



GRENKE

FAST // FORWARD // FINANCE

Q1 2021 RESULTS

MAY 31, 2021


Highlights Q1 2021





Antje Leminsky
CEO


Q1 2021: Highlights

PROFIT IN LINE WITH GUIDANCE – CONTINUED FOCUS ON HIGH-MARGIN BUSINESS


 **Group new business of EUR 536m**
(-38.5% vs Q1 2020, which was largely unaffected by COVID-19)

 **Leasing CM2 margin** strongly increased to **19.5%** (+1.3pp vs Q1 2020¹) through continued focus on profitable small-ticket business

 **Net Profit at EUR 14.0m**
(-28.8% vs Q1 2020¹)

 **Stable equity ratio of 16.5%** as of March 31, 2021 (vs 16.3% as of December 31, 2020¹)

 **Proposed dividend of EUR 0.26 per share**
for the financial year 2020

 **Virtual Annual General Meeting**
29 July 2021

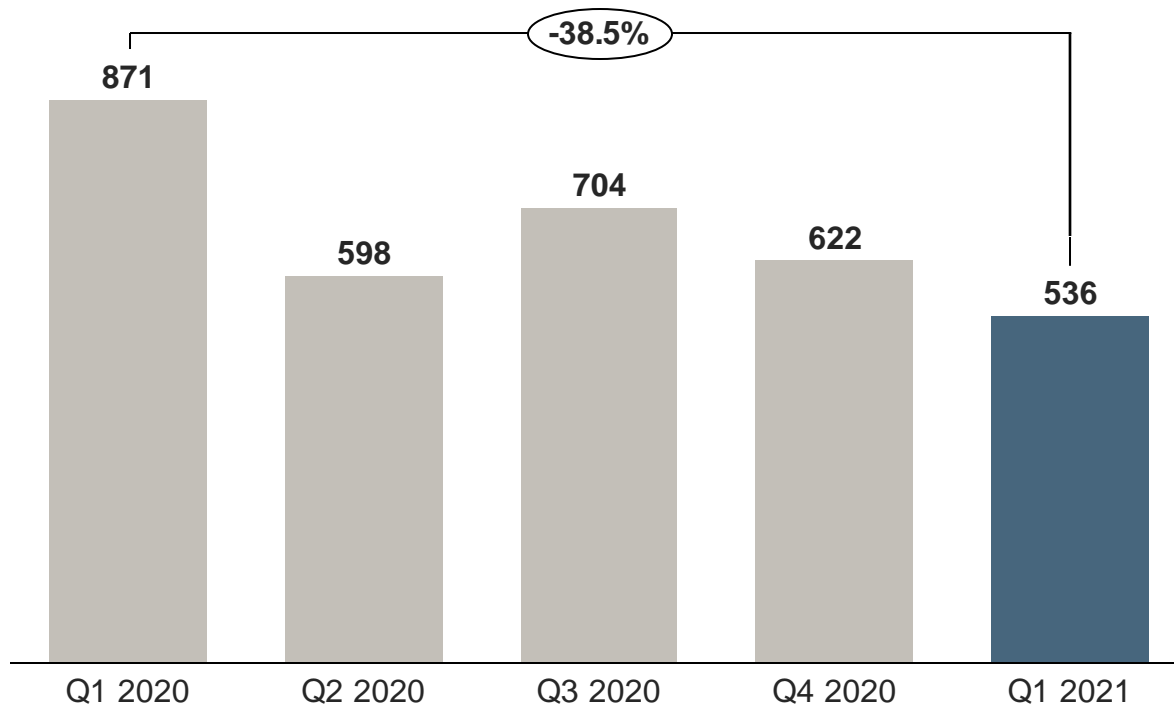
1) Figures have been adjusted in accordance with IAS 8.42 (including the consolidation of the franchise companies).

