



**GRENKE**

QUARTERLY  
FINANCIAL REPORT

Q2 AND Q1 - Q2

**2023**

# Group key figures

	UNIT	Q2 2023	Q2 2022	Change (%)	Q1 – Q2 2023	Q1 – Q2 2022	Change (%)
<b>NEW BUSINESS LEASING</b>	EURk	650'343	587'434	10.7	1'260'498	1'086'672	16.0
DACH	EURk	164'451	139'924	17.5	307'502	257'922	19.2
Western Europe (without DACH)	EURk	171'043	149'613	14.3	332'879	281'404	18.3
Southern Europe	EURk	146'872	157'927	-7.0	297'229	289'871	2.5
Northern/Eastern Europe	EURk	131'338	107'234	22.5	254'772	197'983	28.7
Other regions	EURk	36'640	32'736	11.9	68'116	59'492	14.5
<b>CONTRIBUTIONS MARGIN 2 (CM2) ON NEW BUSINESS LEASING</b>	EURk	109'675	93'189	17.7	211'689	176'429	20.0
DACH	EURk	21'739	16'981	28.0	39'618	32'466	22.0
Western Europe (without DACH)	EURk	29'979	25'400	18.0	58'718	49'101	19.6
Southern Europe	EURk	26'616	25'493	4.4	53'022	47'530	11.6
Northern/Eastern Europe	EURk	23'847	19'339	23.3	46'264	35'950	28.7
Other regions	EURk	7'494	5'976	25.4	14'068	11'382	23.6
<b>FURTHER INFORMATION LEASING</b>							
Number of new contracts	units	78'599	72'192	8.9	148'075	134'098	10.4
Mean acquisition value	EUR	8'274	8'137	1.7	8'513	8'104	5.0
Mean term of contract per end of period	months	48	48	1.2	49	48	1.6
Volume of leased assets per end of period	EURk	9'215'146	8'874'329	3.8	9'215'146	8'874'329	3.8
Number of current contracts per end of period	units	1'035'204	1'005'887	2.9	1'035'204	1'005'887	2.9
<b>NEW BUSINESS FACTORING</b>	EURk	205'414	191'509	7.3	397'408	366'565	8.4
DACH	EURk	76'522	72'903	5.0	149'687	140'153	6.8
Southern Europe	EURk	43'788	37'643	16.3	80'742	67'674	19.3
Northern/Eastern Europe	EURk	85'104	80'963	5.1	166'979	158'738	5.2
<b>GRENKE BANK</b>							
New business SME lending business incl. microcredit business	EURk	10'972	13'636	-19.5	23'794	29'440	-19.2

## Regions Leasing:

DACH: Germany, Austria, Switzerland

Western Europe (without DACH): Belgium, France, Luxembourg, the 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

## Regions Factoring:

DACH: Germany, Switzerland

Southern Europe: Italy, Portugal

Northern/Eastern Europe: UK, Ireland, Hungary, Poland

## Consolidated franchise companies:

Leasing: Canada (3x), Chile, Latvia, Norway

Factoring: Hungary, Italy, Portugal

	UNIT	Q2 2023	Q2 2022	Change (%)	Q1-Q2 2023	Q1-Q2 2022	Change (%)
<b>INCOME STATEMENT</b>							
Interest and similar income from financing business	EURk	113'567.00	103'385	9.8	222'068.00	205'021	8.3
Expenses from interest on refinancing and deposit business	EURk	29'536.00	15'927	85.4	54'035.00	29'756	81.6
Settlement of claims and risk provision	EURk	21'447	28'071	-23.6	47'887	59'652	-19.7
Total operating expenses	EURk	77'671	68'115	14.0	149'688	132'555	12.9
Operating result	EURk	28'576	28'019	2.0	52'402	53'655	-2.3
Group earnings before taxes	EURk	31'305	28'554	9.6	51'776	55'566	-6.8
<b>GROUP EARNINGS</b>	EURk	24'540	20'922	17.3	40'399	41'459	-2.6
NET PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	EURk	25'510	21'726	17.4	34'528	33'614	2.7
NET PROFIT ATTRIBUTABLE TO HYBRID CAPITAL HOLDERS	EURk	0	0	N.A.	9'068	9'082	-0.2
NET PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	EURk	-970	-804	-20.6	-3'197	-1'237	-158.4
Earnings per share (basic and diluted)	EUR	0.55	0.46	19.6	0.74	0.72	2.8
Cost income ratio	percent	59.5	54.0	5.5 pp	58.3	53.3	5.0 pp
Staff cost	EURk	43'979	35'040	25.5	85'268	68'015	25.4
of which total remuneration	EURk	36'039	28'786	25.2	69'690	55'911	24.6
of which fixed remuneration	EURk	30'873	24'141	27.9	60'249	46'214	30.4
of which variable remuneration	EURk	5'166	4'645	11.2	9'441	9'697	-2.6
Average number of employees in full-time equivalent (FTE)	employees	2'052	1'846	11.2	2'023	1'831	10.5

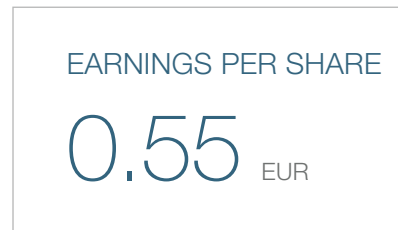


	UNIT	Jun. 30, 2023	Dec. 31, 2022	Change (%)
<b>STATEMENT OF FINANCIAL POSITION</b>				
Total assets	EURm	6'707	6'413	4.6
Lease receivables	EURm	5'430	5'244	3.5
Financial debt: thereof deposits GRENKE BANK AG	EURm	1'535	1'151	33.4
Equity pursuant to statement of financial position <sup>1</sup>	EURm	1'325	1'332	-0.5
Equity pursuant to CRR	EURm	1'230	1'188	3.5
Equity ratio	percent	19.8	20.8	-1.0 pp
Embedded value, leasing contract portfolio (excl. equity before taxes)	EURm	476	482	-1.2
Embedded value, leasing contract portfolio (incl. equity after taxes)	EURm	1'652	1'664	-0.7

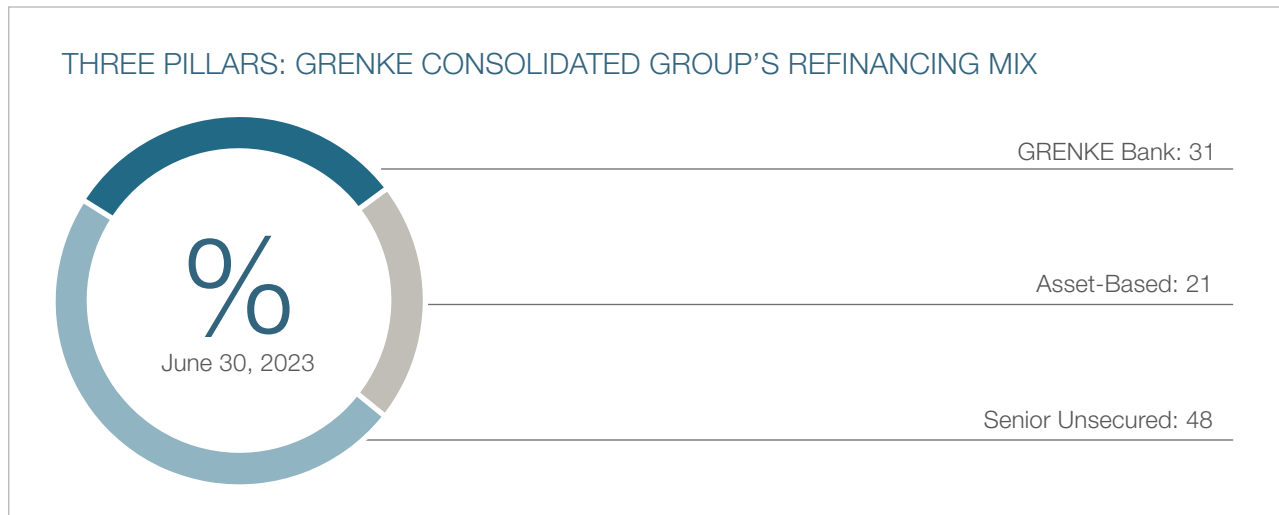
<sup>1</sup> Including AT1 bonds (hybrid capital), which are reported as equity under IFRS.



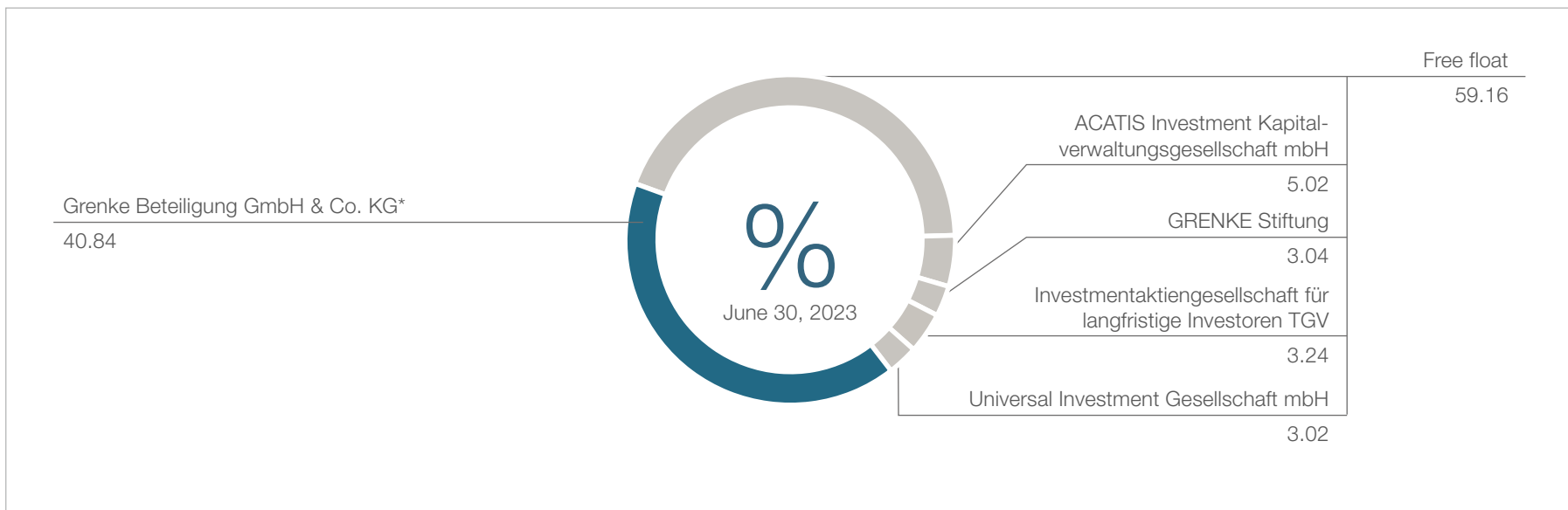
KEY FIGURES Q2 2023:



REFINANCING BASE:



SHAREHOLDER STRUCTURE:



\* General partner: Grenke Vermögensverwaltung GmbH  
 Limited partners: The Grenke Family (Wolfgang, Anneliese, Moritz, Roland and Oliver Grenke)

Besides Grenke GmbH & Co. KG, this chart shows other shareholders with a share of more than 3 percent according to the respective voting rights announcement and who are attributed to the free float according to the definition of Deutsche Börse.

Free float, pursuant to section 2.3 of the "Guide to the Equity Indices of Deutsche Börse AG".

The above information is not guaranteed and based on the voting right notifications received by the company in accordance with the German Securities Trading Act (WPHG).

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# Interim group management report

## 1. Consolidated Group principles

### 1.1 GRENKE overview

We are a global financing partner for small and medium-sized enterprises (SMEs) in small-ticket leasing. Our offers give companies the financial freedom to make investments. SMEs who lease with us can preserve their own liquidity. We are guided by our values: simple, fast, personal and entrepreneurial. We round off our offers with factoring and banking services. Founded in Baden-Baden in 1978, we are active worldwide with approximately 2,000 employees in over 30 countries.

### 1.2 Business model

In the leasing business, we focus mainly on small tickets, defined as contracts for financed objects with an acquisition value of less than EUR 25k. A total of 90 percent of all of our lease contracts in the first half of 2023 were in the small ticket category as in previous years. The average volume of the contracts concluded with us in the first half-year was around EUR 8.5k.

Our leasing portfolio focuses largely on IT and office communication products. In recent years, we have further expanded our business model to include other product groups, such as small machinery and systems, medical and security devices, and green

economy objects, such as wallboxes, photovoltaic systems and eBikes.

As of June 30, 2023, our presence spanned 140 locations in 33 countries worldwide. In the first six months of 2023, we generated 94.6 percent of our new leasing business in Europe, where we operate in almost every country. Our core markets are Germany, France and Italy, and we are continuously expanding our presence outside of Europe by expanding markets in Australia and North and South America.

In phases of economic fluctuation, we are able to manage our business by promptly adjusting our acceptance policy for lease applications. With our strict focus on balanced, risk-adequate new business and by refraining from doing business with higher-risk industries and customer segments, we are able to steer the quality and quantity of our new business in a targeted manner. We also have the flexibility to align our contract terms to the respective market and macroeconomic conditions. Consequently, our business model proves resilient to market fluctuations. Thus, even in extremely difficult economic times, such as the financial market crisis in 2009 and the corona pandemic in 2020 and 2021, we have been able to achieve risk-adequate margins and operate profitably on a sustainable basis.

### 1.3 Segments

The GRENKE Group is divided into three segments: Leasing, Banking and Factoring. For a description of the business activities and development of the segments during the reporting period, please refer to the comments in Chapter 2.4.3 “Segment development” and the explanations in Chapter 11 “Group segment reporting” contained in the notes to the condensed interim consolidated financial statements.

### 1.4 Shareholder structure

As a medium-sized family business, our major shareholder is Grenke Beteiligung GmbH & Co. KG, which is owned by Anneliese Grenke and Wolfgang Grenke, the Company founder, as well as of their three adult sons. As of the June 30, 2023 reporting date, Grenke Beteiligung GmbH & Co. KG held 40.8 percent of the Company's shares. As a result, the free float equalled 59.2 percent.

As of this report's publication date, the other shareholders with a share of more than 3 percent according to the respective voting rights announcement and who are attributed to the free float according to the definition of Deutsche Börse are ACATIS Investment Kapitalverwaltungsgesellschaft mbH (5.0 percent), Investmentaktiengesellschaft für langfristige Inves-



toren TGV (3.2 percent), the GRENKE Foundation (3.0 percent) and Universal Investment GmbH (3.0 percent). The proportion of shares held by the Board of Directors and Supervisory Board as of the reporting date amounted to approximately 0.1 percent.

## 1.5 Targets and strategy

Our target is to become the world's leading financing partner for small and medium-sized enterprises. Based on updated economic forecasts and a continued focus on balanced margins, the Board of Directors is targeting new leasing business of EUR 3.0 billion to EUR 3.2 billion for the year 2024, instead of the previous figure of around EUR 3.4 billion, and Consolidated Group net profit of EUR 95 million to EUR 115 million, instead of the previous figure of around EUR 120 million. GRENKE is continuing its growth strategy also with a reduced guidance range for new business. The new outlook for new business corresponds to double-digit growth of 11 percent to 19 percent as compared to the mid-point of guidance for the current financial year of around EUR 2.7 billion.

These targets are the basis of our corporate strategy, which is further divided into the strategic areas of "Sales Activities and Channels", "Operational Excellence and Cost Discipline", "Digital Excellence", and "Sustainability".

Liquidity and refinancing play a fundamental, central role in our business model and are managed accordingly. We have a wide range of instruments at our disposal that we can use as part of our overall strategy, depending on market conditions. Our debt-based financing is essentially based on the following three pillars:

- Senior unsecured instruments that are essentially based on our investment grade rating, such as notes, bonds and commercial paper, but also credit relationships with international banks, particularly the recently extended and increased syndicated credit line
- Receivables-based financing, above all through the ABCP programmes
- Deposit business of GRENKE BANK

Financing on this basis enables us to avoid maturity transformation, thereby limiting to a minimum any potential risks related to changes in interest rates and follow-up financing at the portfolio level.

Further details on this can be found in Chapter 1.2 "Targets and strategy" in our recent Annual Report 2022.

