GRENKE grows and increases new leasing business CM2 margin in Q2 2023

- New leasing business grows by 10.7% to EUR 650.3 million (Q2 2022: EUR 587.4 million)
- Contribution margin 2 increases by 17.7% to EUR 109.7 million (Q2 2022: EUR 93.2 million)
- CM2 margin reaches 16.9% (Q2 2022: 15.9%)
- Stable demand with continued uptrend in eBike leasing

Baden-Baden, July 5, 2023: GRENKE AG, a global financing partner for small and medium-sized enterprises, continued its growth trajectory in the second quarter of the current year. At EUR 650.3 million, new leasing business generated in the quarter was 10.7% higher year-on-year (Q2 2022: EUR 587.4 million), making Q2 2023 the seventh consecutive quarter with double-digit year-on-year growth. The growth in new business was outpaced by a stronger rise in contribution margin 2. With an increase of 17.7%, the rise in CM2 was nearly twice as high in the second quarter of this year, reaching EUR 109.7 million (Q2 2022: EUR 93.2 million). As a result, GRENKE was able to substantially increase its CM2 margin to 16.9% both year-on-year (Q2 2022: 15.9%) and versus the prior quarter (Q1 2023: 16.7%).

Dr Sebastian Hirsch, CEO of GRENKE AG: “We continue to be on target in terms of growth. More importantly, however, we were able to significantly increase our CM2 margin. These are excellent results given the persistently challenging environment and particularly the volatility of interest rates and growing recessionary concerns in the markets. Once again, we have demonstrated our strength and flexibility.”

Link to a brief interview with CEO Dr Sebastian Hirsch on the new business development: https://youtu.be/vcH1rdPP_MU

Regional new leasing business on track; eBikes still in strong demand

The growth during the reporting period was possible primarily as a result of the expansion in the reseller network to over 34,000 resellers in the more than 30 countries in which GRENKE operates. At 22.5%, Northern and Eastern Europe again recorded the strongest year-on-year growth (Q2 2022: EUR 107.2 million). New leasing business in the UK and Finland, the largest countries in the region, increased by 39.2% and 31.3%, respectively. This was followed by the DACH region with growth of 17.5% (Q2 2022: EUR 139.9 million). The Western Europe region without DACH recorded growth of 14.3% in the reporting period (Q2 2022: EUR 149.6 million). The region’s strongest growth was recorded in the Netherlands (+33.6%) and Belgium (+22.1%). New leasing business in France increased year-on-year by 11.1%. Although the Southern Europe region recorded lower new leasing business (-7.0%) compared to the prior-year quarter (Q2 2022: EUR 157.9 million), it was able to increase the CM2 year-on-year due to the focus on higher-margin business. Other regions in the second quarter of 2023 achieved an increase of 11.9% (Q2 2022: EUR 32.7 million).

Demand for eBike leasing remains good. eBike leasing is offered in Germany, Austria, Belgium and Finland. In Q2 2023, approximately 15,000 contracts were concluded for eBikes, representing an increase of around 50% (Q2 2022: approximately 10,000 contracts).

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Steady demand

At around 150,000 lease applications, the interest in leasing offers was high in the second quarter of the current year and exceeded the same quarter of the prior year (Q2 2022: approx. 140,000 applications). This resulted in the conclusion of approximately 78,000 contracts and was in line with GRENKE's customary conversion rate of 52.6% (Q2 2022: 52.2%). The average ticket size was stable at approximately EUR 8,300 (Q2 2022: approx. EUR 8,100). The share of direct sales remained almost unchanged at 17.0% (Q2 2022: 18.3%).

Factoring segment up slightly; GRENKE Bank remains an important pillar of refinancing

The factoring business achieved growth of 7.3% in the second quarter, corresponding to new business volume of EUR 205.4 million (Q2 2022: EUR 191.5 million).

GRENKE Bank's new microcredit business in the second quarter of 2023 was EUR 11.0 million and slightly below the previous year's figure (Q2 2022: EUR 13.6 million). GRENKE Bank continues to be an important pillar of the Consolidated Group's refinancing. The deposit business equalled EUR 1,537 million as of June 30, 2023, representing an increase of 33.5% compared to year-end 2022 (as of December 31, 2022: EUR 1,151 million).

Existing syndicated revolving credit facility increased and extended

On May 26, 2023, the GRENKE Group replaced as well as increased its existing syndicated revolving credit facility with all core banks. After the addition of a further bank in July 2023, the new syndicated revolving credit facility will have a total volume of EUR 400 million. The facility has a term of three years and includes options to extend for up to two additional years.

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Overview of new business development (in EUR millions)

	Q2 2023	Q2 2022	∆ in %	Q1-Q2 2023	Q1-Q2 2022	∆ in %
New leasing business	**650.3**	**587.4**	**10.7**	**1,260.5**	**1,086.7**	**16.0**
DACH	164.5	139.9	17.5	307.5	257.9	19.2
Western Europe without DACH	171.0	149.6	14.3	332.9	281.4	18.3
Southern Europe	146.9	157.9	-7.0	297.2	289.9	2.5
Northern/Eastern Europe	131.3	107.2	22.5	254.8	198.0	28.7
Other regions	36.6	32.7	11.9	68.1	59.5	14.5
New factoring business	**205.4**	**191.5**	**7.3**	**397.4**	**366.6**	**8.4**
DACH	76.5	72.9	5.0	149.7	140.2	6.8
Northern/Eastern Europe	85.1	81.0	5.1	167.0	158.7	5.2
Southern Europe	43.8	37.6	16.3	80.7	67.7	19.3
GRENKE Bank						
New lending business	11.0	13.6	-19.5	23.8	29.4	-19.2
Contribution margin 2 (CM2) of new leasing business	**109.7**	**93.2**	**17.7**	**211.7**	**176.4**	**20.0**
DACH	21.7	17.0	28.0	39.6	32.5	22.0
Western Europe without DACH	30.0	25.4	18.0	58.7	49.1	19.6
Southern Europe	26.6	25.5	4.4	53.0	47.5	11.6
Northern/Eastern Europe	23.8	19.3	23.3	46.3	36.0	28.7
Other regions	7.5	6.0	25.4	14.1	11.4	23.6
CM2 margin (in %)	16.9	15.9	1.0 pp	16.8	16.2	0.6 pp

Leasing regions: DACH: Germany, Austria, Switzerland
Western Europe without DACH: Belgium, France, Luxembourg, Netherlands
Southern Europe: Croatia, Italy, Malta, Portugal, Slovenia, Spain
Northern | Eastern Europe: Denmark, Finland, Ireland, Latvia, Norway, Sweden, UK | Czechia, Hungary, Poland, Romania, Slovakia
Other regions: Australia, Brazil, Canada, Chile, Singapore, Turkey, UAE, USA

Factoring regions: DACH: Germany, Switzerland
Northern| Eastern Europe: Ireland, Hungary, Poland, UK
Southern Europe: Italy, Portugal

The financial report for the second quarter and first half-year of 2023 will be published on August 10, 2023.

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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 over 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).