Q1 2021: Group New Business Development

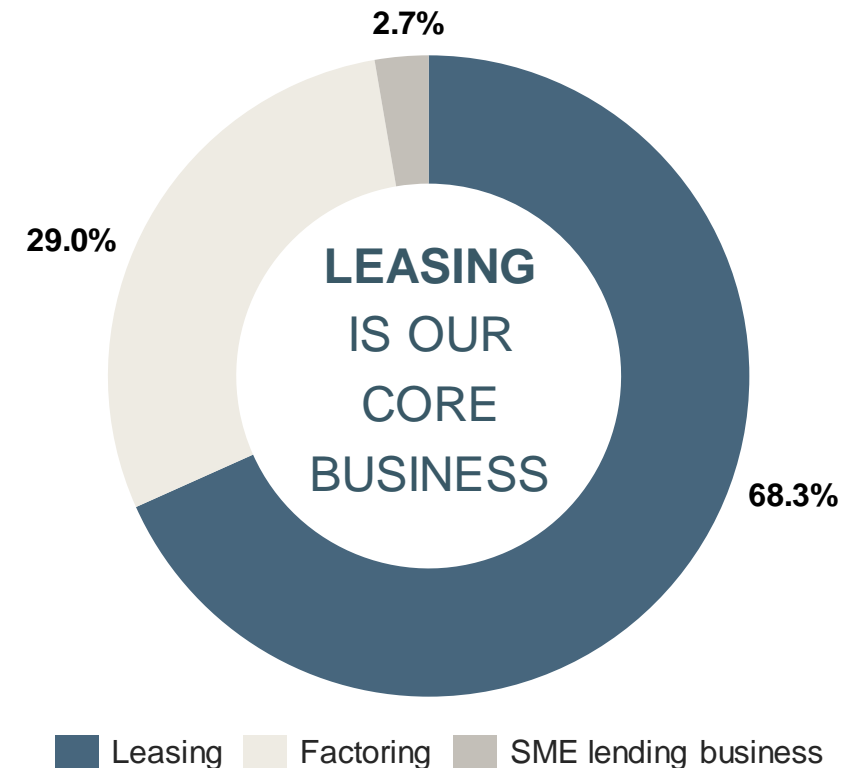
NEW BUSINESS VOLUME PLATEAUING IN LIKELY FINAL STAGES OF COVID-19 PANDEMIC

New Business Development GRENKE Group 2020 – 2021

EUR m



New Business Segment Distribution Q1 2021



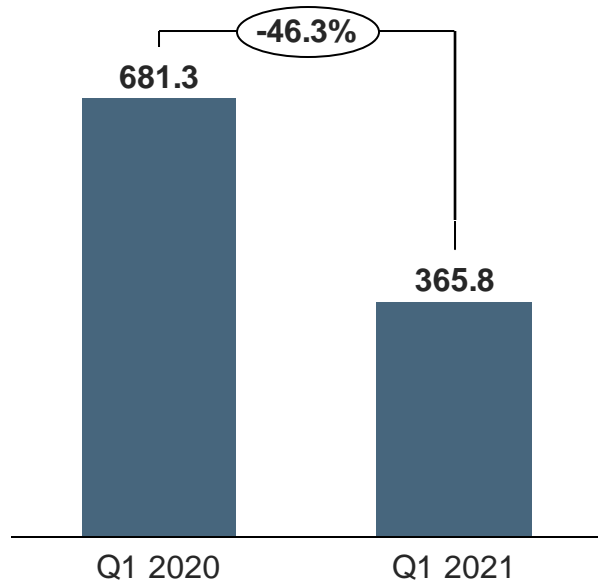
Q1 2021: New Business by Segment

LEASING CONTINUES TO BE MOST IMPORTANT CONTRIBUTOR

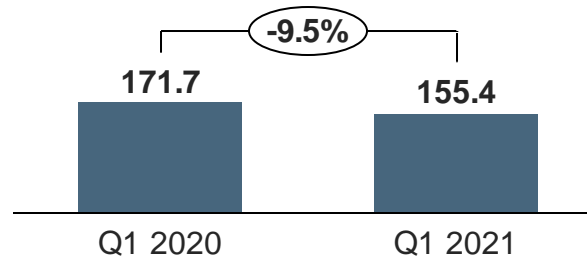
YOY comparison of new business by segment

EUR m

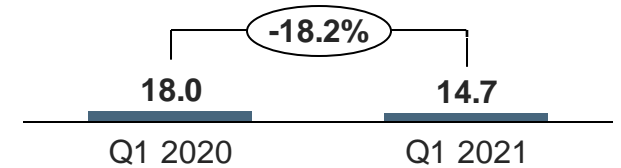
LEASING



FACTORING



GRENKE BANK¹⁾

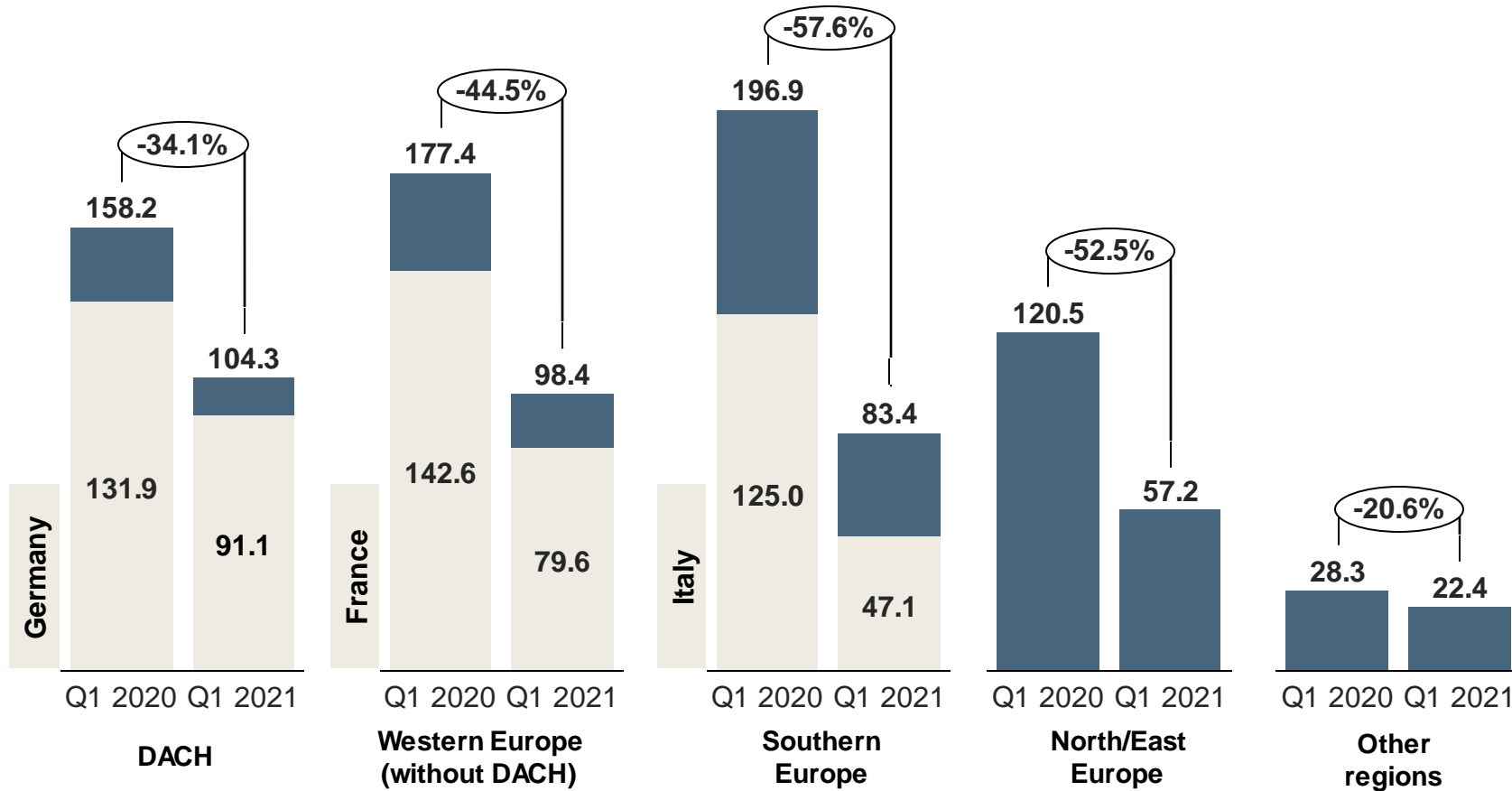


1) GRENKE Bank New Business only includes SME lending business and Microcredit business