## 2. Economic report

- New leasing business grows by 10.7 percent to EUR 650.3 million in the second quarter of 2023
- Seventh consecutive quarter of year-on-year double-digit growth
- Contribution margin 2 rises to EUR 109.7 million
- CM2 margin reaches 16.9 percent
- Consolidated Group net profit equals EUR 24.5 million
- Loss rate improves to 0.9 percent
- Cost-income ratio amounts to 59.5 percent
- Equity ratio of 19.8 percent clearly surpasses self-set target of 16 percent

### 2.1 Macroeconomic environment

The macroeconomic environment in the second quarter of 2023 continued to be challenging. High inflation, continued sharply increasing interest rates, stringent refinancing conditions in the capital markets and increasing risks of recession were the primary factors shaping macroeconomic developments.

In the eurozone, the annual inflation rate fell to 5.5 percent in June 2023 (June 2022: 8.6 percent), mainly as a result of falling energy prices. In Germany, the rate of annual inflation was 6.4 percent. Although inflation had declined, it was still well above the ECB's target

level of 2 percent. The core inflation rate, which excludes the volatile energy and food components, has particularly risen steadily in recent months and in June 2023 stood at 5.5 percent in the eurozone and 5.8 percent in Germany. A reversal of the trend in the core inflation rate is not apparent.

The European Central Bank (ECB) raised the key refinancing rate to 4.0 percent in June 2023 and raised it by a further 25 basis points at the end of July to 4.25 percent. The deposit rate, which has since become a benchmark for the financial markets, was raised to 3.75 percent. The ECB also ceased its reinvestment of bonds purchased under its asset purchase programme in July 2023. Given the ECB's emphasis on keeping the inflation rate in focus, the assumption can be made that its restrictive course will continue. Furthermore, the almost constant interest rate differential to the US benchmark rate, which stands 100 basis points above that of the eurozone, is an additional indication of further interest rate hikes in the eurozone.

The resulting direct increase in financing costs is inhibiting demand for investment. The ifo business climate index, which is indicative of the condition of Germany's economy, is tending in the direction of an economic slowdown. The index declined in June 2023 for the second consecutive month and stood at 88.5 points (June 2022: 92.3 points). At 93.7 points, the

companies surveyed rated the economic situation as better than their business expectations for the coming six months (83.6 points). According to the ifo Institute, a weak economic climate in export markets, fewer incoming orders and higher interest rates were the main reasons for this development. According to the Bundesbank, the economic recovery could therefore be more sluggish than previously expected. The German economy stagnated in the second quarter of 2023, with a year-on-year rate of change in gross domestic product (GDP) of 0.0 percent. This compares to the first quarter, in which GDP had declined by 0.1 percent.

Amid this challenging environment, we were able to succeed once again, as projected, in continuing our growth path in the new leasing business in the second quarter of 2023, while at the same time increasing our profitability.

## 2.2 Significant events and transactions

In the first quarter of 2023, Dr Sebastian Hirsch took over from Michael Bücker as the Chairman of the Board of Directors of GRENKE AG. In a related ad hoc announcement, published on February 16, 2023, we announced that the Supervisory Board and former CEO Michael Bücker, whose appointment as Chairman of the Board of Directors of GRENKE AG had

been revoked for health reasons for a limited period until February 28, 2023, had agreed that Mr Bücker would leave the Company as of February 28, 2023.

Dr Sebastian Hirsch, who had been appointed interim CEO, was then appointed by the Supervisory Board as CEO, effective February 16, 2023. Dr Hirsch had retained his duties as Chief Financial Officer on an interim basis since his appointment as CEO. Dr Martin Paal, who has been VP Controlling at GRENKE AG since June 2022, has been chosen to lead the finance department following a transition and familiarisation period. Dr Paal assumed the role of Senior Vice President and Dr Sebastian Hirsch's deputy for the finance department with immediate effect.

On March 2, 2023, we issued an ad hoc statement detailing our digitalisation programme "Digital Excellence", announcing an additional investment volume of EUR 45 to 50 million. In order to continue our successful international growth and expansion strategy, we plan to invest in the digital optimisation of the entire value chain in more than 30 countries over the next three years. The basis of the digitalisation programme is the transformation to cloud technology which, as the largest single measure, will comprise one-third of the total investment. The remaining funds for investment will be dedicated to automating all of the core processes for the leasing business, which builds on

this. An estimated EUR 15 million of additional expenditure will be incurred in the 2023 financial year.

The goal of “Digital Excellence” is the end-to-end digitalisation of the core leasing business’ internal processes to the greatest extent possible to pave the way for scaling significantly into new as well as existing markets and magnifying our growth. This includes, for example, the future ability to process a lease application in only seconds instead of minutes (“instant decisions”). This expanded digitalisation initiative ideally positions us to respond to new customer requirements and to be the one setting the new trends in leasing for investment projects of small and medium-sized enterprises, for example, by offering lease financing for new asset categories. Some of the investment measures, such as the expansion of cloud technology, were already planned but are now being brought forward and implemented more quickly alongside our ambitious growth plans for new business.

Also on March 2, 2023, we presented preliminary, unaudited figures for the 2022 financial year, along with the 2022 dividend proposal of the Board of Directors and Supervisory Board of EUR 0.45 per share. We also announced our guidance for the 2023 financial year. The Board of Directors expects us to generate

new leasing business of between EUR 2.6 billion and EUR 2.8 billion in the 2023 financial year and a Consolidated Group net profit of EUR 80 million to EUR 90 million. Due to the implementation of the digitalisation programme in the years ahead, the targeted for Consolidated Group net profit in 2024 is around EUR 120 million, instead of EUR 140 million as previously forecast.\*

On March 23, 2023, we reported on a rating revision by Standard & Poor’s. S&P Global Ratings had lowered GRENKE’s long-term issuer rating from “BBB+” to “BBB” and affirmed the short-term rating of “A-2”. The stable (previously negative) outlook reflects the expectation that GRENKE will maintain its adequate risk appetite, asset quality and high capital buffers and gradually regain its solid, risk-optimised profitability over the next two years. In October 2022, we received an investment grade rating of “BBB” with a stable outlook from Fitch Ratings (Fitch rating level “BBB/stable/F2”).

On April 20, 2023, we announced our investment in “Miete24 P4Y GmbH” in the amount of 25 percent plus one voting share. The acquisition of the internet platform strengthens our sales infrastructure, especially in the specialist reseller area, and opens up additional

options for us in the direct online business with commercial customers. The purchase price for the stake in Miete24 amounted to EUR 3.0 million. In addition, we have secured a long-term option for a full takeover of the company. The rollout will take place successively with selected resellers. Following its successful launch in Germany, the new digital platform is also set to be deployed internationally as quickly as possible.

On May 16, 2023, we held our Annual General Meeting. The meeting was held in-person, which was the first time since the beginning of the Covid-19 pandemic. The Annual General Meeting resolved to distribute a dividend of EUR 0.45 per share (2022: EUR 0.51). All agenda items were also approved by a large majority, including the amendment to the Articles of Association authorising virtual Annual General Meetings in the future. The longstanding Chairman of the Supervisory Board, Prof Dr Ernst-Moritz Lipp, retired from the Board at the end of the Annual General Meeting as scheduled. Nils Kröber was confirmed as a member of the Supervisory Board for a five-year term until the end of the Annual General Meeting in 2028. Moritz Grenke, the son of the company founder Wolfgang Grenke and limited partner of the major shareholder Grenke Beteiligung GmbH & Co. KG, was elected to the Supervisory Board for a term of three years.

\* The Board of Directors reviewed the forecast for new leasing business on August 9, 2023. Based on updated economic forecasts and a continued focus on balanced margins, the Board of Directors is targeting new leasing business of EUR 3.0 to EUR 3.2 billion for the year 2024, instead of the previous figure of around EUR 3.4 billion, and a Consolidated Group net profit of EUR 95 to EUR 115 million, instead of the previous figure of around EUR 120 million.



Also on May 16, 2023, the Supervisory Board elected Jens Rönnerberg, auditor and tax advisor, as the new Chairman of the Supervisory Board and Dr Konstantin Mettenheimer, attorney and tax advisor, as his deputy at the Supervisory Board meeting that followed the Annual General Meeting. Jens Rönnerberg joined the Supervisory Board in November 2019 and was previously the Board's Deputy Chairman. Dr Konstantin Mettenheimer was elected to the Supervisory Board at the 2021 Annual General Meeting.

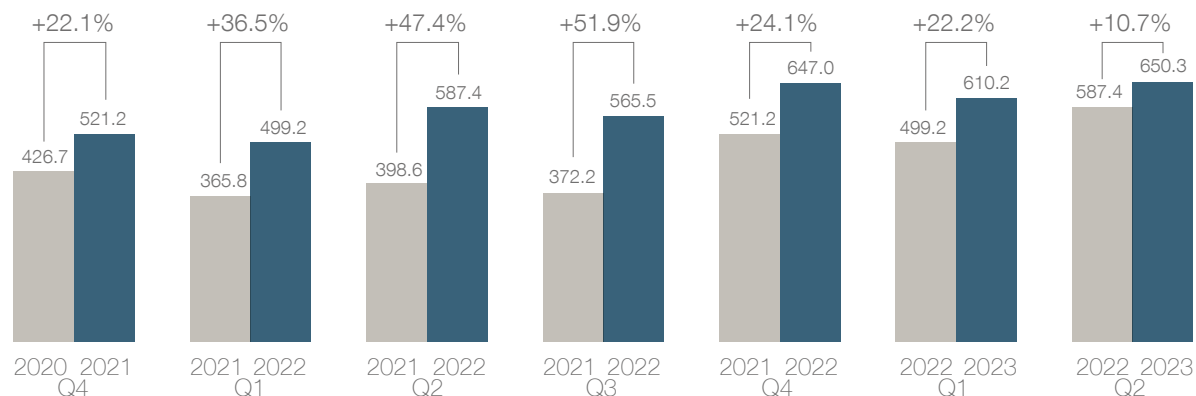
## 2.3 New business

### 2.3.1 Leasing

In the second quarter of 2023, we generated new leasing business of EUR 650.3 million. We thereby exceeded the same prior-year quarter by 10.7 percent (Q2 2022: EUR 587.4 million) and achieved double-digit percentage growth for the seventh consecutive time.

New leasing business since Q4 2020

in EUR million



Demand for leasing products stabilised amid the dynamic interest rate environment. When interest rates rise, loans for companies generally become more expensive, and banks also become more restrictive when issuing loans. As a result, loans lose their appeal compared to lease financing. Since lease rates are set at the time of investment, which is also the same time as signing the contract, leasing offers our corporate customers a reliable basis for calculation in times of rising interest rates.

The strong growth in new leasing business was also made possible by the expansion of our reseller network to over 34,000 dealers in the more than 30 countries in which we operate.

In the second quarter of 2023, we generated the highest volume of new leasing business in Western Europe (without DACH), amounting to EUR 171.0 million, with the second-highest volume in the DACH region, at EUR 164.5 million. The strongest growth was recorded in the Northern/Eastern Europe region, with 22.5 percent relative to the same prior-year quarter. In this region, the UK and Finland, in particular, recorded dynamic growth, with 39.2 percent and 31.3 percent, respectively. The DACH region followed in second place with 17.5 percent growth. Western Europe (without DACH) was third with 14.3 percent, with the growth in

this region driven by the Netherlands (+33.6 percent) and Belgium (+22.1 percent). In Southern Europe, new leasing business declined by 7.0 percent, but we were able to significantly improve the CM2 margin in particular in this region as a result of our focus on higher profitability when setting contract terms.

In the other regions, we increased new leasing business by 11.9 percent overall compared with the same prior-year quarter, with above-average growth gen-

erated in the future markets of the USA (+27.4 percent), Canada (+24.3 percent), and Australia (+21.8 percent).

Demand for eBike leasing remained solid. eBike leasing is available in Germany, Austria, Belgium and Finland. Around 15,000 contracts for eBikes were concluded in the reporting quarter, representing an increase of around 50 percent (Q2 2022: approx. 10,000 contracts).

#### New leasing business

EURm	Q2 2023	Q2 2022	Change (%)	Q1 – Q2 2023	Q1 – Q2 2022	Change (%)
LEASING NEW 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

Regions:

DACH: Germany, Austria, Switzerland

Western Europe (without DACH): Belgium, France, Luxembourg, the Netherlands

Southern Europe: Croatia, Italy, Malta, Portugal, Slovenia, Spain

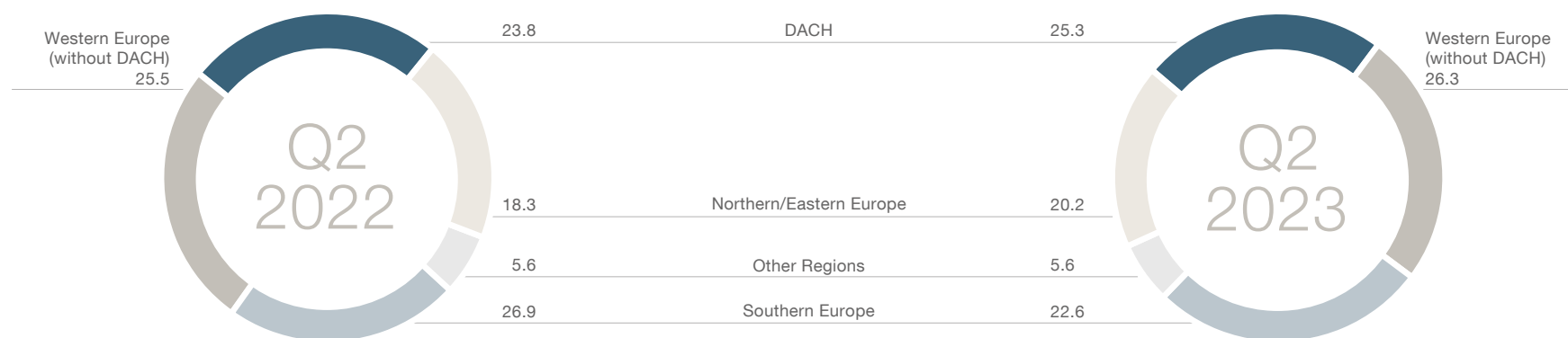
Northern/Eastern Europe: Denmark, Finland, Ireland, Latvia\*, Norway\*, Sweden, UK, Czechia, Hungary, Poland, Romania, Slovakia

Other Regions: Australia, Brazil, Canada\*, Chile\*, Singapore, Turkey, UAE, USA

\* Consolidated franchise companies

## Share of new leasing business by region

in percent



At 17.7 percent, the contribution margin 2 (CM2) grew faster than new leasing business, reaching EUR 109.7 million in the second quarter of this year (Q2 2022: EUR 93.2 million). At 28.0 percent, the DACH region recorded the strongest growth, while the largest contribution came from the Western Europe region (without DACH), with a contribution margin of EUR 30.0 million.

## Contribution margin in new leasing business

EUR million	Q2 2023	Q2 2022	Change (%)	Q1 – Q2 2023	Q1 – Q2 2022	Change (%)
<b>DB1</b>	<b>65.8</b>	<b>61.4</b>	<b>7.3</b>	<b>124.8</b>	<b>117.0</b>	<b>6.7</b>
<b>DB2</b>	<b>109.7</b>	<b>93.2</b>	<b>17.7</b>	<b>211.7</b>	<b>176.4</b>	<b>20.0</b>
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

The CM2 margin, which is a measure of the projected profitability of the newly concluded leasing portfolio, reached 16.9 percent in the reporting quarter. At this level, the margin was one percentage point higher than the level in the same prior-year quarter (Q2 2022: 15.9 percent). The current development also means that the margin improved despite the volatile interest rate environment and increasing recessionary risks. In the first quarter of 2023, the CM2 margin was 16.7 percent, while the average for 2022 was 16.1 percent. In addition to the improvement in the other regions (+2.2 percentage points), we were able to raise the

CM2 margin by 2.0 percentage points in Southern Europe by focusing on high-margin contracts. In the DACH region, where we were able to adjust contract terms with a time lag, mainly due to framework agreements with larger customers, we realised an improvement in the CM2 margin in the reporting quarter of 1.1 percentage points.

The CM1 margin of new leasing business in Q2 2023 was 10.1 percent and close to the level in the same prior-year quarter (10.4 percent in Q2 2022).

The percentage margins achieved on lease contracts differ according to ticket size. Contracts with a net acquisition value of less than EUR 25k tend to be concluded with higher margins. In the second quarter of 2023, for example, we generated a CM2 margin of 17.6 percent on contracts with a net acquisition value of less than EUR 25k. In comparison, we generated a CM2 margin of 15.8 percent on larger contracts (net acquisition value greater than EUR 25k). It is also important however to look at the absolute contribution margins. At EUR 41.1 million, larger contracts represented 37.4 percent of the total contribution margin, despite this contract group representing only 6.0 percent of all contracts concluded.

