory Board of GRENKE AG are taking this option into consideration. Such potential acquisition of the shareholdings will also be examined by the independent auditor.

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Internal discussions on the repositioning of the franchise model have already begun. Before changing the system, GRENKE will also carefully examine the effects on the accounting and consolidation of the franchise companies. Any such transactions would of course be carried out at market conditions and backed by appropriate independent valuation reports.

Wolfgang Grenke suspends his Supervisory Board mandate

Wolfgang Grenke suspends his Supervisory Board mandate with immediate effect until the accusations of possible conflicts of interest have been completely resolved. This also applies to his Supervisory Board mandate at the GRENKE Bank and his Board of Directors mandate at Swiss Grenkeleasing AG.

Conflicts of interest are thus excluded for the process of integrating the franchise model and the upcoming review of alternatives.

Long-term commitment of the Grenke family to the company

Finally, Grenke Beteiligung GmbH & Co. KG, in which the Grenke family has bundled its aggregate 40.84 percent shareholding, has committed itself to hold its share packages in the long term. Wolfgang Grenke's shareholdings are also part of this package.

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