Q1 2021: Leasing New Business by Regions

REGIONAL PERFORMANCE SHAPED BY VARYING IMPACT OF PANDEMIC

Leasing New Business Core Markets, *in EUR m*



Total Leasing New Business:
-46.3%

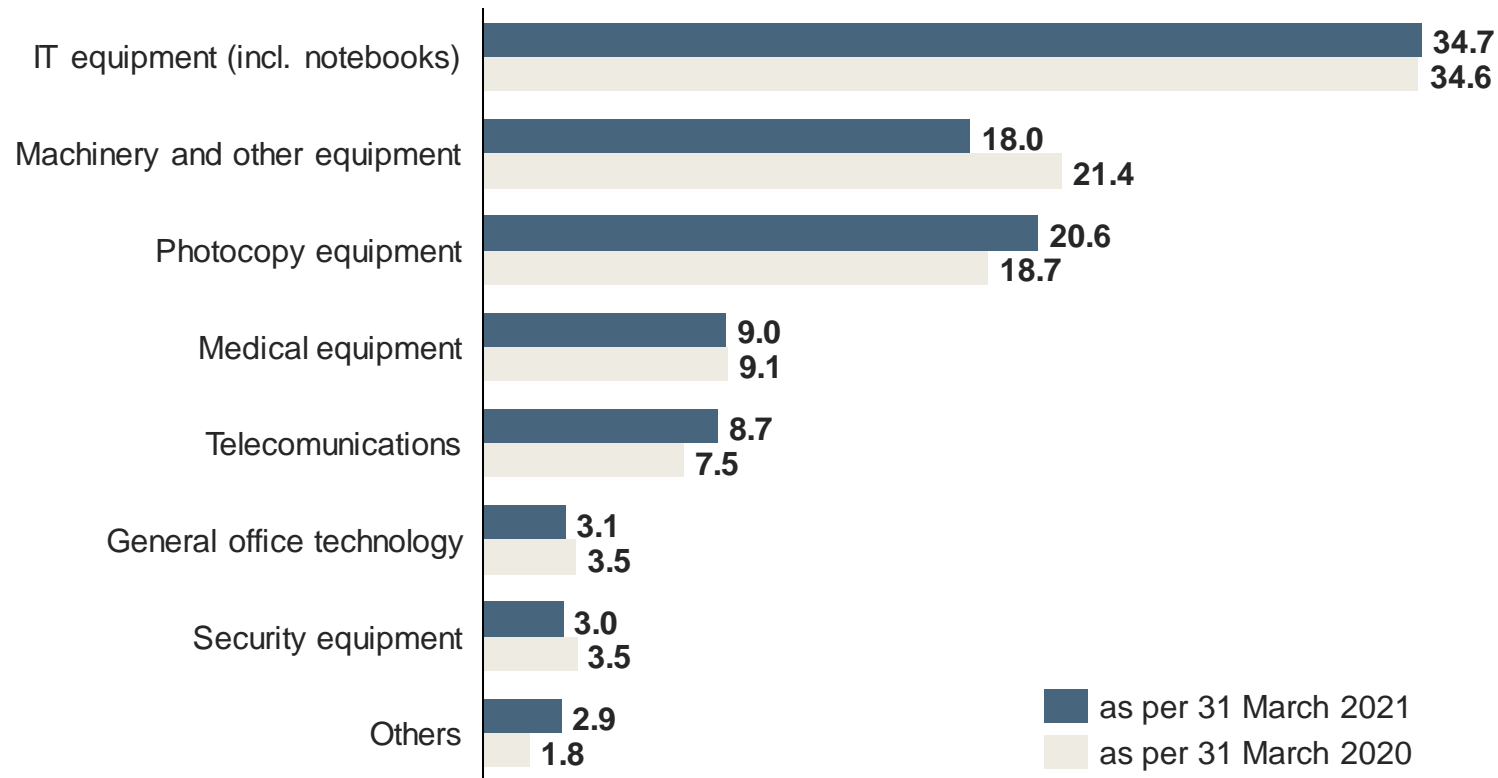
Thereof:

- Germany: -30.9%
- France: -44.2%
- Italy: -62.3%

Q1 2021: Leasing Object Categories

PHOTOCOPY EQUIPMENT STRONGER – SHARE OF MACHINERY SOFTER

Object Portfolio in % of NAV



KEY FIGURES

Current contracts:

- 990,652 (vs 970,003 in Q1 2020)

Average duration:

- 48 months (vs 49 months in Q1 2020)

Average ticket size:

- 7,434 EUR (vs EUR 9,005 in Q1 2020)

Financials



Sebastian Hirsch
CFO

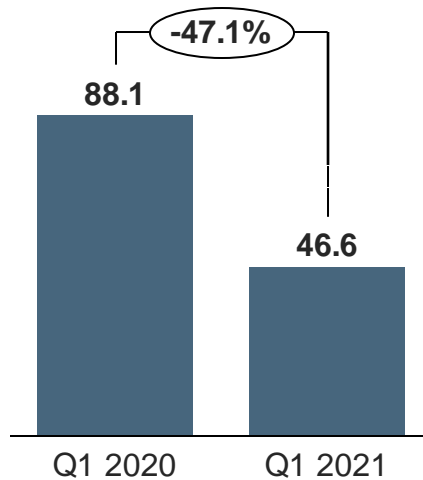
Development of Profitability

GRENKE GROUP LEASING

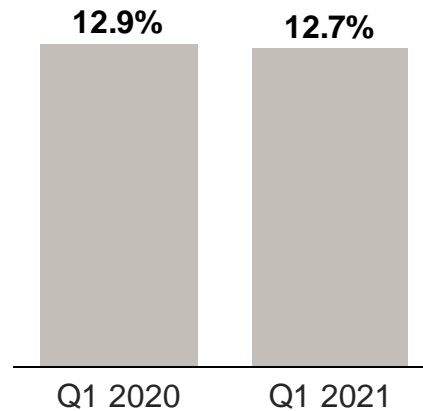
CM1 / CM1 Margin

CM1 is calculated as the present value of the interest margin net of commissions paid to third parties

CM1 in EUR m



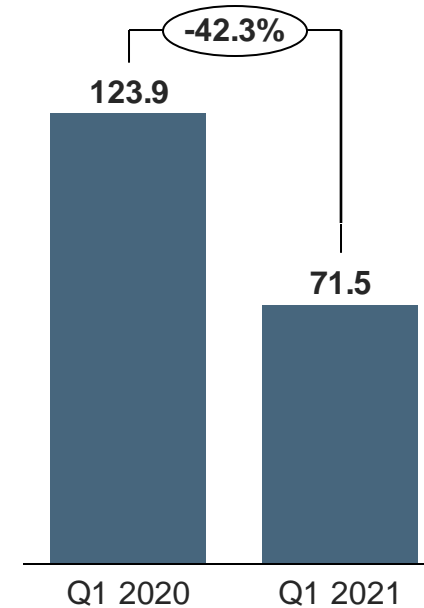
CM1 Margin



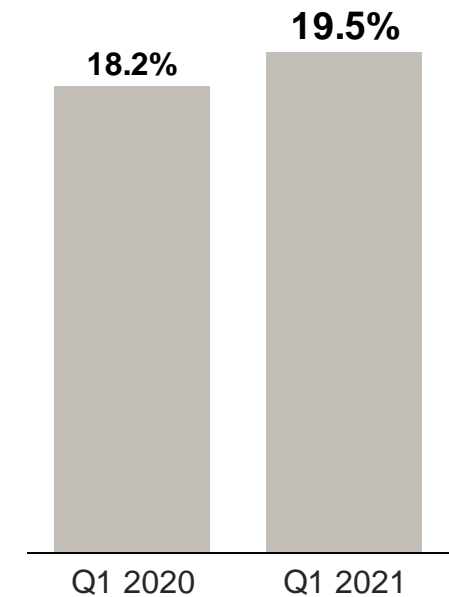
CM2 / CM2 Margin

CM2 is made up of the present value of operating income of a lease contract less risk and individual contract costs

