CORPORATE NEWS

GRENKE
FAST // FORWARD // FINANCE

Baden-Baden

March 7, 2024

GRENKE ACHIEVES UPPER HALF OF 2023 PROFIT FORECAST – NEW LEASING BUSINESS OF OVER EUR 3 BILLION TARGETED FOR 2024

// Consolidated Group net profit reaches EUR 86.7 million (2022: EUR 84.2 million)
// Proposed dividend of EUR 0.47 per share (2022: EUR 0.45)
// Forecast for 2024 confirmed: New leasing business in the range of EUR 3.0 to 3.2 billion and Consolidated Group net profit of EUR 95 to 115 million expected
// CEO Hirsch: “Turnaround achieved”

Baden-Baden, March 7, 2024: GRENKE AG, a global financing partner for small and medium-sized enterprises, achieved Consolidated Group net profit of EUR 86.7 million in the 2023 financial year (2022: EUR 84.2 million), reaching the upper half of its forecast range of EUR 80 to 90 million. As a result, earnings per share increased to EUR 1.79 (2022: EUR 1.75). New leasing business in 2023 came to a total of EUR 2.6 billion (2022: EUR 2.3 billion).

Dr Sebastian Hirsch, CEO of GRENKE AG: “We have achieved the turnaround. The coronavirus slump is behind us, and we have the rise in interest rates and inflation under control. By consolidating and focusing on our core business of leasing, we are now in an ideal position to crack the milestone for this year of EUR 3 billion for the first time. The digitalisation initiative we launched last year will also make a major contribution to accomplishing this.”

Dr Martin Paal, designated CFO of GRENKE AG: “We have proven once again that our robust business model enables us to pass on to the market even extreme interest rate increases, such as those seen this past year. We not only compensated for the higher refinancing costs, but we even increased our profitability.”

Leasing portfolio
At the end of the financial year, GRENKE had over 1 million active lease contracts totalling a volume of EUR 9.4 billion (2022: EUR 9.1 billion). The significant increase in the CM2 margin in 2023 to 16.5 percent, after 16.1 percent in the previous year, boosted the Consolidated Group‘s net profit.

Higher net interest income and solid payment behaviour of our customers
Interest income developed positively in the 2023 financial year, increasing by EUR 53.9 million to a total of EUR 467.4 million compared to the prior year (2022: EUR 413.5 million). The sustained strong new business growth in recent quarters and the improved margin situation in 2023 contributed to this. At the same time, the strong growth in new business increased our need for refinancing while capital market interest rates rose sharply last year. Consequently, interest expenses increased 86.8 percent to EUR 128.9 million (2022: EUR 69.0 million). The balance of interest income and interest expenses results in net interest income, which amounted to EUR 338.5 million in the 2023 financial year (2022: EUR 344.5 million).

The consistently good payment behaviour of our customers reduced expenses for settlement of claims and risk provision in the 2023 financial year by almost a quarter to EUR 90.8 million (2022: EUR 120.4 million). The loss rate was 1.0 percent in the 2023 financial year (2022: 1.3 percent) which was less than 1.5 percent, as forecasted. The increase in interest income and the decline in expenses for settlement of claims and risk provision more than offset the rise in interest expenses and led to a 10.5 percent increase in net interest income after settlement of claims and risk provision to a total of EUR 247.7 million (2022: EUR 224.1 million).

In the reporting year, the average number of employees at the GRENKE Group (measured in full-time equivalents) increased year-on-year by 10.1 percent to 2,068 (2022: 1,878 employees measured in full-time equivalents), accompanied by a rise in staff costs to EUR 176.0 million (2022: EUR 149.1 million). Staff costs were stable however on a half-year comparison versus the first half of 2023 (Q1–Q2 2023: EUR 85.3 million), taking into account the salary adjustments in August 2022, which were also due to inflation. The cost-income ratio (CIR) equalled 59.2 percent, surpassing our target level of slightly over 55.0 percent (2022: 55.2 percent).

Maturity-matched refinancing and high equity ratio
Thanks to the growth in new business, lease receivables rose to EUR 5.7 billion as of the end of 2023 and significantly exceeded the previous year's figure (2022: EUR 5.2 billion). In 2023, liabilities corresponded largely to the refinanced receivables in terms of their amount and maturity. As of the December 31, 2023 reporting date, non-current lease receivables of EUR 3.6 billion (2022: EUR 3.3 billion) compared to non-current financial liabilities of EUR 3.6 billion (2022: EUR 2.5 billion). Current lease receivables of EUR 2.1 billion (2022: EUR 2.0 billion) were at a similar level to current financial liabilities of EUR 1.8 billion (2022: EUR 2.2 billion).