#### CM margin in new leasing business

percent	Q2 2023	Q2 2022	Change (pp)	Q1 – Q2 2023	Q1 – Q2 2022	Change (pp)
<b>CM1 MARGIN</b>	<b>10.1</b>	<b>10.4</b>	<b>-0.3</b>	<b>9.9</b>	<b>10.8</b>	<b>-0.9</b>
<b>CM2 MARGIN</b>	<b>16.9</b>	<b>15.9</b>	<b>1.0</b>	<b>16.8</b>	<b>16.2</b>	<b>0.6</b>
DACH	13.2	12.1	1.1	12.9	12.6	0.3
Western Europe (without DACH)	17.6	17.2	0.4	17.8	17.6	0.2
Southern Europe	18.1	16.1	2.0	17.8	16.4	1.4
Northern/Eastern Europe	18.2	18.0	0.2	18.2	18.2	0.0
Other regions	20.5	18.3	2.2	20.7	19.1	1.6

We received around 150,000 lease applications in the reporting quarter, resulting in higher demand for leasing products than in the same prior-year quarter (Q2 2022: just under 140,000). At 52.6 percent, the conversion rate was in line with the customary level of business and remained stable year-on-year (Q2 2022: 52.2 percent). Overall, we concluded over 78,000 new lease contracts in the reporting period, compared with around 72,000 in the same prior-year quarter.

The average ticket size held steady in Q2 2023 at just under EUR 8.3k compared with around EUR 8.1k in the same prior-year quarter. This level was also within the defined target size for full-year 2023, which prescribes a focus on small tickets with an average ticket size of less than EUR 10k.

The share of contracts processed fully digitally via eSignature decreased slightly year-on-year by 2.3 percentage points to 37.4 percent. This was due to the different contract structures contained in the new business portfolio.

The share of direct sales was almost constant at 17.0 percent in the second quarter of the year (Q2 2022: 18.3 percent).

A look at the new leasing business portfolio shows that, measured in terms of the number of contracts, the object group most in demand in the second of 2023 remained IT equipment. Its share of the portfolio however declined year-on-year by 2.6 percentage points to 26.7 percent due to the significant growth in eBikes. Photocopy equipment was the second strongest group in the portfolio, with a slightly lower share year-on-year of 19.6 percent. The strongest growth was recorded by the eBikes product group, which

increased by 4.4 percentage points to 18.7 percent. In addition to eBikes, machinery and other equipment also increased its share, although the increase was small at 0.5 percentage points. As a result, machinery and other equipment dropped back to fourth place in the portfolio, while eBikes climbed to third place. The remaining object groups of telecommunications equipment, medical equipment and wellness, security equipment and general office technology maintained their rankings in the overall portfolio.

#### Lease applications and contracts

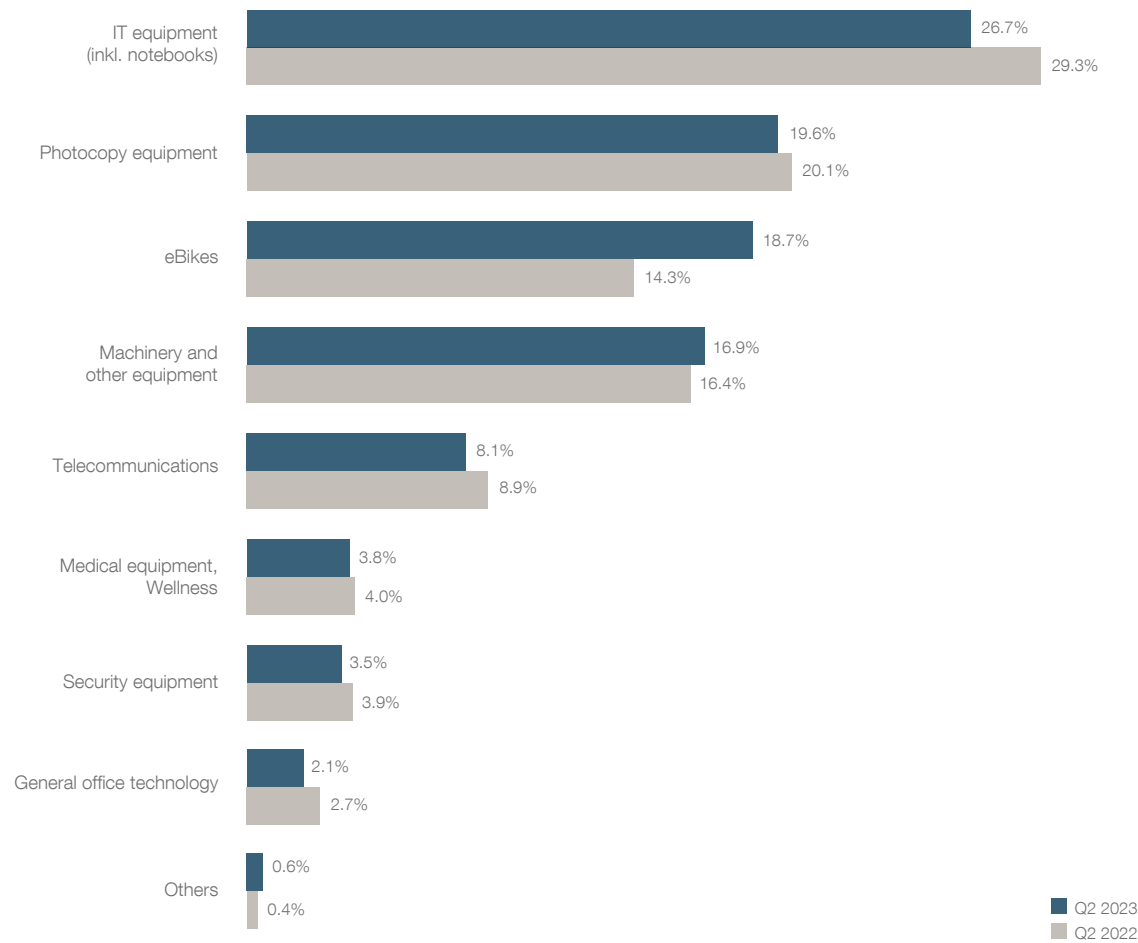
	unit	Q2 2023	Q2 2022	Change	Q1 – Q2 2023	Q1 – Q2 2022	Change
Leasing applications	units	149'568	138'261	8.2%	301'803	272'914	10.6%
Leasing contracts	units	78'599	72'192	8.9%	148'075	134'098	10.4%
Conversion rate	percent	52.6	52.2	0.4 pp	49.1	49.1	0 pp
Average NAV	EUR	8'274	8'137	1.7%	8'513	8'104	5.0%
eSignature quota	percent	37.4	39.7	–2.3 pp	39.7	41.1	–1.4pp





### Share of object groups in the leasing portfolio by number of contracts

in percent



### 2.3.2 Factoring

Factoring reported new business with a purchased receivables volume of EUR 205.4 million in the second quarter of 2023, corresponding to a year-on-year increase of 7.3 percent (Q2 2022: EUR 191.5 million). Factoring volumes grew in all regions, with the newest factoring companies in Southern Europe expanding their receivables volume the most, by 16.3 percent. Northern/Eastern Europe, the strongest region in terms of volume, grew by 5.1 percent, driven by the UK with growth of 19.9 percent. With growth of 5.0 percent, the DACH region grew at a rate similar to the Northern/Eastern Europe region.

#### New factoring business

	unit	Q2 2023	Q2 2022	Change	Q1-Q2 2023	Q1-Q2 2022	Change
<b>NEW BUSINESS FACTORING</b>	<b>EURm</b>	<b>205.4</b>	<b>191.5</b>	<b>7.3%</b>	<b>397.4</b>	<b>366.6</b>	<b>8.4%</b>
DACH	EURm	76.5	72.9	5.0%	149.7	140.2	6.8%
Southern Europe	EURm	43.8	37.6	16.3%	80.7	67.7	19.3%
Northern/Eastern Europe	EURm	85.1	81.0	5.1%	167.0	158.7	5.2%
<b>GROSS MARGIN</b>	<b>percent</b>	<b>1.6</b>	<b>1.4</b>	<b>0.2 pp</b>	<b>1.6</b>	<b>1.4</b>	<b>0.2 pp</b>
DACH	percent	1.5	1.5	0 pp	1.5	1.5	0 pp
Southern Europe	percent	1.7	1.4	0.3 pp	1.7	1.4	0.3 pp
Northern/Eastern Europe	percent	1.7	1.4	0.3 pp	1.7	1.3	0.4 pp
<b>AVERAGE PERIOD</b>	<b>days</b>	<b>41.4</b>	<b>41.6</b>	<b>-0.2</b>	<b>43.6</b>	<b>40.0</b>	<b>3.6</b>
Average period DACH	days	26.9	27.8	-0.9	27.2	27.3	-0.1
Average period Southern Europe	days	77.2	73.5	3.7	81.9	70.5	11.4
Average period Northern/Eastern Europe	days	37.5	38.6	-1.1	38.3	38.6	-0.3

Regions: DACH: Germany, Switzerland  
Southern Europe: Italy, Portugal  
Northern-/Eastern Europe: Hungary, UK, Ireland, Poland

The gross margin in factoring improved to 1.6 percent in the reporting quarter as a result of the continued alignment of contract terms with interest rate developments. In a regional comparison, we achieved a slightly above-average margin of 1.7 percent in the Southern Europe and Northern/Eastern Europe regions,

while the margin in the DACH region stabilized at 1.5 percent. Particularly in Portugal, where business is dominated by major customers, the margin improved year-on-year by 21.0 percent.

The gross margin refers to the average period of a factoring transaction of around 41 days in the reporting quarter. Due to differences in payment periods and payment habits, the average period in the DACH region is significantly lower (27 days) than in Northern/Eastern Europe (38 days) and Southern Europe (77 days). A comparison of the average periods shows that payment periods in the DACH and Northern/Eastern Europe regions have declined slightly by one day, while they have increased by 4 days in Southern Europe where companies were increasingly taking advantage of the opportunity to extend payment terms.

### 2.3.3 GRENKE BANK's lending business

GRENKE BANK's new lending business amounted to EUR 11.0 million in the second quarter of 2023, compared to EUR 13.6 million in the same prior-year quarter. In the first half of 2023, cumulative new lending business amounted to EUR 23.8 million, compared to EUR 29.4 million in the same prior-year period. New lending business consists solely of loans granted within the scope of the "Mikrokreditfonds Deutschland" (Microcredit Fund Germany) programme, in which GRENKE BANK offers government-sponsored micro-financing between EUR 1k and EUR 25k.

### 2.3.4 Currency effects

The change in exchange rates resulted in negative currency effects of EUR 2.2 million on the volume of new business in leasing and factoring in the second quarter of 2023. Assuming unchanged exchange rates compared to the second quarter of 2022, the volume of new business in the second quarter of 2023 would have been EUR 3.9 million higher in leasing and EUR 1.8 million lower in factoring.

The currency effects resulted primarily from the appreciation of the Swiss franc, which was offset by a depreciation in the British pound, Swedish krona and the Australian dollar.

## 2.4 Results of operations

The selected disclosures from the consolidated income statement are explained separately for the current quarter as well as for the reporting period and on the basis of the segment results.

### 2.4.1 Comparison of the second quarter of 2023 versus 2022

Interest and similar income from our financing business amounted to EUR 113.6 million in the second quarter of 2023 (Q2 2022: EUR 103.4 million), amounting to a year-on-year increase of EUR 10.2 million. The strong growth in new business in recent quarters is reflected in interest income from lease receivables. However, the improved margin situation resulting from the alignment of contract terms in the new leasing business will only be increasingly reflected in interest income over the next few quarters. Interest expenses from refinancing and deposit business increased by EUR 13.6 million to EUR 29.5 million (Q2 2022: EUR 15.9 million), primarily a result of the sharply higher interest rate levels from recent quarters. The compensation ratio, which indicates how much more interest income (Q2 2023: EUR 10.2 million) we were able to generate relative to the higher interest expenses (Q2 2023: EUR 13.6 million), was already at 75 percent in the second quarter of 2023. In the first quarter of this year, the compensation ratio was 64 percent.

On balance, the net interest income in the second quarter of 2023 decreased just slightly by EUR 3.5 million to EUR 84.0 million (Q2 2022: EUR 87.5 million). As a result of the established conservative risk approach from prior quarters and the unchanged steady payment behaviour of our customers, expenses for settlement of claims and risk provision fell by EUR 6.6 million to EUR 21.5 million in the reporting quarter (Q2 2022: EUR 28.1 million). This led to an overall positive development in the risk provision, resulting in an improvement in our loss rate (expenses for settlement of claims and risk provisions in relation to the volume of leased assets) to 0.9 percent in second quarter of 2023 (Q2 2022: 1.3 percent).

The increase in interest income and the year-on-year decline in risk provisions more than compensated for the rise in interest expenses, with the result that our net interest income after settlement of claims and risk provision rose by EUR 3.2 million to EUR 62.6 million in the reporting quarter (Q2 2022: EUR 59.4 million).

EURk	Q2 2023	Q2 2022	Change (%)
Interest and similar income from financing business	113'567	103'385	9.8
Expenses from interest on refinancing and deposit business	29'536	15'927	85.5
<b>NET INTEREST INCOME</b>	<b>84'031</b>	<b>87'458</b>	<b>-3.9</b>
Settlement of claims and risk provision	21'447	28'071	-23.6
<b>NET INTEREST INCOME AFTER SETTLEMENT OF CLAIMS AND RISK PROVISION</b>	<b>62'584</b>	<b>59'387</b>	<b>5.4</b>
Profit from service business	32'747	29'986	9.2
Profit from new business	12'778	8'181	56.2
Gains (+) / losses (-) from disposals	1'049	434	> 100
<b>INCOME FROM OPERATING BUSINESS</b>	<b>109'158</b>	<b>97'988</b>	<b>11.4</b>
Staff costs	43'979	35'040	25.5
of which total remuneration	36'039	28'786	25.2
of which fixed remuneration	30'873	24'141	27.9
of which variable remuneration	5'166	4'645	11.2
Selling and administrative expenses (excluding staff costs)	27'082	26'206	3.3
of which IT project costs	3'542	2'158	64.1
<b>GROUP EARNINGS BEFORE TAXES</b>	<b>31'305</b>	<b>28'554</b>	<b>9.6</b>
<b>GROUP EARNINGS</b>	<b>24'540</b>	<b>20'922</b>	<b>17.3</b>
<b>EARNINGS PER SHARE (IN EUR; BASIC/DILUTED)</b>	<b>0.55</b>	<b>0.46</b>	<b>19.6</b>

Our profit from service business increased by EUR 2.7 million to EUR 32.7 million in second quarter of 2023 (Q2 2022: EUR 30.0 million) due to the expansion in the lease portfolio. Our profit from new business increased by EUR 4.6 million to EUR 12.8 million in the reporting quarter (Q2 2022: EUR 8.2 million) as a re-

sult of the positive new business development. Gains and losses from disposal equalled EUR 1.0 million (Q2 2022: EUR 0.4 million).

Lower expenses for settlement of claims and risk provision, as well as the profit from service business and profit from new business largely led to an increase in our income from operating business of EUR 11.2 million to EUR 109.2 million in the second quarter of 2023 (Q2 2022: EUR 98.0 million).

Our largest expense item, staff costs, increased by EUR 9.0 million in the second quarter to EUR 44.0 million (Q2 2022: EUR 35.0 million). The expected increase in staff costs was attributable to the increased number of employees and an adjustment in salaries to a more attractive market level of remuneration and a lower variable remuneration component. It was also however a result of a Consolidated Group-wide inflation-related increase in fixed remuneration of approximately 3.5 percent in August 2022. In the reporting period, fixed remuneration amounted to EUR 30.9 million (Q2 2022: EUR 24.1 million) and variable remuneration to EUR 5.2 million (Q2 2022: EUR 4.6 million). The average number of employees on a full-time equivalent basis was 2,052, which was 206 higher than in the same prior-year period (Q2 2022: 1,846) due to new hires in the reporting quarter.