CM2 in EUR m



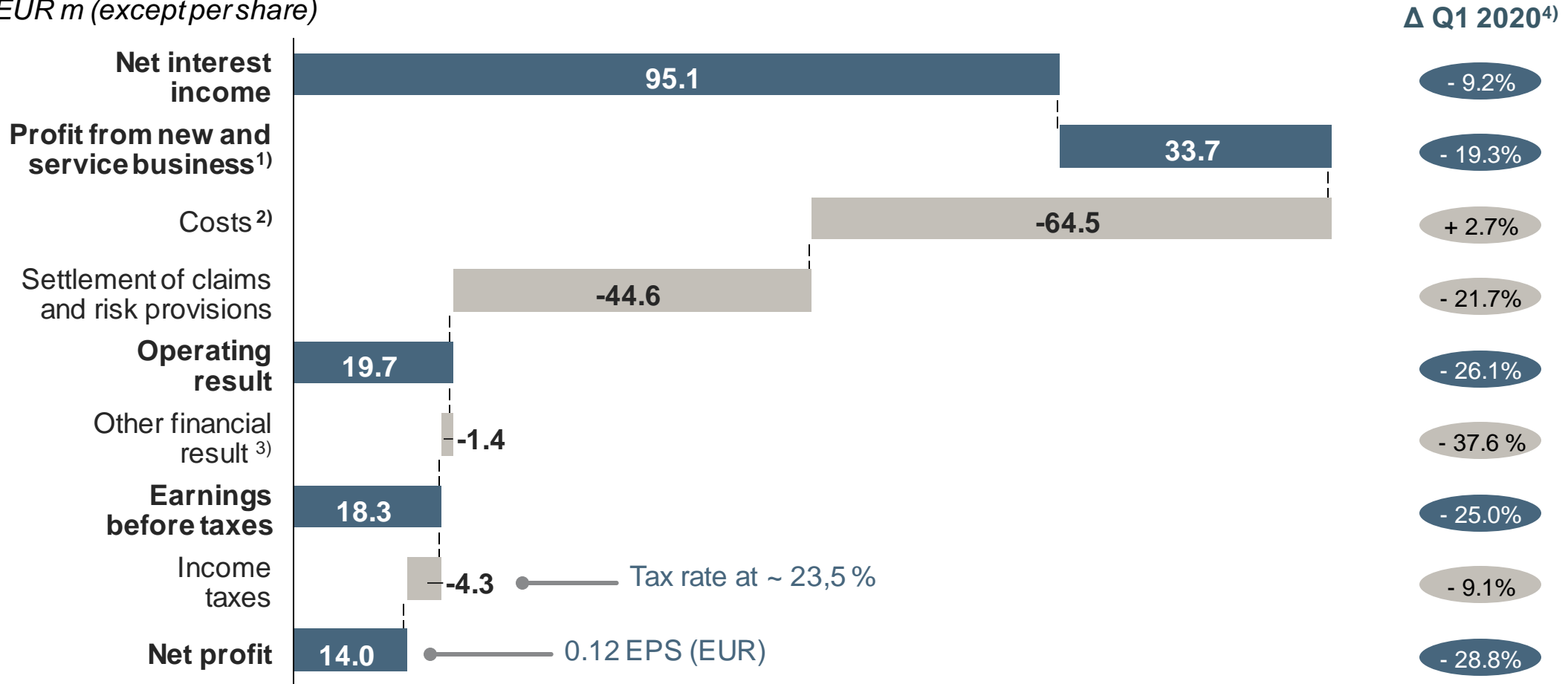
CM2 Margin



Key P&L Figures Q1 2021

COST-INCOME-RATIO 51.2% – 46.0% EXCL. EXTRA COSTS 6.7 EUR M

EUR m (except per share)



1) Incl. gains(+)/losses(-) from disposals
 2) Incl. other operating income
 3) Incl. income/expenses from fair value measurement
 4) Figures have been adjusted according to IAS 8.42