As of the December 31, 2023 reporting date, the liquidity position totalled EUR 697.2 million (2022: EUR 448.8 million). The equity ratio equalled 19.1 percent (2022: 20.8 percent), which was still well above the self-set target of a minimum of 16 percent.

Outlook for 2024
GRENKE maintains its forecast for new leasing business in the range of EUR 3.0 to 3.2 billion and Consolidated Group net profit of EUR 95 to 115 million for the 2024 financial year. GRENKE is aiming for a slight increase in the CM2 margin in 2024 compared to the previous year. In the medium term, the intention is to achieve a CM2 margin of around 17 percent. The forecast range for net profit in the 2024 financial year is based on the assumption that the loss rate will remain below 1.5 percent. Assuming the investments in the digitalisation programme continue as planned, GRENKE is aiming for a CIR of under 58 percent in 2024. Based on the expected development in Consolidated Group net profit, GRENKE continues to expect the equity ratio to be above 16 percent.

Analyst and press conference
The Board of Directors of GRENKE AG will today report on the 2023 business performance. As usual, the Company will be hosting separate conference calls – one for the press and one for investors. The events will take place today at 10:00 CET (analyst conference call) and 11:30 CET (press conference call). The analyst conference call will also be broadcast live on GRENKE AG's website and will be available for replay after the call.

The GRENKE Group's annual report for the 2023 financial year is available online under Reports & Presentations (grenke.com).

Annual General Meeting on April 30, 2024 in Baden-Baden
GRENKE AG will host its Annual General Meeting on April 30, 2024 in Baden-Baden. The event will also be broadcast virtually. The Supervisory Board and Board of Directors will propose to the Annual General Meeting the distribution of a dividend of EUR 0.47 per share (2022: EUR 0.45). This amount would correspond to a payout ratio of roughly 25 percent of net profit, in line with the Consolidated Group's dividend policy. A share buyback program with a volume of up to EUR 70 million is currently in progress through which GRENKE AG is purchasing its own shares on the market.

CORPORATE NEWS

GRENKE
FAST // FORWARD // FINANCE

OVERVIEW OF GROUP FIGURES ACCORDING TO IFRS (IN EUR MILLIONS)

	2023	2022	2023 vs 2022 (Δ in %)
Income statement			
Jan. 1 – Dec. 31			
Net interest income	338.5	344.5	-1.7
Settlement of claims and risk provision	90.8	120.4	-24.6
Net interest income after settlement of claims and risk provision	247.7	224.1	10.5
Income from operating business	432.0	385.7	12.0
Staff costs	176.0	149.1	18.1
Consulting and audit expenses	17.1	22.2	-22.9
Other expenses and depreciation/impairment	126.0	116.4	8.2
Operating result	112.9	98.0	15.2
Earnings before taxes	110.4	111.0	-0.6
Consolidated Group net profit	86.7	84.2	3.0
Earnings per share in euro	1.79	1.75	2.3
Statement of financial position as of Dec. 31			
Assets			
Cash and cash equivalents	697.2	448.8	55.3
Lease receivables	5,699.9	5,243.9	8.7
Intangible assets	46.5	51.5	-9.5
Other assets	655.9	668.5	-1.9
Total assets	**7,099.5**	**6,412.7**	**10.7**
Liabilities			
Financial liabilities	5,418.9	4,794.7	13.0
Other liabilities	325.7	285.8	14.0
Total equity	1,354.9	1,332.2	1.7
Total equity and liabilities	**7,099.5**	**6,412.7**	**10.7**
Equity ratio in percent	19.1	20.8	-1.7 pp
Statement of cash flows			
Jan. 1 – Dec. 31			
Payments by lessees	2,409.7	2,319.5	3.9
Repayments of refinancing (excluding deposit business)	2,272.3	2,065.3	10.0
Additions to new refinancing (excluding deposit business)	2,319.4	1,984.5	16.9

CORPORATE NEWS

GRENKE
FAST // FORWARD // FINANCE

FOR MORE INFORMATION, PLEASE CONTACT:

Investor contact
Investor Relations Team
Neuer Markt 2
76532 Baden-Baden
+49 7221 5007-204
investor@grenke.de

Press contact
Stefan Wichmann
Neuer Markt 2
76532 Baden-Baden
+49 171 2020300
presse@grenke.de

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 2,100 staff (measured in terms of full-time equivalents) worldwide. GRENKE shares are listed on the Frankfurt Stock Exchange (ISIN DE000A161N30).

WWW.GRENKE.COM