Our depreciation, amortisation and impairments were essentially unchanged in the reporting quarter at EUR 6.6 million (Q2 2022: EUR 6.9 million). Our selling and administrative expenses increased by EUR 0.9 million

to EUR 27.1 million (Q2 2022: EUR 26.2 million). The increase in ancillary staff costs, as well as in energy prices, was offset by the reduction in legal, consulting and audit costs. The balance of other operating income and expenses in the second quarter of 2023 was EUR –2.9 million (Q2 2022: EUR –1.9 million). This figure reflects, above all, currency effects of EUR 2.2 million, which were largely attributable to the translation of the Turkish lira (TRY). In Turkey, the effects are primarily the result of the measurement of hyperinflation in accordance with IAS 29. The predominant effect for other currencies amounted to EUR 0.6 million for the Polish zloty (PLN), EUR 0.4 million for the Chilean peso (CLP), EUR 0.4 million for the Hungarian forint (HUF) and EUR 0.3 million for the Canadian dollar (CAD) and are attributable to derivative hedging transactions, which offset each other economically over the entire period. These are also partially offset periodically by the currency translation of EUR 1.0 million recognised directly in equity in other comprehensive income in the consolidated statement of comprehensive income. As this relates mainly to the translation of lease receivables in foreign currency countries, the effect is shown in a different item, similar to the aforementioned translation effects from derivatives. Lease receivables are translated at the closing rate, whereas the derivatives are measured at fair value based on the forward exchange rates applicable as of the reporting date. This difference and the resulting measurement

effect offset each other over the term of the hedging relationships.

Our operating result in the second quarter of 2023 was EUR 28.6 million, representing a year-on-year increase of EUR 0.6 million (Q2 2022: EUR 28.0 million). The balance of other interest income and interest expenses improved to EUR 0.4 million (Q2 2022: EUR –2.1 million).

Our Consolidated Group earnings before taxes in the second quarter increased by EUR 2.7 million to EUR 31.3 million (Q2 2022: EUR 28.6 million).

Our tax rate decreased to 21.6 percent (Q2 2022: 26.7 percent). Our Consolidated Group net profit totalled EUR 24.5 million, for a year-on-year increase of EUR 3.6 million (Q2 2022: EUR 20.9 million). The share of profits attributable to non-controlling interests to be reported due to the consolidation of the franchise companies amounted to EUR –1.0 million (Q2 2022: EUR –0.8 million). Comparability is limited due to the acquisition of shares in several franchise companies in the first and second quarters of 2023 (for more information, please refer to the comments in Note 12). As a result, earnings per share increased to EUR 0.55 in the second quarter of 2023 (Q2 2022: EUR 0.46).

Despite the favourable earnings development, our cost-income ratio (CIR) increased by 5.5 percentage points to 59.5 percent in the second quarter of 2023 (Q2 2022: 54.0 percent). Compared to the fourth quarter of 2022 (57.6 percent), the CIR increased by 1.9 percentage points. This increase was primarily the result of two factors: Income as defined in the CIR is calculated before risk provisions, so that the overall positive development of income from operating business is not reflected and the fact that costs have increased, particularly staff costs, due to the aforementioned comparison effects versus 2022.

## 2.4.2 Comparison of first half-year 2023 versus 2022

The selected income statement disclosures in a half-year comparison essentially developed in line with the quarter.

Our net interest income decreased slightly by EUR 7.2 million to EUR 168.0 million in the first half of 2023 (Q1–Q2 2022: EUR 175.3 million). Our higher interest income generated based on the alignment of contract terms allowed us to compensate 70 percent of the EUR 24.3 million increase in interest expenses which resulted from the sharp increase in capital market interest rates versus the first half of the previous year.

Net interest income after settlement of claims and risk provision increased by EUR 4.5 million to EUR 120.1 million (Q1–Q2 2022: EUR 115.6 million).

The loss rate decreased to 1.0 percent in line with the favourable risk provision development (Q1–Q2 2022: 1.3 percent).

Our income from operating business increased by EUR 19.5 million to EUR 208.8 million (Q1–Q2 2022: EUR 189.3 million). Operating profit decreased by EUR 1.3 million to EUR 52.4 million (Q1–Q2 2022: EUR 53.7 million). Our Consolidated Group net profit totalled EUR 40.4 million (Q1–Q2 2022: EUR 41.5 million).

EURk	Q1–Q2 2023	Q1–Q2 2022	Change (%)
Interest and similar income from financing business	222'068	205'021	8.3
Expenses from interest on refinancing and deposit business	54'035	29'756	81.6
<b>NET INTEREST INCOME</b>	<b>168'033</b>	<b>175'265</b>	<b>-4.1</b>
Settlement of claims and risk provision	47'887	59'652	-19.7
<b>NET INTEREST INCOME AFTER SETTLEMENT OF CLAIMS AND RISK PROVISION</b>	<b>120'146</b>	<b>115'613</b>	<b>3.9</b>
Profit from service business	63'109	57'989	8.8
Profit from new business	24'590	15'257	61.2
Gains (+) / losses (-) from disposals	936	410	> 100
<b>INCOME FROM OPERATING BUSINESS</b>	<b>208'781</b>	<b>189'269</b>	<b>10.3</b>
Staff costs	85'268	68'015	25.4
of which total remuneration	69'690	55'911	24.6
of which fixed remuneration	60'249	46'214	30.4
of which variable remuneration	9'441	9'697	-2.6
Selling and administrative expenses (excluding staff costs)	50'997	51'037	-0.1
of which IT project costs	6'900	4'173	65.3
<b>GROUP EARNINGS BEFORE TAXES</b>	<b>51'776</b>	<b>55'566</b>	<b>-6.8</b>
<b>GROUP EARNINGS</b>	<b>40'399</b>	<b>41'459</b>	<b>-2.6</b>
<b>EARNINGS PER SHARE (IN EUR; BASIC/DILUTED)</b>	<b>0.74</b>	<b>0.72</b>	<b>2.8</b>

### 2.4.3 Segment development

The operating segment income in the Leasing segment defied the overall economic challenges, particularly as the payment behaviour of our customers remained stable, resulting in a reduction in expenses for settlement of claims and risk provision. Accordingly, our operating income in this segment increased by EUR 14.8 million to EUR 188.0 million (Q1–Q2 2022\*: EUR 173.2 million). Following the optimisation of segment reporting, there was an adjustment in the prior-year figure for operating income in the Leasing and Banking segments. The segment result decreased to EUR 49.9 million (Q1–Q2 2022: EUR 52.5 million).

The operating segment income in the Banking segment increased in the reporting period to EUR 17.6 million (Q1–Q2 2022\*: EUR 12.8 million), mainly as a result of lower risk provisions for former loan portfolios. Higher staff costs and currency effects led to the achievement of a segment result of EUR 4.3 million (Q1–Q2 2022: EUR 1.9 million).

Our operating segment income in the Factoring segment was almost unchanged in the reporting period at EUR 3.2 million (Q1–Q2 2022: EUR 3.3 million). The success of the investments made in the sales infrastructure is showing through in the external operating income, although the higher expenses due to

increased interest rates are having a counteracting effect. As a result, and particularly due to higher staff costs, the segment result decreased to EUR –1.7 million (Q1–Q2 2022: EUR –0.6 million).

### 2.5 Financial position

The equity ratio at 19.8 percent remained at a high level and within our expectations. Cash flow from operating activities was significantly higher than in the same prior-year period. Our stronger focus on the deposit business as a funding pillar is reflected in the funding mix. The rising lease receivables reflect the positive development of new business.

\* Due to optimizations in segment reporting, the prior-year figure for operating income in the Leasing and Banking segment has been adjusted.

### 2.5.1 Capital structure

At the GRENKE Group, we place a particular emphasis on maintaining a suitable level of liquidity in order to have the flexibility to respond to market conditions. The Consolidated Group is additionally obliged to maintain a liquidity buffer due to regulatory requirements.

EURk	Jun. 30, 2023	Dec. 31, 2022	Change (%)
<b>CURRENT LIABILITIES</b>	<b>2'271'622</b>	<b>2'443'391</b>	<b>-7.0</b>
of which financial liabilities	2'019'978	2'247'666	-10.1
<b>NON-CURRENT LIABILITIES</b>	<b>3'110'655</b>	<b>2'637'185</b>	<b>18.0</b>
of which financial liabilities	3'018'656	2'547'052	18.5
Equity	1'324'780	1'332'167	-0.6
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>6'707'057</b>	<b>6'412'743</b>	<b>4.6</b>
Equity ratio (in percent)	19.8%	20.8%	-1.0 pp

On the liabilities side, the rising level of total assets is particularly reflected by the increase in financial liabilities of EUR 243.9 million to EUR 5.0 billion (December 31, 2022: EUR 4.8 billion). Current and non-current liabilities from refinancing continued to represent the largest share of financial liabilities, which at EUR 3.5 billion remained almost unchanged compared with year-end 2022 (December 31, 2022: EUR 3.6 billion). GRENKE Bank's current and non-current liabilities from the deposit business, in contrast, increased by a total of EUR 384.1 million to EUR 1.5 billion (December 31, 2022: EUR 1.2 billion).

Equity as of June 30, 2023 was essentially unchanged at EUR 1.3 billion (December 31, 2022: EUR 1.3 billion). The Consolidated Group net profit of EUR 40.4 million generated in the reporting period was mainly offset by the distribution of a dividend (EUR 20.9 million), the interest payment on hybrid capital (EUR 12.9 million), and transactions with NCI (EUR 16.9 million) resulting from the acquisition of shares in franchise companies. In contrast, the effects of currency translation recognised directly in equity (EUR 3.3 million) had a positive impact. As a result of the increase in total assets and essentially no change in equity, the equity ratio as of June 30, 2023 changed to 19.8 percent (December 31, 2022: 20.8 percent) and continued to exceed the Consolidated Group's own target of at least 16 percent.



## 2.5.2 Cash flow

Our cash flow from operating activities amounted to EUR 225.7 million in the first half of 2023, representing a significant year-on-year increase (Q1–Q2 2022: EUR –292.2 million). This was largely driven by the increase in the deposit business and the associated cash inflows. The selected disclosures from the consolidated statement of cash flows and their development are explained below.

EURk	Q1–Q2 2023	Q1–Q2 2022	Change (%)
- Investments in new lease receivables	-1'297'685	-1'113'207	16.6
+ Addition of new refinancing (excl. deposit business)	807'454	923'414	-12.6
+ Net inflows / outflows from deposit business	384'065	-303'474	< -100
<b>(I) CASH FLOW NEW BUSINESS</b>	<b>-106'166</b>	<b>-493'267</b>	<b>-78.5</b>
+ Payments by lessees	1'189'114	1'149'770	3.4
- Payments / Repayments of refinancing (excl. deposit business)	-999'433	-970'005	3.0
<b>(II) CASH FLOW FROM EXISTING BUSINESS</b>	<b>189'681</b>	<b>179'765</b>	<b>5.5</b>
<b>(III) OTHER CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>142'159</b>	<b>21'293</b>	<b>&gt; 100</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES (I) + (II) + (III)</b>	<b>225'674</b>	<b>-292'209</b>	<b>&lt; -100</b>
Cash flow from investing activities	-19'933	-3'353	> 100
Cash flow from financing activities	-40'634	-43'468	-6.5
<b>TOTAL CASH FLOW</b>	<b>165'107</b>	<b>-339'030</b>	<b>&lt; -100</b>

Cash flow from investments in new lease receivables comprises the net acquisition values for newly acquired lease objects and the costs incurred directly with the conclusion of the contract. Due to the higher volume of new business, investments for new lease receivables increased to EUR 1,297.7 million in the first half of 2023 (Q1–Q2 2022: EUR 1,113.2 million). These were offset by cash inflows from the increase in refinancing of EUR 807.5 million, compared with EUR 923.4 million in the same prior-year period. Cash flow from GRENKE Bank's deposit business increased to EUR 384.1 million after EUR –303.5 million in the same prior-year period. Our total cash flow from investments in new business increased to EUR –106.2 million (Q1–Q2 2022: EUR –493.3 million).

In the first half of 2023, EUR 999.4 million (Q1–Q2 2022: EUR 970.0 million) was repaid or redeemed for refinancing. Cash flow from existing business increased slightly to EUR 189.7 million (Q1–Q2 2022: EUR 179.8 million).

Cash flow from investing activities equalled EUR –19.9 million in the first half of 2023 (Q1–Q2 2022: EUR –3.4 million). This item consisted mainly of purchase price payments of EUR 14.5 million (previous year: EUR 0.3 million) for the acquisition of the former leasing franchise companies in Australia and the factoring franchise companies in Ireland, the United Kingdom,

and Poland. In addition, a purchase price payment of EUR 3.0 million was made in the reporting period for the acquisition of a minority interest in Miete24 P4Y GmbH. Payments for the acquisition of property, plant and equipment and intangible assets amounted to EUR 2.5 million (Q1–Q2 2022: EUR 3.1 million).

Cash flow from financing activities amounted to EUR –40.6 million in the reporting period (Q1–Q2 2022: EUR –43.5 million). The main items were the distribution of dividends for the previous financial year of EUR 20.9 million (Q1–Q2 2022: EUR 23.7 million) and interest payments on hybrid capital of EUR 12.9 million (Q1–Q2 2022: EUR 12.9 million). The repayment of lease liabilities also resulted in a cash outflow of EUR 6.8 million (Q1–Q2 2022: EUR 6.8 million).

As a result, total cash flows in the first half of 2023 amounted to EUR 165.1 million (Q1–Q2 2022: EUR –339.0 million). Cash and cash equivalents increased accordingly to EUR 613.7 million as of June 30, 2023, compared to EUR 448.6 million as of December 31, 2022.

### 2.5.3 Liquidity

As a result of our balanced liquidity management, we have a solid liquidity base and a diversified refinancing structure and were able to meet our payment obligations at all times in the reporting period.

We have extensive instruments at our disposal for refinancing, which are used in accordance with market conditions as part of our overall strategy. Our debt financing is essentially based on three pillars: the senior unsecured instruments that are primarily based on our rating, such as bonds, notes, and commercial paper; the deposit business, including development loans at GRENKE BANK AG; and receivables-based financing, which consists primarily of ABCP programmes. In doing so, we avoid maturity transformation at the portfolio level and thus reduce interest rate and follow-up financing risks at the portfolio level to a minimum. Thanks to our broad refinancing mix, we can make targeted use of the individual refinancing pillars and expand or reduce their share depending on requirements and the market situation. At the same time, however, we aim to use all three pillars for strategic reasons.

The refinancing mix based on GRENKE Group's refinancing pillars was as follows as of June 30, 2023:

EURm	Jun. 30, 2023	share in %	Dec. 31, 2022	share in %
GRENKE BANK	1'566	31	1'208.0	25
Senior unsecured	2'483	48	2'573.0	52
Asset-backed	1'094	21	1'137.0	23
<b>TOTAL</b>	<b>5'143</b>	<b>100</b>	<b>4'918.0</b>	<b>100</b>

The increase of EUR 225.1 million in refinancing volume to EUR 5,143.0 million (December 31, 2022: EUR 4,917.9 million) was mainly a result of the increase in new business and the associated increase in refinancing requirements for our leasing business. This increase was primarily covered by deposits of GRENKE BANK AG.

Refinancing via customer deposits of GRENKE BANK AG increased to EUR 1,534.7 million as of June 30, 2023, compared to EUR 1,150.7 million as of December 31, 2022, and EUR 1,108.5 million as of June 30, 2022. This corresponds to an increase of 33.4 percent since December 31, 2022, and is due to an increased use of GRENKE Bank due to the current challenging market environment.

In the reporting period, we also issued two new bonds with a total nominal volume of EUR 110.0 million and increased two existing bonds by a total of EUR 174.3

million. In addition, the GRENKE Group issued a promissory note of CHF 20.0 million. In the short-term area, six commercial paper issues were completed with a total volume of EUR 105.0 million. In the reporting period, a bond with a volume totalling EUR 267.0 million, a promissory note in the amount of EUR 19.0 million, and commercial paper of EUR 100.0 million were repaid as scheduled.

In the first half of 2023, the existing syndicated revolving credit facility for EUR 250.0 million was terminated and a new syndicated revolving credit facility agreement was signed for a total volume of EUR 370.0 million (drawdowns may also be made partly in Swiss francs and British pounds). The credit facility is subject to a term of three years with an extension option of a further two years.

Further information on our refinancing instruments and the refinancing measures taken in the reporting period are presented in the notes to the consolidated financial statements under Note 5 "Financial liabilities".

As of the reporting date, the GRENKE Group's unutilised credit lines (defined as bank credit lines plus the available volume of bonds and commercial paper) amounted to EUR 3,863.2 million, HUF 540.0 million, and PLN 40.0 million (December 31, 2022: EUR 3,671.1 million, HUF 540.0 million, PLN 40.0 million and HRK 40.0 million).

## 2.6 Net assets

In comparison to the end of the 2022 financial year, our total assets have increased by EUR 294.3 million to EUR 6.7 billion as of June 30, 2023 (December 31, 2022: EUR 6.4 billion).