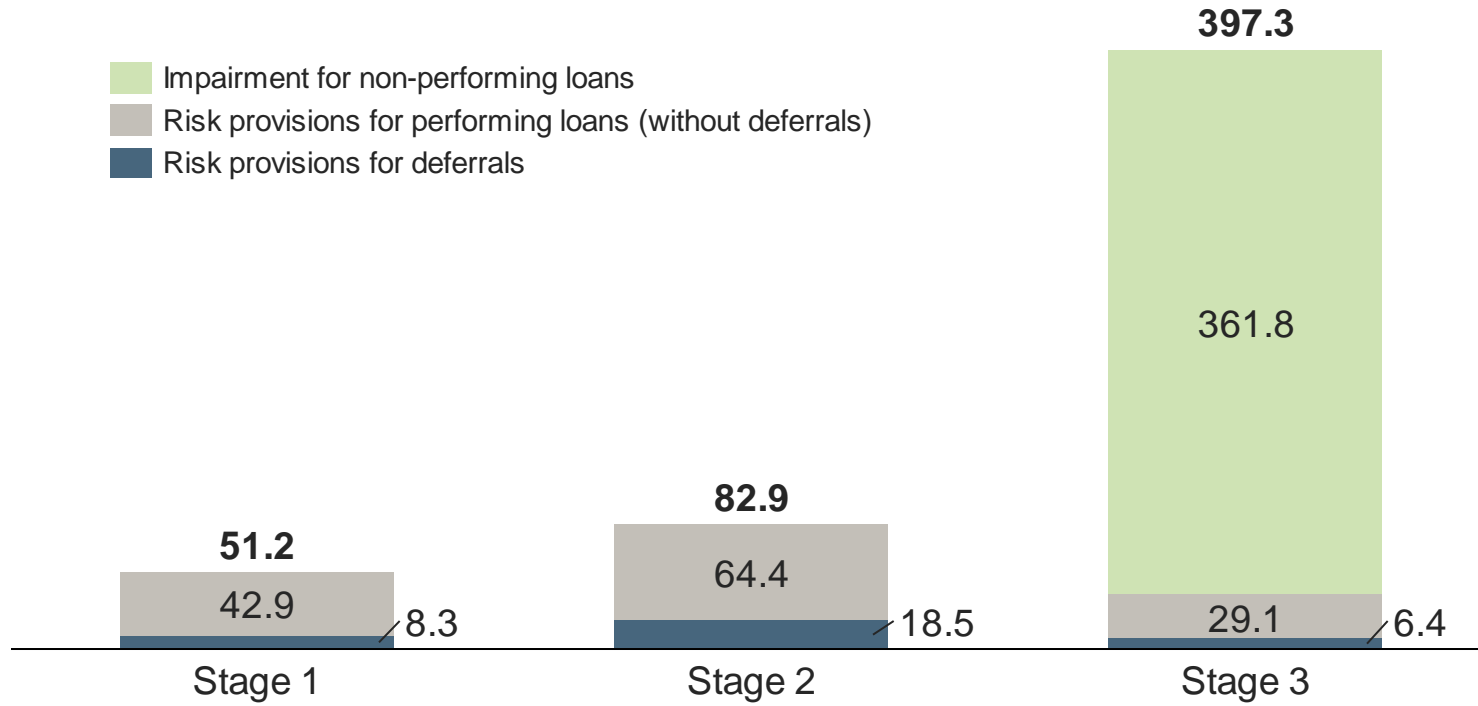
Settlement of Claims and Risk Provisions for Lease Receivables

LOSS RATE OF 2.0% IN LINE WITH EXPECTATION

Risk Provisions on Balance Sheet by Stage of Impairment as of March 31, 2020

EUR m

- Impairment for non-performing loans
- Risk provisions for performing loans (without deferrals)
- Risk provisions for deferrals



Consolidation of franchise companies leads to EUR 21.9m increase in risk provisions (thereof stage 1: EUR 2.0m, stage 2: 1.2m, stage 3: 18.7m)

Germany: Gross Lease Receivables in Germany at 95 % in the first stage of impairment, about 5 % in stages 2 and 3

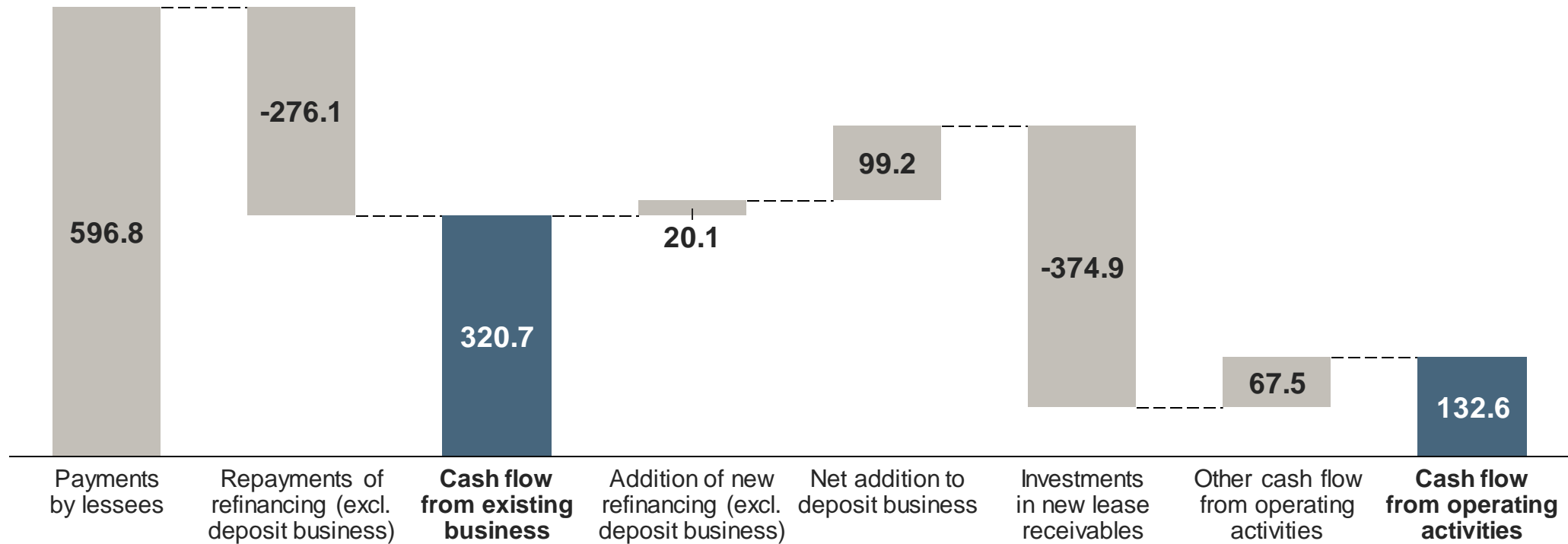
Italy: Major driver within impairment stages 2 and 3

Ratio covered risk provisions through gross receivables		
1.1%	15.4%	62.1%

Cash Flow Q1 2021

FULLY REFINANCED LEASING PORTFOLIO CASH-FLOW POSITIVE

EUR m



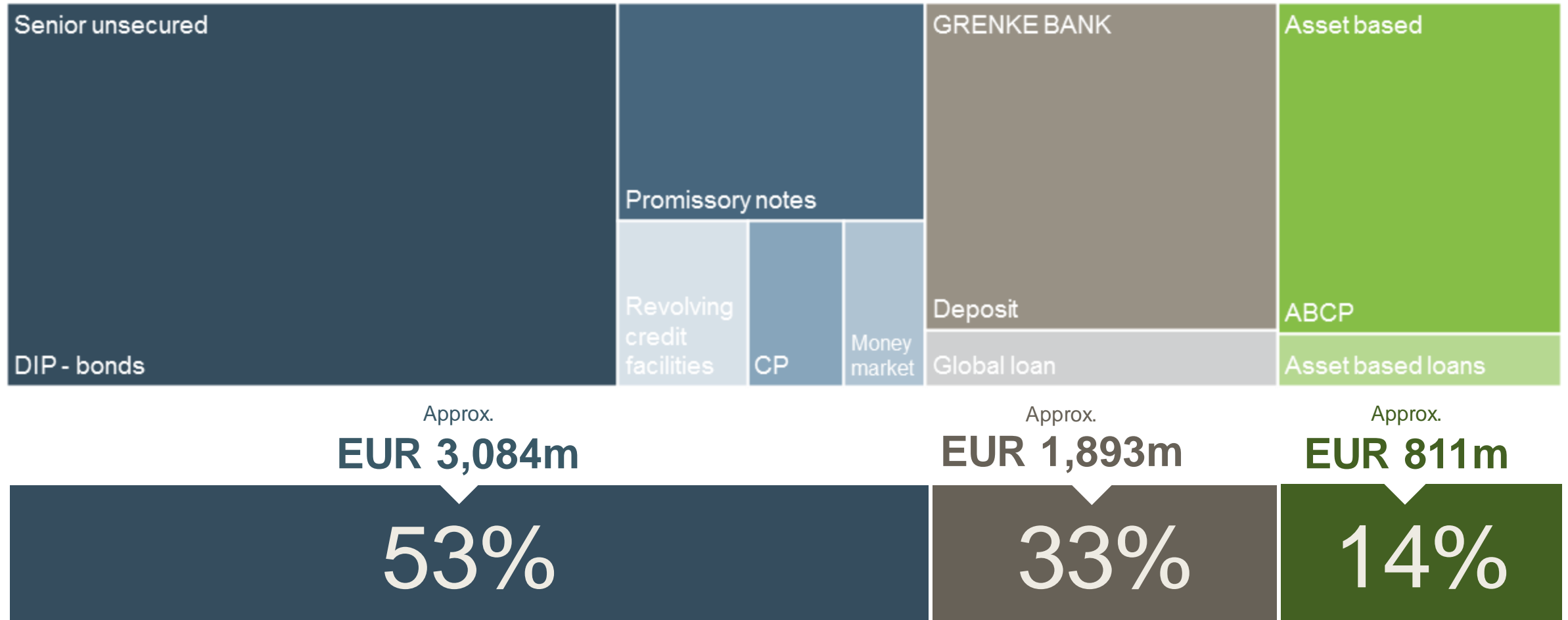
Q1 2020¹⁾

577.8	-449.0	128.8	504.6	92.3	-696.5	105.5	134.7
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1) Figures have been adjusted in accordance with IAS 8.42 (including the consolidation of the franchise companies)

Funding Mix as of 31 March 2021

STRONG DIVERSIFICATION – S&P RATING: BBB+/NEGATIVE/A-2/ APRIL 2020



Outlook



Antje Leminsky
CEO



Next Steps

KEY MILESTONES REACHED – IMPLEMENTATION OF STRATEGIC ACTION PLAN ON TRACK

✓ **Receipt of KPMG audit opinion**

✓ **Endorsement of the consolidated financial statements**

✓ **Publication of Annual Report 2020**

✓ **Conclusion of BaFin special audit**

➤ **Implementation of “Taking Action“ measures**

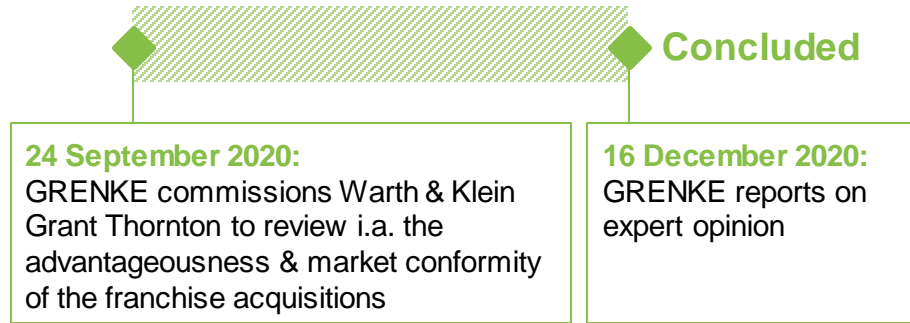
➤ **Shifting gears towards business growth**

➤ **Announcement of updated mid-term targets**

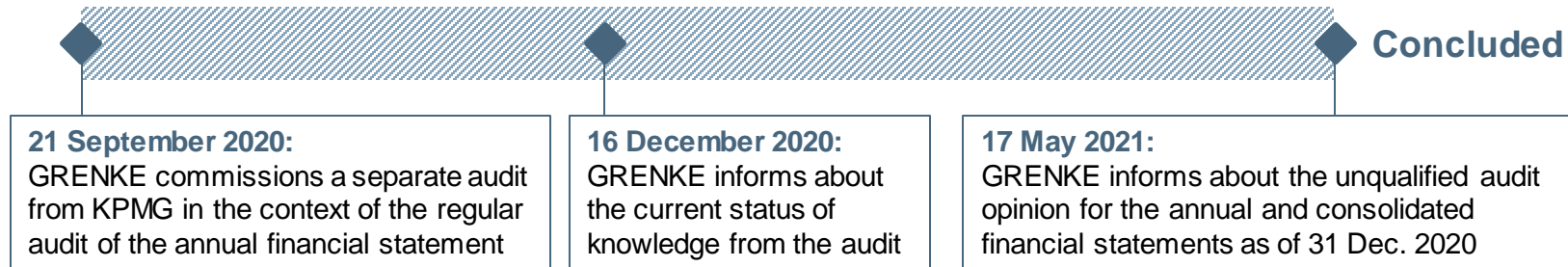
Status of the ongoing audit activities

NEARING COMPLETION OF LAST AUDITS

WKGT¹⁾



KPMG



Mazars / BaFin



1) In addition, WKGT has been commissioned independently from the audits to determine the valuation of the franchise companies to be acquired.

2) Ongoing, independent from the special audit and comprising GRENKE's annual report as of Dec' 31, 2019 and the consolidated group management report and the management report for the 2019 financial year.