The increase in our total assets as of June 30, 2023, was due mainly to the rise in current and non-current lease receivables and cash and cash equivalents. Our largest balance sheet item, lease receivables, increased by EUR 185.9 million to EUR 5.4 billion compared with the end of the 2022 financial year (December 31, 2022: EUR 5.2 billion) due to the positive development of new business.

EURk	Jun. 30, 2023	Dec. 31, 2022	Change (%)
<b>CURRENT ASSETS</b>	<b>3'095'616</b>	<b>2'847'293</b>	<b>8.7</b>
of which cash and cash equivalents	615'815	448'844	37.2
of which lease receivables	2'115'512	1'985'059	6.6
<b>NON-CURRENT ASSETS</b>	<b>3'611'441</b>	<b>3'565'450</b>	<b>1.3</b>
of which lease receivables	3'314'318	3'258'885	1.7
<b>TOTAL ASSETS</b>	<b>6'707'057</b>	<b>6'412'743</b>	<b>4.6</b>

Cash and cash equivalents increased by EUR 167.0 million to EUR 615.8 million (December 31, 2022: EUR 448.8 million). As of June 30, 2023, cash and cash equivalents totalling EUR 453.1 million (December 31, 2022: EUR 326.6 million) were held in Deutsche Bundesbank accounts.

In the second quarter of 2023, the investment in Mi-ete24 PAY GmbH was recognised in the amount of EUR 3.0 million by the GRENKE Group for the first time using the equity method. For further information on this investment, please refer to the notes to the consolidated financial statements under Note 12 "Changes in the scope of consolidation in the 2023 financial year".

## 3. Related party disclosures

For information on related party transactions, please refer to Note 14 in the notes to the condensed interim consolidated financial statements.

## 4. Report on risks, opportunities and forecasts

### 4.1 Risks and opportunities

The main macroeconomic risk factor is, above all, the continued increasing level of interest rates as a result of the restrictive monetary policy. Higher interest rates are generally seen as an obstacle to consumer and investment demand and can weaken economic growth. However, as described in Chapter 2.3.1, higher interest rates also stimulate demand for leasing products to a certain extent. Despite the current recessionary worries, the Board of Directors therefore expects the volume of new leasing business to continue to grow in the current 2023 financial year in line with the guidance published in February 2023. We will be able to offset higher refinancing costs by aligning our contract terms, albeit with a customary time lag of around three months. The positive development of the CM2 margin in the second quarter of 2023 will help to increase interest income in the coming quarters.

Should unexpected events hit the capital markets, such as the recent collapse of Silicon Valley Bank or the emergency takeover of Credit Suisse by UBS, volatility could increase significantly again and generally available liquidity could decrease. Even in the current environment, the Board of Directors sees sufficient leeway to ensure the GRENKE Group's liquidity in the

short and medium term. This view is based first and foremost on our current liquidity position and secondly on our ability to manage new leasing business – and thereby liquidity requirements – by applying a more restrictive acceptance policy to lease applications. In addition, the Company continues to have access to a variety of refinancing sources.

In our business, volatility on the interest rate and currency markets may lead to further transitory effects on valuations. These may temporarily affect the translation of foreign currency positions, the valuation of derivatives and the measurement of goodwill, in particular. Nevertheless, the Board of Directors does not see any long-term impairment of the profitability of the business model.

With reference to Russia's war of aggression against Ukraine, we do not have any branches in either Russia or Ukraine, nor are we financially involved in those countries.

Beyond those risks described above, there were no other significant changes in opportunities and risks during the reporting period (see also our presentation in the Annual Report 2022). With regard to the future development of the Consolidated Group and its subsidiaries, no particular risks associated with the business could be identified beyond the customary level.

### 4.2 Macroeconomic and sector environments

In its World Economic Outlook published on July 25, 2023, the International Monetary Fund (IMF) projected a slowdown in global growth and a widening in the growth differentials between individual regions and sectors. The IMF believes that growth of 3.0 percent is possible for the global economy in 2023 (2022: 3.5 percent), with the industrialised nations falling below the global average. The United States is expected to grow by 1.8 percent in 2023 (2022: 2.1 percent), which is slightly lower than in the previous year. At an estimated 0.9 percent, the eurozone is expected to grow at just around a quarter of the previous year's level (2022: 3.5 percent). For Germany, the IMF expects gross domestic product (GDP) to contract by 0.3 percent in 2023. This is in contrast to 2022, in which Germany still recorded growth of 1.8 percent. For France and Italy, the IMF is forecasting slightly positive growth of 0.8 percent and 1.1 percent in 2023 (2022: 2.5 percent and 3.7 percent). In Spain, the IMF is more optimistic, forecasting growth of 2.5 percent, which is still however a significant decline compared to the prior year (2022: 5.5 percent).

According to the IMF, the primary factor dampening global demand and consequently weakening economic growth is the more restrictive monetary policy

worldwide. The IMF sees the risks for future development in the fact that inflation is set to remain high or could rise again if there is a further intensification of Russia's war against Ukraine or extreme weather scenarios. The risk of distortions on the financial markets is also increasing due to the markets having to adjust to rising interest rates.

The ifo business climate index for the leasing sector in Germany decreased in June 2023 to 22.9 points. This was below the March 2023 figure of 30.0 points, but well above the figure for the same prior-year period (June 2022: 8.9 points). Leasing companies still view the current situation in the leasing sector positively at 52.0 points, but their expectations for the business situation in the coming six months reached negative territory in June 2023 at -3.1 points. The Federal Association of German Leasing Companies (BDL) attributed the weakening of the business climate index to the fact that the interest rate turnaround initiated in July 2022 will have a delayed effect, making a decline in gross domestic product in 2023 likely. Accordingly, the demand for capital goods, and consequently for leasing, could decline.

### 4.3 Company forecast

It is not yet possible to foresee how the Russian war in Ukraine will develop or what the economic impact of higher inflation will be in the eurozone. Despite these challenges, the Board of Directors is convinced that the GRENKE Group is well positioned to continue its profitable growth trajectory and further expand its position as one of the leading providers of financial services to SMEs focused on small-ticket financing.

For the 2023 financial year, the Board of Directors continues to expect new leasing business in the range of EUR 2.6 billion and EUR 2.8 billion. This corresponds to an anticipated growth rate of 13 percent to 22 percent, compared to the previous financial year. With its stable equity base, the Consolidated Group has the necessary financial basis to achieve the targeted level of new leasing business.

In 2024, the volume of new business is expected to exceed the EUR 3 billion threshold, and therefore the Board of Directors continues to expect double-digit growth rates in new leasing business. However, the current focus remains on CM2 due to current macroeconomic challenges. Based on updated economic forecasts and a continued focus on balanced margins, the Board of Directors is targeting new leasing business of EUR 3.0 billion to EUR 3.2 billion for the

year 2024, instead of the previous figure of around EUR 3.4 billion, and Consolidated Group net profit of EUR 95 million to EUR 115 million, instead of the previous figure of around EUR 120 million. GRENKE is continuing its growth strategy also with a reduced guidance range for new business. The new outlook for new business corresponds to double-digit growth of 11 percent to 19 percent as compared to the midpoint of guidance for the current financial year of around EUR 2.7 billion.

Further stabilising the CM2 margin is a priority, so we are deliberately avoiding lower-margin business. In the 2023 financial year, we are aiming for a slight increase in the CM2 margin compared to the previous year. Our medium-term goal is to generate a CM2 margin of around 17 percent. Next to the average ticket size, the refinancing costs and the terms of our newly concluded lease contracts are particularly important in achieving this. In the 2023 financial year, the mean acquisition value per lease contract is expected to remain below the level of EUR 10k. The focus on small tickets remains an essential part of our growth strategy. The increased CM2 margin in new leasing business since the beginning of the year will subsequently be reflected in higher operating income also in the income statement.



Our new digitalisation programme “Digital Excellence” will make a significant contribution to reducing our costs. With end-to-end digitalisation in the core leasing business, we are creating further efficiency gains through the automation of all core processes in the leasing business in more than 30 countries, processing lease applications within seconds and making greater use of cloud technologies.

The investments in the new digitalisation programme will result in additional expenses of up to an estimated EUR 15 million in the current financial year. Despite the extraordinary effects in the first quarter and partially in the second quarter of 2023 caused by erratic exchange rate fluctuations, the Board of Directors assumes that the guidance for the Consolidated Group net profit in 2023 can be achieved within the forecast range of EUR 80 million to EUR 90 million. This guidance range is based on the assumption that the loss rate will be below the level of 1.5 percent. Decisive for achieving this is the solid lease contract portfolio, the stable incoming payments from the most recent quarters and the appropriate and conservative risk provisioning already in place.

Based on the expected development of Consolidated Group net profit, GRENKE expects to continue to achieve an equity ratio above 16 percent (2022: 20.8 percent) as in previous years. Due to the effect of upfront expenses for the digitalisation programme, the Board of Directors expects the CIR to be above 55 percent in 2023.

# Condensed interim consolidated financial statements

## Consolidated income statement

EURk	Q2 2023	Q2 2022	Q1 – Q2 2023	Q1 – Q2 2022
Interest and similar income from financing business <sup>1</sup>	113'567	103'385	222'068	205'021
Expenses from interest on refinancing and deposit business	29'536	15'927	54'035	29'756
<b>NET INTEREST INCOME</b>	<b>84'031</b>	<b>87'458</b>	<b>168'033</b>	<b>175'265</b>
Settlement of claims and risk provision	21'447	28'071	47'887	59'652
Of which, impairment losses	-6'057	6'565	-1'058	19'321
<b>NET INTEREST INCOME AFTER SETTLEMENT OF CLAIMS AND RISK PROVISION</b>	<b>62'584</b>	<b>59'387</b>	<b>120'146</b>	<b>115'613</b>
Profit from service business	32'747	29'986	63'109	57'989
Profit from new business	12'778	8'181	24'590	15'257
Gains(+) / losses (-) from disposals	1'049	434	936	410
<b>INCOME FROM OPERATING BUSINESS</b>	<b>109'158</b>	<b>97'988</b>	<b>208'781</b>	<b>189'269</b>
Staff costs	43'979	35'040	85'268	68'015
Depreciation and impairment	6'610	6'869	13'423	13'503
Selling and administrative expenses (not including staff costs)	27'082	26'206	50'997	51'037
Other operating expenses	4'951	3'207	11'125	5'626
Other operating income	2'040	1'353	4'434	2'567
<b>OPERATING RESULT</b>	<b>28'576</b>	<b>28'019</b>	<b>52'402</b>	<b>53'655</b>
Result from investments accounted for using the equity method	-40	26	-40	-4
Expenses/income from fair value measurement	2'320	2'590	682	6'675
Other interest income	5'664	373	9'019	835
Other interest expenses	5'215	2'454	10'287	5'595
<b>GROUP EARNINGS BEFORE TAXES</b>	<b>31'305</b>	<b>28'554</b>	<b>51'776</b>	<b>55'566</b>
Income taxes	6'765	7'632	11'377	14'107
<b>GROUP EARNINGS</b>	<b>24'540</b>	<b>20'922</b>	<b>40'399</b>	<b>41'459</b>
of which total comprehensive income attributable to ordinary shareholders and hybrid capital holders of GRENKE AG	25'510	21'726	43'596	42'696
of which total comprehensive income attributable to non-controlling interests	-970	-804	-3'197	-1'237
Earnings per share (basic/diluted in EUR)	0.55	0.46	0.74	0.72
Average number of shares outstanding	46'495'573	46'495'573	46'495'573	46'495'573

<sup>1</sup> Interest and similar income calculated according to the effective interest method EUR 4,365k (previous year: EUR 3,678k).





Consolidated statement of comprehensive income

EURk	Q2 2023	Q2 2022	Q1 - Q2 2023	Q1 - Q2 2022
		adjusted <sup>1</sup>		adjusted <sup>1</sup>
<b>GROUP EARNINGS</b>	<b>24'540</b>	<b>20'922</b>	<b>40'399</b>	<b>41'459</b>
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT AND LOSS IN FUTURE PERIODS				
Appropriation to/reduction of hedging reserve	-987	2'801	-241	5'741
thereof: income tax effects	141	-400	34	-820
Change in currency translation differences/effects of high inflation	2'321	2'210	3'271	3'407
thereof: income tax effects	0	0	0	0
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT AND LOSS IN FUTURE PERIODS				
Equity instruments	0	0	0	0
thereof: income tax effects	0	0	0	0
Appropriation to/reduction of reserve for actuarial gains and losses	0	0	0	0
thereof: income tax effects	0	0	0	0
<b>OTHER COMPREHENSIVE INCOME</b>	<b>1'334</b>	<b>5'011</b>	<b>3'030</b>	<b>9'148</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>25'874</b>	<b>25'933</b>	<b>43'429</b>	<b>50'607</b>
of which total comprehensive income attributable to ordinary shareholders and hybrid capital holders of GRENKE AG	26'832	26'615	46'622	52'423
of which total comprehensive income attributable to non-controlling interests	-958	-682	-3'193	-1'816

<sup>1</sup> Adjustment of the previous year's figures due to the first-time application of IAS 29 "Accounting in Hyperinflationary Economies"



Consolidated statement of financial position

EURk	Jun. 30, 2023	Dec. 31, 2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	615'815	448'844
Derivative financial instruments that are assets	15'837	10'727
Lease receivables	2'115'512	1'985'059
Other current financial assets	136'203	124'832
Trade receivables	7'295	6'531
Lease assets for sale	15'533	12'459
Tax assets	24'299	25'471
Other current assets	165'122	233'370
<b>TOTAL CURRENT ASSETS</b>	<b>3'095'616</b>	<b>2'847'293</b>
<b>NON-CURRENT ASSETS</b>		
Lease receivables	3'314'318	3'258'885
Derivative financial instruments that are assets	26'116	27'232
Other non-current financial assets	78'983	84'865
Investments accounted for using the equity method	2'960	0
Property, plant and equipment	88'376	88'034
Right-of-use assets	35'599	32'973
Goodwill	35'000	34'940
Other intangible assets	13'394	16'514
Deferred tax assets	13'924	18'761
Other non-current assets	2'771	3'246
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3'611'441</b>	<b>3'565'450</b>
<b>TOTAL ASSETS</b>	<b>6'707'057</b>	<b>6'412'743</b>

## Consolidated statement of financial position

EURk	Jun. 30, 2023	Dec. 31, 2022
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Financial liabilities	2'019'978	2'247'666
Lease liabilities	10'978	10'043
Derivative liability financial instruments	3'657	3'477
Trade payables	39'910	36'112
Tax liabilities	5'673	5'331
Deferred liabilities	31'585	39'658
Other current liabilities	72'724	67'240
Deferred lease payments	87'117	33'864
<b>TOTAL CURRENT LIABILITIES</b>	<b>2'271'622</b>	<b>2'443'391</b>
<b>NON-CURRENT LIABILITIES</b>		
Financial liabilities	3'018'656	2'547'052
Lease liabilities	24'905	23'170
Derivative liability financial instruments	9'136	3'442
Deferred tax liabilities	54'793	60'445
Pensions	3'165	3'076
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>3'110'655</b>	<b>2'637'185</b>
<b>EQUITY</b>		
Share capital	46'496	46'496
Capital reserves	298'019	298'019
Retained earnings	779'297	799'475
Other components of equity	20'338	17'312
<b>TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF GRENKE AG</b>	<b>1'144'150</b>	<b>1'161'302</b>
Additional equity components <sup>1</sup>	200'000	200'000
Non-controlling interests	-19'370	-29'135
<b>TOTAL EQUITY</b>	<b>1'324'780</b>	<b>1'332'167</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6'707'057</b>	<b>6'412'743</b>

<sup>1</sup> Including AT1 bonds (hybrid capital), which are reported as equity under IFRS.