Guidance 2021 Confirmed

2021 IS EXPECTED TO BE A TRANSITION YEAR

In EUR (unless stated otherwise)

	Results 2019 ¹⁾	Results 2020	Guidance 2021 ²⁾
New business leasing volume	2.8bn	2.0bn	1.7-2.0bn
Net Profit	135.9m	79.9m	50-70m
Equity ratio	16.2%	16.3%	> 16%

1) FY 2019 figures have been adjusted according to IAS 8.42

2) Assuming no further severe lockdowns in our major markets // reflecting only currently expected COVID-19 effects

Financial Calendar 2021

- **July 02, 2021**
New business figures Q2 2021
- **July 29, 2021**
Virtual Annual General Meeting
- **August 2021**
Financial report 2nd quarter and first half-year of 2021
- **October 05, 2021**
New business figures Q3 2021





Q & A Session

Contact

INVESTOR RELATIONS TEAM

Phone: +49 7221 5007-204
Fax: +49 7221 5007-4218
Email: investor@grenke.de
Internet: www.grenke.com

GRENKE AG

Neuer Markt 2
76532 Baden-Baden
Germany

Reports are available at:

www.grenke.com/investor-relations/reports-downloads



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Capability
Scalability
SME focus
Growth
Diversification
Awareness
Digitalisation



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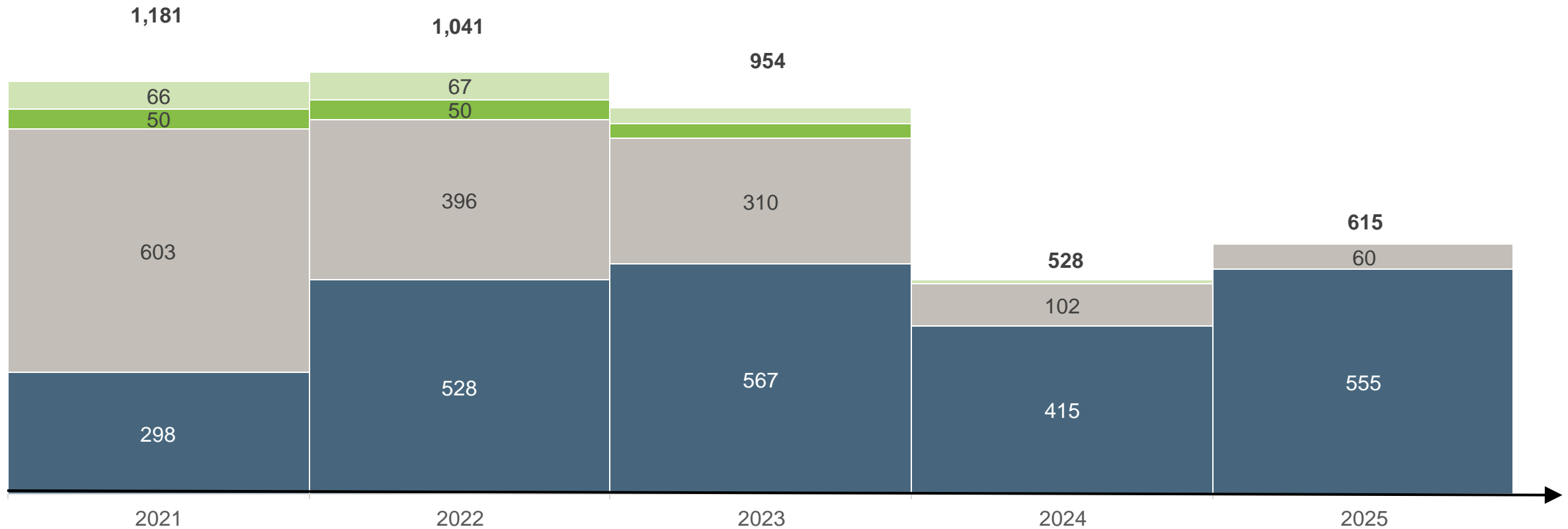
GRENKE Group Uses Matched Funding

TREASURY IS STRONGLY FOCUSED ON FINANCING THE CORE BUSINESS

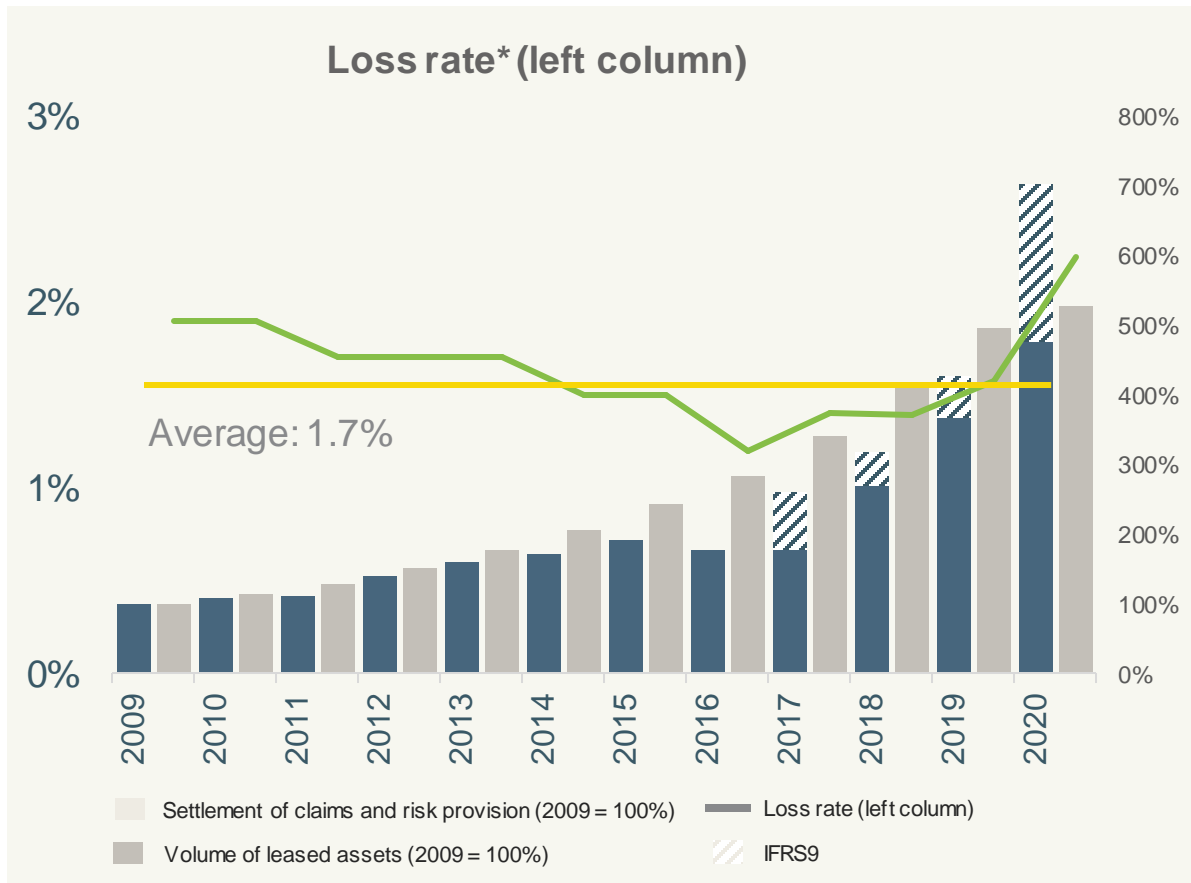
MATURITY BY FUNDING TYPE AS OF March 31, 2021

EUR m

■ Medium Term Notes (MTN)
 ■ Term Deposits GRENKE Bank
 ■ Promissory Notes (Schuldscheindarlehen)
 ■ Global Loans (Globaldarlehen)



GRENKE'S EXPERIENCE ENABLES IT TO CALCULATE AND FORECAST CREDIT LOSSES MORE PRECISELY



* Losses p.a. (of historical asset values, factored in)



** Present value of operating income of a lease contract less risk and individual contract costs

*** New calculation of CM2 margin

Accounting Changes

FIRST-TIME CONSOLIDATION OF ALL FRANCHISE COMPANIES IN REASSESSMENT OF ACCOUNTING TREATMENT

Impact of first-time consolidation of all franchise companies

**Single-digit
EUR million reduction of
net profit**

**EUR 67.4m equity offset
due to previously
recorded goodwill and
intangible assets for
franchise companies
previously acquired**

**First-time consolidation
effects of EUR 20.5m for
franchise companies not
yet acquired**

**Regulatory capital ratio
virtually unaffected, as it
was always adjusted for
intangible assets such as
goodwill**

Additional effects on equity

**Retroactive increase in
allowances for lease
receivables (EUR 4.1m)**

**Goodwill impairment on the
business in Poland
(EUR 4.2m)**

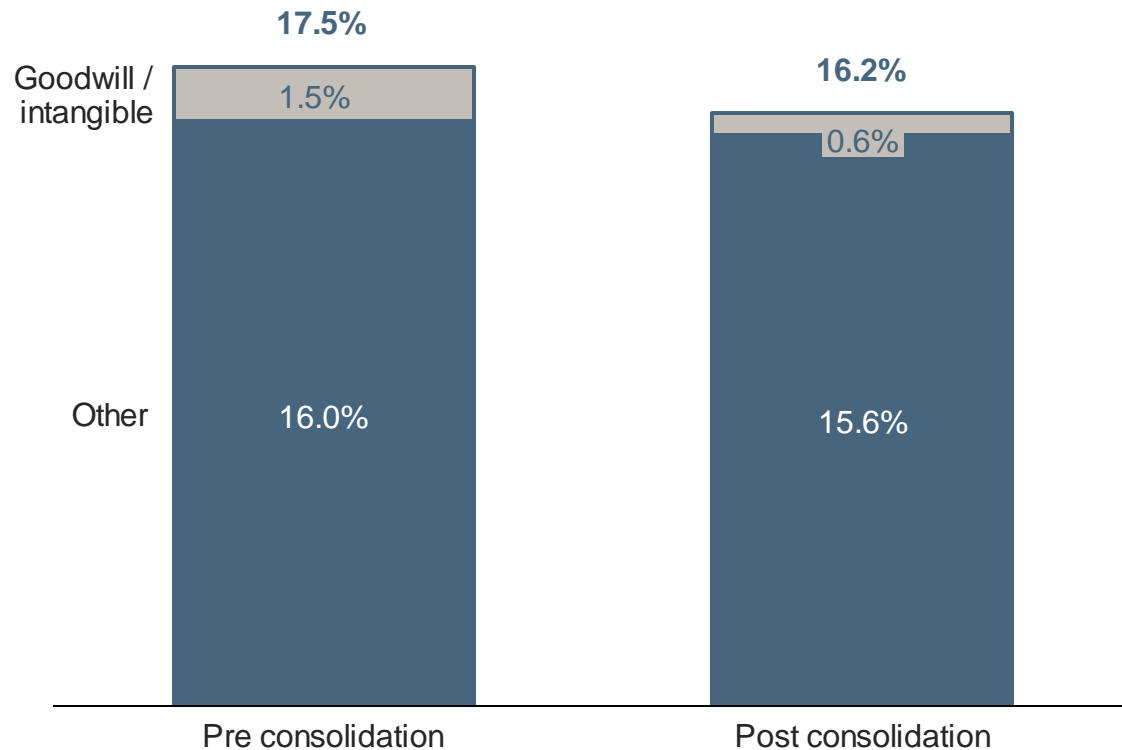
**Goodwill correction of the
Portugal business
(EUR 2.0m)**

Retroactive Consolidation – Effect on Capital Ratio

CUSHION TO REGULATORY MINIMUM REQUIREMENTS LARGELY UNCHANGED DESPITE LOWER BALANCE SHEET EQUITY RATIO

Balance sheet equity ratio as of December 31, 2019¹⁾

as a % of total assets (risk-weighted assets)



- Accounting changes reduce balance sheet equity ratio due to aggregate EUR 87.9m equity offset, of which EUR 67.4m attributable to goodwill and intangible assets
- Regulatory and rating capital ratios only marginally impacted as goodwill requires 100% equity backing and is effectively offset from equity

¹⁾ FY 2019 figures adjusted according to IAS 8.42

Taking Action

KEY MILESTONES REACHED – IMPLEMENTATION OF ADDITIONAL SUPPORTING MEASURES IN PROGRESS

Compliance

Focus

- Professionalising the compliance function through hiring dedicated personnel as well as through upgrading and introducing new tools and processes

Exemplary measure

- Chief Risk Officer and new Head of Corporate Compliance installed

Money Laundering Prevention

Focus

- Improving existing systems, consolidating KYC-tools, implementing new tools and further extending control and assessment processes to prevent money laundering

Exemplary measure

- Additional internal Coordinator installed and capacity of external service provider increased

Internal Audit

Focus

- Professionalizing the internal audit function through increased staffing and comprehensive process enhancements

Exemplary measure

- Responsibility for Group Audit appointed to CEO Antje Leminsky, and new Head of Group Audit recruited

Lending Business (Bank)

Focus

- Strengthening the loan department both in terms of headcount and processes

Exemplary measure

- SME large lending business (>25 TEUR) discontinued, and work instructions reviewed

Franchise Businesses

Focus

- Discontinuing the former franchise model and integration of all existing franchise companies into the Group

Exemplary measure

- Acquisition process for franchise companies kicked off

Others

Focus

- Additional measures to professionalize the company

Exemplary measure

- Annual special review of top resellers per branch piloted in UK