Consolidated statement of cash flows

EURk	Q1 – Q2 2023	Q1 – Q2 2022
<b>GROUP EARNINGS</b>	<b>40'399</b>	<b>41'459</b>
NON-CASH ITEMS INCLUDED IN NET PROFIT AND RECONCILIATION TO CASH FLOW FROM OPERATING ACTIVITIES		
+ Depreciation, amortisation and impairment	13'423	13'503
- / + Profit/loss from the disposal of property, plant, and equipment and intangible assets	-5	208
- / + Other non-cash income/expenses	15'617	30'191
+ / - Increase/decrease in deferred liabilities, provisions, and pensions	-7'984	530
<b>= SUB-TOTAL</b>	<b>61'450</b>	<b>85'891</b>
CHANGE IN ASSETS AND LIABILITIES FROM OPERATING ACTIVITIES AFTER ADJUSTMENT FOR NON-CASH ITEMS		
+ / - Lease receivables	-185'886	-8'744
+ / - Loan receivables <sup>1</sup>	920	381
+ / - Factoring receivables <sup>1</sup>	-5'912	-8'255
+ / - Other assets <sup>1</sup>	59'077	-35'074
+ / - Financial liabilities	241'996	-318'975
+ / - Other liabilities	65'943	10'205
+ Interest received	9'019	835
- Interest paid	-10'287	-5'595
- Income taxes paid	-10'646	-12'878
<b>= CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>225'674</b>	<b>-292'209</b>
- Payments for the acquisition of property, plant and equipment and intangible assets	-2'529	-3'108



Consolidated statement of cash flows (continued)

EURk	Q1 – Q2 2023	Q1 – Q2 2022
– Payments for the acquisition of subsidiaries	– 14'480	– 274
– Payments for the acquisition of associated entities	– 3'000	0
+ Proceeds from the sale of property, plant and equipment and intangible assets	76	29
<b>= CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>– 19'933</b>	<b>– 3'353</b>
– Repayment of lease liabilities	– 6'765	– 6'809
– Interest coupon payments on hybrid capital	– 12'946	– 12'946
– Dividend payments to GRENKE shareholders	– 20'923	– 23'713
<b>= CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>– 40'634</b>	<b>– 43'468</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD<sup>2</sup></b>	<b>448'605</b>	<b>852'960</b>
+ Cash flow from operating activities	225'674	– 292'209
+ Cash flow from investing activities	– 19'933	– 3'353
+ Cash flow from financing activities	– 40'634	– 43'468
+ / – Change due to currency translation	– 56	– 164
<b>= CASH AND CASH EQUIVALENTS AT END OF PERIOD<sup>2</sup></b>	<b>613'656</b>	<b>513'766</b>

<sup>1</sup> Adjusted.

<sup>2</sup> Less current account liabilities.



Consolidated statement of changes in equity

EURk	Share capital	Capital reserves	Retained earnings/ Consolidated net profit	Hedging reserve	Reserve for actuarial gains/losses	Currency translation	Revaluation for equity instruments	Total equity attributable to shareholders of GRENKE AG	Additional equity components	Non-controlling interests	Total equity
<b>EQUITY AS OF JAN. 1, 2023</b>	46'496	298'019	799'475	13'201	1'171	6'165	-3'225	1'161'302	200'000	-29'135	1'332'167
Group earnings			34'528					34'528	9'068	-3'197	40'399
Other comprehensive income				-241		3'267		3'026		4	3'030
<b>TOTAL COMPREHENSIVE INCOME</b>			<b>34'528</b>	<b>-241</b>		<b>3'267</b>		<b>37'554</b>	<b>9'068</b>	<b>-3'193</b>	<b>43'429</b>
Dividend payment 2023 for 2022			-20'923					-20'923			-20'923
Interest coupon payment for hybrid capital									-12'946		-12'946
Interest coupon for hybrid capital			-3'878					-3'878	3'878		
Transactions with nci			-29'905					-29'905		12'958	-16'947
<b>EQUITY AS OF JUN. 30, 2023</b>	<b>46'496</b>	<b>298'019</b>	<b>779'297</b>	<b>12'960</b>	<b>1'171</b>	<b>9'432</b>	<b>-3'225</b>	<b>1'144'150</b>	<b>200'000</b>	<b>-19'370</b>	<b>1'324'780</b>
<b>EQUITY AS OF JAN. 1, 2022</b>	<b>46'496</b>	<b>298'019</b>	<b>753'245</b>	<b>-39</b>	<b>-577</b>	<b>5'576</b>	<b>-3'225</b>	<b>1'099'495</b>	<b>200'000</b>	<b>-30'499</b>	<b>1'268'996</b>
First-time application of IAS 29 Hyperinflation						1'498		1'498			1'498
<b>EQUITY AS OF JAN. 1, 2022 (ADJUSTED)</b>	<b>46'496</b>	<b>298'019</b>	<b>753'245</b>	<b>-39</b>	<b>-577</b>	<b>7'074</b>	<b>-3'225</b>	<b>1'100'993</b>	<b>200'000</b>	<b>-30'499</b>	<b>1'270'494</b>
Group Earnings <sup>1</sup>			33'614					33'614	9'082	-1'237	41'459
Other comprehensive income				5'741		3'986		9'727		-579	9'148
<b>TOTAL COMPREHENSIVE INCOME</b>			<b>33'614</b>	<b>5'741</b>		<b>3'986</b>		<b>43'341</b>	<b>9'082</b>	<b>-1'816</b>	<b>50'607</b>
Dividend payment 2022 for 2021			-23'713					-23'713			-23'713
Interest coupon payment for hybrid capital <sup>1</sup>									-12'946		-12'946
Interest coupon for hybrid capital <sup>1</sup>									3'878		3'878
Others <sup>1</sup>									-14		-14
Transactions with nci			-7'168					-7'168		7'531	363
<b>EQUITY AS OF JUN. 30, 2022<sup>2</sup></b>	<b>46'496</b>	<b>298'019</b>	<b>755'978</b>	<b>5'702</b>	<b>-577</b>	<b>11'060</b>	<b>-3'225</b>	<b>1'113'453</b>	<b>200'000</b>	<b>-24'784</b>	<b>1'288'669</b>

<sup>1</sup> For better transparency, the hybrid coupon is presented as a gross figure as of 2022.

<sup>2</sup> Adjustment of the previous year's figures due to the first-time application of IAS 29 "Accounting in Hyperinflationary Economies"

# Notes to the condensed interim consolidated financial statements

## 1. General information

GRENKE AG is a stock corporation with its registered office located at Neuer Markt 2, Baden-Baden, Germany. The Company is recorded in the commercial register of the District Court of Mannheim, Section B, under HRB 201836. The subject matter of GRENKE AG's condensed interim consolidated financial statements ("interim consolidated financial statements") as of June 30, 2023, is GRENKE AG, its subsidiaries and consolidated structured entities ("the GRENKE Group"). These interim consolidated financial statements have been prepared in accordance with the IFRSs applicable for interim reporting (IAS 34) as published by the International Accounting Standards Board ("IASB") and adopted by the European Union (EU) into European law. These interim consolidated financial statements should be read in conjunction with the IFRS consolidated financial statements as of December 31, 2022. An audit review by definition of Section 115 of the German Securities Trading Act (WpHG) was performed of the condensed interim consolidated financial statements and the interim group management report as of June 30, 2023.

## 2. Accounting policies

The accounting policies applied to the interim consolidated financial statements are generally the same as those applied in the previous year. Exceptions relate to changes resulting from the mandatory applica-

tion of new accounting standards discussed in the paragraphs below. Early application was waived for the amended standards and interpretations that will be mandatory as of the 2024 financial year or later. GRENKE AG will apply these standards to the consolidated financial statements at the time of their mandatory application. This application is not expected to have any material impact on the reporting.

The same accounting and valuation methods apply to these interim financial statements as to the consolidated financial statements as of December 31, 2022, that we refer to here. We have furthermore added the following supplemental information.

### 2.1 First-time applicable, revised and new accounting standards

For the 2023 financial year, the GRENKE Group takes into account all new and revised standards and interpretations whose application was mandatory for the first time as of January 1, 2023, as well as those already adopted into European law (endorsement), provided they were relevant for the GRENKE Group.

All of the following new and revised standards and interpretations have no or only an insignificant impact on the accounting and reporting of GRENKE AG's consolidated financial statements. For further expla-

nations, please refer to the Annual Report 2022.

### IFRS 17 "Insurance Contracts" and amendments to IFRS 17

The new accounting standard IFRS 17 "Insurance Contracts" replaces the existing standard IFRS 4 "Insurance Contracts" and determines the recognition, measurement, presentation and disclosures in the notes of insurance contracts. The first-time application of IFRS 17 and the subsequent amendments to IFRS 17 have no effect on the consolidated financial statements of the GRENKE Group, as the Consolidated Group does not have any insurance contracts as defined by IFRS 17.

### Amendment to IFRS 17 "Insurance Contracts" for the First-time Application of IFRS 17 and IFRS 9: Comparative Information

With the amendment to IFRS 17, a transitional provision was established that optionally allows an alternative classification according to IFRS 9 for the comparative periods in the year of the first-time application of both standards. For each financial asset for which the comparative period has not been adjusted to IFRS 9, the entity may apply the classification that would be used based on the information available at the transition date.

### **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"**

The amendments to IAS 8 clarify the distinction between changes in accounting policies and changes in accounting estimates. The amendments are intended to help distinguish between changes in accounting policies and changes in accounting estimates.

### **Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2 "Making Materiality Judgements"**

The amendments to IAS 1 require entities to present only their "material" accounting policies in the notes (instead of the previous requirement to present "significant" accounting policies). To be material, the accounting policy must be related to significant transactions or other events and be event-driven (for example, a change in method). The amendments are thus intended to help improve disclosures on accounting policies. The guidance in IFRS Practice Statement 2 has also been amended accordingly.

### **Amendment to IAS 12 "Income Taxes", Accounting for Deferred Taxes from a Single Transaction**

According to the amendment to IAS 12, the scope of the exemption is adjusted so that deferred tax assets or liabilities need to be recognised at the date of the addition of an asset or liability.

## 2.2 Accounting standards and interpretations already published but not yet implemented

The IASB has published the following new and amended standards or interpretations, the application of which will only become mandatory at a later date. Several of these standards have already been endorsed by the EU. The standards expressly permit voluntary early application. GRENKE AG does not make use of this option. The standards will be applied to the consolidated financial statements at the time of mandatory application.

The following amendments are not expected to have a material impact on the reporting in GRENKE AG's consolidated financial statements.

### **Amendments to IFRS 16 "Leases" on the Subsequent Measurement of a Lease Liability in the Event of a Sale and Leaseback Transaction**

The amendments to IFRS 16 introduce to the standard interpretation issues of subsequent modifications in connection with the subsequent measurement of a lease liability in the event of a sale and leaseback transaction. Subject to EU endorsement, the regulations are to be applied from January 1, 2024. Earlier application is permitted. Endorsement by the EU is still pending.

### **Amendments to IAS 1 "Presentation of Financial Statements" to Clarify Classification of Liabilities**

The amendments to IAS 1 "Classification of Liabilities as Current or Non-Current" were published in January 2020. The amendments to IAS 1 clarify that the classification of liabilities as current or non-current should be based on the entity's existing rights at the reporting date. On July 15, 2020, the IASB postponed the first-time application of the amendment by one year for financial years beginning on or after January 1, 2023. Adoption by the EU is still pending.

### **Amendments to IAS 12 "Income taxes" International Tax Reform – Pillar Two Model Rules**

With the amendments to IAS 12 published in May 2023, the IASB responds to stakeholders' concerns about the potential impact of the Pillar Two Model Rules published by the OECD on the accounting for deferred taxes. The subject of the amendments to IAS 12 is the introduction of a temporary exemption for accounting for deferred taxes resulting from the introduction of global minimum taxation and targeted disclosures in the notes for affected entities. The exemption is to be applied immediately after publication of the amendments to IAS 12. The new note disclosures are effective for financial years beginning on or after January 1, 2023. For entities that prepare their financial statements in accordance with IFRS as adopted by the EU, the regulations will apply once they have



been adopted into European law. Adoption by the EU is still pending.

#### **Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" on supplier financing arrangements**

The amendments relate to additional disclosures in the notes in connection with supplier financing arrangements, which include, in particular, reverse factoring agreements. The amendments supplement the requirements already contained in IFRS and require entities to disclose the terms of supplier financing arrangements, the balance sheet items and carrying amounts at the beginning and end of the reporting period, ranges of payment terms and risk concentrations. The amendments are effective for financial years beginning on or after January 1, 2024. For entities that prepare their accounts in accordance with IFRS as adopted by the EU, the regulations will apply once they have been adopted into European law. Adoption by the EU is still pending.

### **3. Use of assumptions and estimates**

In preparing the condensed interim consolidated financial statements, assumptions and estimates have been made that affect the recognition and the reported amounts of assets, liabilities, income, expenses and contingent liabilities.

The estimates and underlying assumptions are subject to regular reviews. Changes to estimates are prospectively recognised and have occurred in the areas that follow.

#### **Determination of impairments for financial assets**

The determination of impairment for financial assets is based on assumptions and estimates for default risks and expected loss rates. When determining these assumptions and selecting the inputs for the calculation of impairment, the Consolidated Group exercises discretion based on past experience, existing market conditions and forward-looking estimates at the end of each reporting period. In accordance with the announcements made by various regulators (ESMA, EBA), an assessment of the modelling of IFRS 9 impairment and the estimation of expected credit losses (ECL) is carried out. The ECL model, including the input parameters and submodels, is validated at least once a year or based on the occasion and updated if necessary.



To determine risk provisions in accordance with IFRS 9, expected credit defaults amid various macroeconomic scenarios are weighted. For this purpose, GRENKE calculates a negative, a positive and a baseline scenario. The development of gross domestic product assumed for each scenario is shown in the following table:

**Gross domestic product**  
(in % vs. reporting date)

	Jul. 1, 2023–Dec. 31, 2023			Jan. 1, 2024–Dec. 31, 2024			Jan. 1, 2025–Dec. 31, 2025		
	Negative	Baseline	Positive	Negative	Baseline	Positive	Negative	Baseline	Positive
Eurozone	-6.3%	0.6%	2.1%	0.6%	1.2%	2.1%	1.2%	1.6%	2.1%
Germany	-3.7%	-0.3%	2.2%	-0.3%	1.5%	2.2%	1.5%	2.2%	2.2%
France	-7.9%	0.7%	2.3%	0.7%	1.6%	2.3%	1.6%	1.8%	2.3%
Italy	-9.0%	-0.2%	1.8%	-0.2%	1.3%	1.8%	1.3%	1.1%	1.8%
Spain	-10.8%	1.2%	3.5%	1.2%	2.6%	3.5%	2.6%	2.7%	3.5%
United Kingdom	-9.3%	0.3%	2.6%	0.3%	0.6%	2.6%	0.6%	2.3%	2.6%

The amount of the risk provision on current lease receivables for each scenario is shown in the following table:

Scenarios as of Jun. 30, 2023			
EURk	Negative	Baseline	Positive
Risk provision	141'554	118'967	99'473

Scenarios as of Dec. 31, 2022			
EURk	Negative	Baseline	Positive
Risk provision	135'232	113'174	94'219

The assumptions underlying the baseline scenario include recurring, but not permanent, shortages of Russian gas supplies, due to the ongoing status of the Russia-Ukraine war. Inflation remains unchanged at an elevated level (well above 2 percent). Higher credit losses occur globally as a result of second and third round effects. The increase in default rates is roughly a quarter of the increase seen at the start of the Covid-19 pandemic. The size of the increase is derived from historical default rates in the recent financial and sovereign debt crisis.

The negative scenario assumes further significant bottlenecks in the economies heavily dependent on Russian gas and the continuation of the Russian war of aggression against Ukraine. The assumption is that this will lead to a further increase in the price of im-

ported energy commodities. In parallel, central banks continue to tighten monetary policy to combat ever-increasing inflation rates, leading to a sharp decline in the propensity to invest in industry and a significant loss of purchasing power among private households. Second- and third-round effects result in substantially higher credit losses globally. The increase in default rates is similar to that at the start of the Covid-19 pandemic.

The positive scenario assumes that the lack of Russian gas supplies can be compensated through energy-saving measures and the import of liquefied gas, despite the ongoing Russia-Ukraine war. Inflation declines moderately. Policy measures provide support against the loss of purchasing power in households and prevent a sharp decline in the propensity to invest

in the industrial sector. Accordingly, default rates return to a pre-Covid-19 level.

Various minimum default rates (floors) are taken into account in all scenarios. Sharply declining default rates can currently be observed in the GRENKE portfolio, especially compared to the pre-Covid-19 level. Despite this, the increase in default rates in all scenarios is applied to the default rate level prior to the Covid-19 pandemic. The effect of the present sharp decline in default rates is therefore not considered.

The probabilities of occurrence of the macro scenarios are determined on a country-by-country basis in order to take the respective country's economic and political circumstances into account. These scenario weightings are derived from public data provided



by the ECB. By surveying various analysts, the ECB establishes a probability distribution for GDP for the years 2023 to 2025. Probabilities of occurrence for individual scenarios can be calculated from these prob-

ability distributions. In addition, publicly available GDP expectations as well as historical GDP observations of the IMF are used for the country-specific determination of the probabilities of occurrence.

As of June 30, 2023, the scenarios in the core markets of the GRENKE Group were weighted as follows:

Scenario weighting	Jul. 1, 2023–Dec. 31, 2023			Jan. 1, 2024–Dec. 31, 2024			Jan. 1, 2025–Dec. 31, 2025		
	Negative	Baseline	Positive	Negative	Baseline	Positive	Negative	Baseline	Positive
Germany	72.9%	26.5%	0.6%	8.3%	74.9%	16.8%	2.8%	52.8%	44.4%
France	26.7%	71.3%	2.0%	7.6%	77.1%	15.3%	4.7%	71.3%	24.0%
Italy	66.6%	32.1%	1.3%	10.3%	63.5%	26.2%	11.1%	72.0%	16.9%
Spain	11.7%	87.6%	0.7%	1.4%	88.4%	10.2%	0.6%	86.5%	12.9%
United Kingdom	37.0%	62.2%	0.8%	25.8%	71.9%	2.3%	2.1%	63.8%	34.1%

Due to the higher economic uncertainty, various sensitivity analyses were additionally performed, among others, for GDP and the internal floors.

A further sensitivity analysis based on chargeback ratios was performed to adequately account for increasing recession concerns. A post-model adjustment was also recognised in addition to the risk provision that was determined based on the existing IFRS 9 model, which takes into account updated parameters to reflect the macroeconomic environment. The effect on earnings of a 60 percent increase in the chargeback ratio was quantified. An additional post-model adjustment of 20 percent of the resulting earnings effect was

also recognised. A total adjustment of EUR 50,431k was therefore recognised for all lease contracts to cover the additional uncertainty arising from Russia's war against Ukraine and possible consequences of a recession, supply and energy bottlenecks, and inflation for the GRENKE Group.

**Use of calculated residual values at the end of the lease term to determine the present value of lease receivables**

Non-guaranteed (calculated) residual values are taken into account when determining the present value of lease receivables as defined in IFRS 16. The calculated residual values at the end of the lease term are

determined depending on the maturity group of the respective lease and include the expected subsequent business at the end of the term, based on historical experience. For additions since January 1, 2023, they amount to between 1 and 25 percent of the acquisition cost (previous year: between 1 and 25 percent since January 1, 2022). The calculated residual values are applied based on statistical analyses as part of a best estimate. In the event of a decrease in the proceeds actually achievable in the post-leasing business (consisting of disposal and post-leasing), impairment of the lease receivables is taken into account, whereas an increase is not taken into account.

### Assumptions made in the context of the impairment tests in the measurement of existing goodwill

The cash flows used to measure goodwill under the discounted cash flow method are based on the latest business and internal plans. This involved making assumptions as to the future development of income and expenses. Future growth rates for the respective cash-generating unit are assumed on the basis of past experience. Past income and expense trends are projected into the future, taking into account current and expected market developments. The projections reflect the best possible estimates for the future development of the macroeconomic environment and the respective cash-generating unit. The estimates made and the underlying methodology can have a considerable influence on the values determined.

Due to the current overall economic environment, the estimates for the further development of new business and for the returns of the cash-generating units continue to involve added uncertainty. If significant assumptions deviate from actual values, this could lead to the future recognition of impairment losses in profit or loss.

As at the reporting date, the GRENKE Group examined whether there was any indication of an impairment of recognised goodwill. As of the reporting date, there was no need to recognise an impairment loss on goodwill, also in light of the changes in the measurement parameters and the economic developments of the cash-generating units. The dynamic increase in the risk-free interest rate observed in the 2022 financial year did not continue in the first half of 2023. The increase in the risk-free interest rate in the previous year had led to a significant increase in the discount rates used for discounting the planned cash flows of the cash-generating units. The risk-free interest rate used to determine impairment equalled 2.5 percent as of June 30, 2023, compared to 2.4 percent as of December 31, 2022. Should discount rates increase again, it could lead to the recognition of impairment losses in profit or loss in future reporting periods.

### Recognition of lease assets for sale at calculated residual values

The measurement of lease assets for sale is based on the average sales proceeds per age category realised in the past financial year in relation to the original acquisition cost. Lease assets for sale are measured at historical residual values, taking their actual saleability into account. The residual values recognised as of the reporting date were between 2.6 and 16.8 percent (previous year: between 2.4 and 18.5 percent) of the original acquisition costs. If a sale is considered unlikely due to the condition of the asset, the asset is impaired in profit and loss.

### Fair value of financial instruments

The fair values of financial assets and financial liabilities, not directly derived from information on active markets, are determined using valuation models. The input parameters of these models are based on observable market data, if possible. If this is not possible, determining fair values requires a certain degree of judgement. This judgement relates to input parameters such as liquidity risk, credit risk, and volatility. Changes regarding the assumptions of these input parameters may have an effect on the recognised fair value of financial instruments. If observable prices and parameters are available, they are used to determine the fair value that in turn avoids the large-scale use of estimates.



### **Recognition and measurement of deferred taxes on tax-loss carryforwards**

Deferred tax assets are recognised for all unused tax-loss carryforwards to the extent to which it is likely that taxable income will be available. This means that the tax-loss carryforwards may, in fact, be used. Determining the amount of the deferred tax assets requires considerable use of judgement on the part of the management with regard to the expected occurrence and level of the future taxable income, as well as to the future tax planning strategies.

### **Recognition and measurement of actual tax assets and tax liabilities**

Due to the complexity of tax legislation, taxpayers and local tax authorities may have varying constructions and interpretations of the tax laws. This can lead to subsequent tax payments for prior financial years. Tax provisions are recognised in the event that the amounts stated in the tax declarations are not likely to be realised (uncertain tax items). The amount is determined from the best estimate of the anticipated tax payment. Tax receivables from uncertain tax items are recognised when probable and when adequately ensured they can be realised. The assumptions as to the amount of uncertain tax items that should be recognised are based on the management's assessment.

We refer to the accounting policies described in the notes to the consolidated financial statements as of December 31, 2022.



#### 4. Lease receivables

The following overview shows the development of lease receivables:

EURk	Jun. 30, 2023	Dec. 31, 2022
CHANGES IN LEASE RECEIVABLES FROM CURRENT CONTRACTS		
RECEIVABLES AT BEGINNING OF PERIOD	5'285'022	5'093'885
+ change during the period	178'577	191'137
LEASE RECEIVABLES (CURRENT + NON-CURRENT) FROM CURRENT CONTRACTS AT END OF PERIOD	5'463'599	5'285'022
CHANGES IN LEASE RECEIVABLES FROM TERMINATED CONTRACTS/ CONTRACTS IN ARREARS		
GROSS RECEIVABLES AT BEGINNING OF PERIOD	443'506	563'763
+ additions to gross receivables during the period	51'464	25'308
– disposals of gross receivables during the period	43'112	145'565
GROSS RECEIVABLES AT END OF PERIOD	451'858	443'506
TOTAL GROSS RECEIVABLES (CURRENT AND TERMINATED)	5'915'457	5'728'528
IMPAIRMENT AT BEGINNING OF PERIOD	484'584	538'676
+ additions of accumulated impairment during the period	1'043	–54'092
IMPAIRMENT AT END OF PERIOD	485'627	484'584
Lease receivables (carrying amount, current and non-current) at beginning of period	5'243'944	5'118'972
LEASE RECEIVABLES (CARRYING AMOUNT, CURRENT AND NON-CURRENT) AT END OF PERIOD	5'429'830	5'243'944



The overview below shows the gross amount of lease receivables and their impairment recognised according to the IFRS 9 impairment level. The GRENKE Group does not have any financial instruments classified as Purchased or Originated Credit Impaired (POCI) as defined by IFRS 9.

EURk	Jun. 30, 2023			Dec. 31, 2022	
	Level 1	Level 2	Level 3	Total	Total
<b>GROSS LEASE RECEIVABLES</b>					
Germany	1'140'868	53'377	30'951	1'225'196	1'211'992
France	1'104'789	79'417	112'441	1'296'647	1'246'549
Italy	701'827	77'195	164'171	943'193	990'979
Other countries	2'024'004	155'381	271'036	2'450'421	2'279'008
<b>TOTAL GROSS LEASE RECEIVABLES</b>	<b>4'971'488</b>	<b>365'370</b>	<b>578'599</b>	<b>5'915'457</b>	<b>5'728'528</b>
Impairment	70'818	45'313	369'496	485'627	484'584
<b>CARRYING AMOUNT</b>	<b>4'900'670</b>	<b>320'057</b>	<b>209'103</b>	<b>5'429'830</b>	<b>5'243'944</b>

Gross lease receivables increased by 3.3 percent compared to December 31, 2022 as a result of new business growth. In contrast, the increase in impairments was only 0.2 percent. The primary reasons for this were lower impairment rates and lower risk provisions due to weaker new business growth in Southern Europe with a simultaneous focus on increasing profitability. Here it is important to highlight that the GRENKE Group continues to apply a very conservative approach.



The following overview shows changes in the impairment of current and non-current lease receivables:

EURk	Jun. 30, 2023			Dec. 31, 2022	
	Level 1	Level 2	Level 3	Total	Total
<b>IMPAIRMENT AT START OF PERIOD</b>	<b>71'296</b>	<b>49'912</b>	<b>363'376</b>	<b>484'584</b>	<b>538'676</b>
Newly extended or acquired financial assets*	17'210	6'697	6'084	29'991	64'156
Reclassifications					
to Level 1	5'503	-3'991	-1'512	0	0
to Level 2	-2'279	8'711	-6'432	0	0
to Level 3	-1'829	-9'339	11'168	0	0
Change in risk provision due to change in level	-4'446	1'974	37'512	35'040	52'598
Mutual contract dissolution or payment for financial assets (without derecognition)	-19'172	-11'589	-13'082	-43'843	-50'001
Change in contractual cash flows due to modification (no derecognition)	0	0	7'652	7'652	0
Change in category in processing losses	0	0	0	0	12'042
Change in models/risk parameters used in ECL calculation	-133	-154	-2'457	-2'744	-5'726
Derecognition of financial assets	-4	-245	-36'144	-36'393	-135'967
Currency translation and other differences	37	100	992	1'129	1'567
Accrued interest	4'635	3'237	2'339	10'211	7'239
<b>IMPAIRMENT AT END OF PERIOD</b>	<b>70'818</b>	<b>45'313</b>	<b>369'496</b>	<b>485'627</b>	<b>484'584</b>
thereof impairment on non-performing lease receivables	0	0	333'714	333'714	336'783
thereof impairment on performing lease receivables	70'818	45'313	35'782	151'913	147'801

\* The values stated in Levels 2 and 3 relate to lease receivables newly extended in the financial year that were allocated at their time of acquisition to Level 1 but reallocated to another level during the financial year.

As a supplement to the cash flow statement, the following shows the cash flows related to lease receivables:

EURk	Q1 – Q2 2023	Q1 – Q2 2022
Payments by lessees	1'189'114	1'149'770
Interest and similar income from the leasing business	–213'534	–197'676
Additions of lease receivables/net investments	–1'297'685	–1'113'207
<b>SUBTOTAL</b>	<b>–322'105</b>	<b>–161'113</b>
Disposals/reclassifications of lease receivables at residual carrying amounts	148'860	140'955
Decrease/increase in other receivables from lessees	–7'308	18'472
Currency translation differences	–5'333	–7'058
<b>CHANGE IN LEASE RECEIVABLES</b>	<b>–185'886</b>	<b>–8'744</b>

## 5. Financial liabilities

The GRENKE Group's financial liabilities consist of current and non-current financial liabilities.

EURk	Jun. 30, 2023	Dec. 31, 2022
<b>CURRENT FINANCIAL LIABILITIES</b>		
Asset-backed	417'670	417'318
Senior unsecured	869'028	941'402
Committed development loans	36'751	61'069
Liabilities from deposit business	694'370	827'638
Current account liabilities	2'159	239
<b>TOTAL CURRENT FINANCIAL LIABILITIES</b>	<b>2'019'978</b>	<b>2'247'666</b>
<b>NON-CURRENT FINANCIAL LIABILITIES</b>		
Asset-backed	534'962	554'792
Senior unsecured	1'625'032	1'644'798
Committed development loans	18'288	24'421
Liabilities from deposit business	840'374	323'041
<b>TOTAL NON-CURRENT FINANCIAL LIABILITIES</b>	<b>3'018'656</b>	<b>2'547'052</b>
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>5'038'634</b>	<b>4'794'718</b>

## 5.1 Asset-backed financial liabilities

### 5.1.1 Structured entities

The following consolidated structured entities were in place as of the reporting date: Opusalpha Purchaser II Limited (Helaba), Kebnekaise Funding Limited (SEB AB), CORAL Purchasing (IRELAND) 2 DAC (DZ Bank), FCT “GK”-COMPARTMENT “G 2” (Unicredit), Elektra Purchase No 25 DAC, FCT “GK”-COMPARTMENT “G 4” (Helaba) and FCT “GK”-COMPARTMENT “G 5” (DZ Bank). All structured entities have been set up as asset-backed commercial paper (ABCP) programmes.

EURk	Jun. 30, 2023	Dec. 31, 2022
Programme volume in local currency		
EURk	989'452	927'414
GBPk	150'000	150'000
Programme volume in EURk	1'164'220	1'096'536
Utilisation in EURk	968'152	992'002
Carrying amount in EURk	832'943	844'032
thereof current	368'036	366'168
thereof non-current	464'907	477'864

### 5.1.2 Sales of receivables agreements

The following table shows the programme volumes, utilisation and carrying amounts of sales of receivables agreements:

EURk	Jun. 30, 2023	Dec. 31, 2022
Programme volume in local currency		
EURk	16'500	16'500
GBPk	90'000	90'000
BRLk	210'000	210'000
Programme volume in EURk	161'143	155'217
Utilisation in EURk	126'173	135'219
Carrying amount in EURk	119'689	128'078
thereof current	49'634	51'150
thereof non-current	70'055	76'928

### 5.2 Senior unsecured financial liabilities

The following table provides an overview of the carrying amounts of the individual refinancing instruments:

EURk	Jun. 30, 2023	Dec. 31, 2022
Bonds	2'141'758	2'145'406
thereof current	613'731	571'144
thereof non-current	1'528'027	1'574'262
Promissory notes	132'890	131'017
thereof current	48'605	67'418
thereof non-current	84'285	63'599
Commercial paper	30'000	25'000
Revolving credit facility	120'381	212'548
thereof current	107'661	205'611
thereof non-current	12'720	6'937
Money market trading	20'000	40'000
thereof current	20'000	40'000
Overdrafts	15'818	11'420
Accrued interest	33'213	20'809

The following table provides an overview of the refinancing volumes of the individual instruments:

EURk	Jun. 30, 2023	Dec. 31, 2022
Bonds EURk	5'000'000	5'000'000
Commercial paper EURk	750'000	750'000
Syndicated revolving credit facility EURk	370'000	250'000
Revolving credit facility EURk	16'590	30'000
Revolving credit facility PLNk	150'000	150'000
Revolving Credit Facility CLPk	20'250'000	20'250'000
Revolving credit facility HRKk	0	125'000
Revolving credit facility HUFk	540'000	540'000
Revolving credit facility BRLk	100'000	100'000
Money market trading EURk	40'000	40'000

#### 5.2.1 Bonds

In the financial year to date, two new bonds have been issued with a total volume of EUR 110,000k. In addition, two existing bonds were increased by EUR 50,000k and EUR 124,250k, respectively. Scheduled repayments amounted to EUR 267,000k.

### 5.2.2 Promissory notes

In the financial year to date, one new promissory note was issued with a nominal volume of CHF 20,000k. A total of EUR 19,000k was repaid according to plan.

### 5.2.3 Commercial paper

Six commercial paper issues with a total volume of EUR 105,000k have been completed in the financial year to date. Scheduled repayments amounted to EUR 100,000k.

### 5.3 Committed development loans

The following table shows the carrying amounts of the utilised development loans at different development banks:

EURk	Jun. 30, 2023	Dec. 31, 2022
European Investment Bank	0	9'910
NRW Bank	24'209	22'037
Thüringer Aufbaubank	409	980
KfW	29'816	51'963
Landeskreditbank Baden-Württemberg	413	537
Accrued interest	192	63
<b>TOTAL DEVELOPMENT LOANS</b>	<b>55'039</b>	<b>85'490</b>

### 5.4 Supplementary disclosures on financial liabilities in the statement of cash flows

As a supplement to the cash flow statement, the following shows the cash flows related to the financial liabilities:

EURk	Q1 – Q2 2023	Q1 – Q2 2022
<b>FINANCIAL LIABILITIES</b>		
Additions of liabilities/ assumption of new liabilities from refinancing	807'454	923'414
Interest expenses from refinancing	44'530	26'050
Payment/repayment of liabilities to refinancers	–999'433	–970'005
Currency translation differences	5'380	5'040
<b>CHANGE IN LIABILITIES FROM REFINANCING</b>	<b>–142'069</b>	<b>–15'501</b>
Additions/repayment of liabilities from the deposit business	374'560	–307'180
Interest expenses from the deposit business	9'505	3'706
<b>CHANGE IN LIABILITIES FROM THE DEPOSIT BUSINESS</b>	<b>384'065</b>	<b>–303'474</b>
<b>CHANGE IN FINANCIAL LIABILITIES</b>	<b>241'996</b>	<b>–318'975</b>

### 6. Equity

GRENKE AG's share capital remained unchanged compared to December 31, 2022 and continues to be divided into 46,495,573 registered shares.



## 7. Disclosures on financial instruments

### 7.1 Fair value hierarchy

The GRENKE Group uses observable market data to the extent possible for determining the fair value of an asset or a liability. The fair values are assigned to different levels of the valuation hierarchy based on the input parameters used in the valuation methods:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Measurement procedures in which all input factors having a significant effect on the recognition of fair value are directly or indirectly observable in the market
- Level 3: Measurement procedures that use input factors that have a significant effect on the fair value recognised and are not based on observable market data.

If the input factors used to determine the fair value of an asset or a liability may be assigned to different levels of the valuation hierarchy, then the measurement at fair value is completely assigned to that level in the valuation hierarchy which corresponds to the input factor at the highest level that is material for the overall measurement.

The GRENKE Group recognises reclassifications between the different levels of the valuation hierarchy in the reporting period in which the change has occurred. In the reporting period, there were no reclassifications between the three levels of the valuation hierarchy.

### 7.2 Fair value of financial instruments

#### 7.2.1 Fair value of primary financial instruments

The following table presents the carrying amounts and fair values of financial assets and financial liabilities by category of financial instruments that are not measured at fair value. This table does not contain information on the fair value of financial assets and financial liabilities when the carrying amount represents an appropriate approximation to the fair value, which includes the following line items of the statement of financial position: cash and cash equivalents, trade receivables, and trade payables.

All primary financial instruments are assigned to Level 2 of the valuation hierarchy except for exchange-listed bonds that are included in refinancing liabilities and which are assigned to Level 1 of the valuation hierarchy and the other investment that is assigned to Level 3 of the fair value hierarchy. The carrying amount and fair value of the exchange-listed bonds as of the reporting date were EUR 2,141,758k (December 31, 2022: EUR 2,145,406k) and EUR 2,062,965k (December 31, 2022: EUR 1,975,233k), respectively. Primary financial assets are measured in full at amortised cost (AC), with the exception of lease receivables, which are measured in accordance with IFRS 16, and the other investment, which is allocated to the FVTOCI measurement category



and thus measured at fair value. Financial liabilities are also measured at (amortised) cost.

EURk	Fair value Jun. 30, 2023	Carrying amount Jun. 30, 2023	Fair value Dec. 31, 2022	Carrying amount Dec. 31, 2022
<b>FINANCIAL ASSETS</b>				
Lease receivables	5'874'818	5'429'830	5'841'004	5'243'944
Other financial assets	217'716	215'186	213'371	209'697
thereof receivables from the lending business	124'054	121'524	126'119	122'445
<b>FINANCIAL LIABILITIES</b>				
Financial liabilities	4'970'257	5'038'634	4'648'125	4'794'718
thereof refinancing liabilities	3'434'878	3'501'731	3'507'752	3'643'800
thereof liabilities from the deposit business	1'533'220	1'534'744	1'140'134	1'150'679



### 7.2.2 Fair value of derivative financial instruments

At the end of the reporting period, all derivative financial instruments, which include interest rate derivatives (interest rate swaps), forward exchange contracts and cross-currency swaps, are carried at fair value in the GRENKE Group. All derivative financial instruments are assigned to Level 2 of the valuation hierarchy.

EURk	Fair value Jun. 30, 2023	Fair value Dec. 31, 2022
<b>FINANCIAL ASSETS</b>		
<b>DERIVATIVE FINANCIAL INSTRUMENTS WITH HEDGING RELATIONSHIP</b>		
Interest rate derivatives	4'616	4'761
Cross-Currency-Swaps	5'836	8'402
Forward exchange derivatives	12'792	7'990
<b>DERIVATIVE FINANCIAL INSTRUMENTS WITHOUT HEDGING RELATIONSHIP</b>		
Interest rate derivatives	13'608	12'748
Forward exchange derivatives	5'101	4'058
<b>TOTAL</b>	<b>41'953</b>	<b>37'959</b>
<b>FINANCIAL LIABILITIES</b>		
<b>DERIVATIVE FINANCIAL INSTRUMENTS WITH HEDGING RELATIONSHIP</b>		
Cross-Currency-Swaps	6'286	1'257
Forward exchange derivatives	3'329	1'684
<b>DERIVATIVE FINANCIAL INSTRUMENTS WITHOUT HEDGING RELATIONSHIP</b>		
Forward exchange derivatives	3'178	3'978
<b>TOTAL</b>	<b>12'793</b>	<b>6'919</b>

The GRENKE Group uses OTC derivatives (“over the counter”). These are directly concluded with counterparties having at least investment grade status. There are no quoted market prices available for these instruments.

Fair values are determined based on valuation models that include observable input parameters. Forward exchange contracts are measured on the basis of a mark-to-model valuation model. The fair value of interest rate derivatives is determined based on the net present value method. The input parameters applied are derived from market quotes. Interest rates with matching maturities in the traded currencies are used for forward exchange contracts, and interest rates are used for interest rate derivatives. To obtain the fair value of such OTC derivatives, the determined amounts are multiplied with the counterparty’s credit default swaps (CDS) with coupons that are observable on the market, or with their own credit risk using what is known as the “add-on method”.



### 7.3 Measurement methods and input factors used

The following table shows the valuation methods applied and the input factors and assumptions used to measure the fair values:

Category and level	Measurement method	Input factors
<b>FAIR VALUE HIERARCHY LEVEL 1</b>		
Exchange-listed bonds	n.a.	Quoted market price as of the reporting date
<b>FAIR VALUE HIERARCHY LEVEL 2</b>		
Other financial assets	Present value of estimated future cash flows	Available interest rates at comparable conditions and residual terms using the counterparty's credit risk
Financial liabilities (liabilities from the refinancing of the leasing business, promissory notes and bank liabilities)	Present value of estimated future cash flows	Available interest rates at comparable conditions and residual terms using the own credit risk (Debt Value Adjustment [DVA])
Forward exchange contracts / Cross currency swaps	Mark-to-market Present value of estimated future cash flows	Available interest rates at the end of the term in the traded currencies using their own counterparty risk (Debt Value Adjustment [DVA]) or the counterparty's credit risk (Credit Value Adjustment [CVA]) derived from available credit default swap (CDS) quotes
Interest rate derivatives	Present value of estimated future cash flows	Available interest rates at comparable conditions and residual terms using the own counterparty risk DVA (Debt Value Adjustment) or the counterparty's credit risk CVA (Credit Value Adjustment) derived from available credit default swap (CDS) quotes
<b>FAIR VALUE HIERARCHY LEVEL 3</b>		
Other investments (investment in Finanzchef24 GmbH)	Discounted cash flow model Present value of estimated future cash flows	Business plan of Finanzchef24 GmbH to determine future cash flows; sustainable growth rate of future cash flows; parameters to determine the discount rate (in particular, risk-free interest rate, market risk premium, beta factor, adjustment factors)



## 8. Revenue from contracts with customers

The following table shows the revenue from contracts with customers (IFRS 15):

EURk	Segment	Q1 – Q2 2023	Q1 – Q2 2022
<b>REVENUE FROM CONTRACTS WITH CUSTOMERS (IFRS 15)</b>			
Gross revenue from service-and-protection-business (service business)	Leasing	68'231	62'298
Service fee for making lease assets available for use	Leasing	4'508	2'736
Revenue from reminder fees	Leasing	708	592
Revenue from reminder fees	Factoring	8	7
Other revenue from lessees	Leasing	436	512
Disposal of lease assets	Leasing	93'974	91'315
Commission income from banking business	Bank	283	299
<b>TOTAL</b>		<b>168'148</b>	<b>157'759</b>

## 9. Income and other revenue

The following shows the revenue from contracts with customers (IFRS 15) and other revenue (IFRS 9, IFRS 16):

EURk	Q1 – Q2 2023	Q1 – Q2 2022
<b>REVENUE FROM CONTRACTS WITH CUSTOMERS (IFRS 15)</b>		
<b>OTHER REVENUE (IFRS 9, IFRS 16)</b>		
Interest and similar income from financing business	222'068	205'020
Revenue from operating leases	13'119	10'888
Portions of revenue from lease down payments	6'368	4'679
<b>TOTAL</b>	<b>409'703</b>	<b>378'346</b>

## 10. Income taxes

The main components of the income tax expense for the consolidated income statement are the following:

EURk	Q1 – Q2 2023	Q1 – Q2 2022
Current taxes	12'160	11'229
Corporate and trade taxes (Germany)	61	70
Foreign income taxes	12'099	11'159
Deferred taxes	–783	2'878
Germany	3'716	–572
International	–4'499	3'450
<b>TOTAL</b>	<b>11'377</b>	<b>14'107</b>

## 11. Group segment reporting

EURk	Leasing segment		Banking segment		Factoring segment		Consolidation & Other		Consolidated Group	
January to June	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>OPERATING INCOME</b>										
External operating income	202'123	191'715	1'941	-6'488	4'717	4'042	0	0	208'781	189'269
Internal operating income	-14'119	-18'517	15'638	19'305	-1'519	-788	0	0	0	0
<b>TOTAL OPERATING INCOME</b>	<b>188'004</b>	<b>173'198</b>	<b>17'579</b>	<b>12'817</b>	<b>3'198</b>	<b>3'254</b>	<b>0</b>	<b>0</b>	<b>208'781</b>	<b>189'269</b>
thereof non-cash items	405	14'513	-1'083	5'162	-380	-354	0	0	-1'058	19'321
<b>NON-INTEREST EXPENSES</b>										
Staff costs	-78'162	-61'944	-3'941	-3'576	-3'165	-2'608	0	113	-85'268	-68'015
Depreciation/Amortisation and impairment	-13'040	-13'108	-288	-452	-318	-290	223	347	-13'423	-13'503
Selling and administrative expenses	-45'074	-45'396	-5'867	-6'511	-1'586	-1'397	1'530	2'267	-50'997	-51'037
Other operating income (+) and expenses (-)	-1'833	-260	-3'169	-377	213	412	-1'902	-2'834	-6'691	-3'059
<b>SEGMENT RESULT</b>	<b>49'895</b>	<b>52'490</b>	<b>4'314</b>	<b>1'901</b>	<b>-1'658</b>	<b>-629</b>	<b>-149</b>	<b>-107</b>	<b>52'402</b>	<b>53'655</b>
Result from companies accounted for using the equity method	-40	-4	0	0	0	0	0	0	-40	-4
Other financial result							-586	1'915	-586	1'915
<b>GROUP EARNINGS BEFORE TAXES</b>	<b>49'855</b>	<b>52'486</b>	<b>4'314</b>	<b>1'901</b>	<b>-1'658</b>	<b>-629</b>	<b>-735</b>	<b>1'808</b>	<b>51'776</b>	<b>55'566</b>
As of June 30 (December 31, 2022)										
<b>SEGMENT ASSETS</b>	<b>6'142'190</b>	<b>6'088'976</b>	<b>1'988'667</b>	<b>1'667'264</b>	<b>108'160</b>	<b>100'816</b>	<b>-1'570'183</b>	<b>-1'488'545</b>	<b>6'668'834</b>	<b>6'368'511</b>
thereof investments accounted for using the equity method	2'960	0	0	0	0	0	0	0	2'960	0
<b>SEGMENT LIABILITIES</b>	<b>4'990'487</b>	<b>4'928'263</b>	<b>1'704'936</b>	<b>1'393'172</b>	<b>109'022</b>	<b>99'909</b>	<b>-1'482'634</b>	<b>-1'406'544</b>	<b>5'321'811</b>	<b>5'014'800</b>

\* Income presented as a positive number, and expenses presented as a negative number.

## 11.1 Business segments

GRENKE Group's reporting on the development of its segments is aligned with the prevailing organisational structure within the GRENKE Group ("management approach"). Thus, operating segments are divided into Leasing, Banking, and Factoring based on the management of the Company's segments, which enables the key decision-maker, the Board of Directors of GRENKE AG, to assess the performance of the segments and make decisions about the allocation of resources to the segments. A regional breakdown of the business activities is provided annually in the GRENKE Group's consolidated financial statements of the respective financial year. Separate financial information is available for the three operating segments.

Intrasegment transactions are eliminated within the segment reporting in the column "Consolidation and other".

## 11.2 Reportable segments

### 11.2.1 Leasing

The Leasing segment contains all of the activities that are related to the Consolidated Group's business as a lessor. The services offered consist of the provision of financing to commercial lessees, rental, service, protection and maintenance offerings, as well as the disposal of used equipment.

The GRENKE Group's leasing business focuses primarily on the small-ticket leasing of IT products, such as PCs, notebooks, servers, monitors, peripheral devices, software, telecommunication and copier equipment, medical devices as well as other IT products. Nearly all leases concluded provide for full cost recovery.

### 11.2.2 Banking

The Banking segment comprises the activities of GRENKE BANK AG (GRENKE Bank) as a financing partner, particularly to small and medium-sized companies (SMEs). In the context of cooperating with a variety of federal government and state development banks, GRENKE Bank offers business start-up financing. In addition, GRENKE Bank provides development loans to SMEs and self-employed professionals who want to finance new business purchases through lease financing. GRENKE Bank also offers investment products, such as fixed deposit products to private and business customers via its website. The bank's business is focused primarily on German customers. In addition to business with external customers, GRENKE BANK AG's activities also include the internal refinancing of the GRENKE Group's Leasing and Factoring segments through the purchase of receivables and the issuance of loans.

### 11.2.3 Factoring

In the Factoring segment, GRENKE offers traditional factoring services with a focus on small-ticket factoring. Within non-recourse factoring, the segment offers both notification factoring, where the debtor is notified of the assignment of receivables, and non-notification factoring, where the debtor is not notified accordingly. In addition, the segment also offers receivables management without a financing function (non-recourse factoring), in which the customer continues to bear the credit risk.

## 11.3 Segment data

The accounting policies employed to gather segment information are the same as those used for the interim consolidated financial statements. Intragroup transactions are performed at standard market prices.

The Board of Directors of GRENKE AG is the responsible body for assessing the performance of the GRENKE Group. In addition to the growth of new business in the Leasing segment (total acquisition costs of newly acquired leased assets), the Board of Directors has determined the deposit volume for GRENKE Bank and the gross margin for the Factoring segment as key performance indicators. The performance indicators of the segments are presented in the interim group management report. Other measures include operating segment income, non-interest expenses, segment result before other financial result, as well as staff costs, selling and administrative expenses, and depreciation and amortisation. Other financial result and tax expense/income are the main components of the consolidated statement of income that are not included in the individual segment information.

The segment income of the individual segments is composed as follows:

- Leasing: Net interest income after settlement of claims and risk provision, profit from service business, profit from new business and gains/losses from disposals
- Banking: Net interest income after settlement of claims and risk provision
- Factoring: Net interest income after settlement of claims and risk provision

The non-cash items represent impairment losses.

The segment assets include the assets required for operations. Segment liabilities correspond to liabilities attributable to the respective segment.

Segment assets and liabilities do not take into account tax positions.

## 12. Changes in the scope of consolidation in the 2023 financial year

### Acquisition of franchise companies

In the first quarter of 2023, GRENKE AG acquired 100 percent of the shares in the factoring franchise company in Ireland (GC Factoring Ireland Limited), as well as in the two leasing franchise companies in Australia (GC LEASING MELBOURNE PTY LTD and GC LEASING SYDNEY PTY LTD). In addition, 58 percent of the shares in the factoring franchise companies in Poland (GC Faktoring Polska Sp.z.o.o.) and in the United Kingdom (GC Factoring Limited) were acquired with legal effect.

In the second quarter of 2023, GRENKE AG acquired the remaining 42 percent of the shares in the factoring franchise company in Poland (GC Faktoring Polska Sp.z.o.o.) with legal effect. In the case of the factoring franchise company in Hungary (GF Faktor Zrt.), the approval of an authority is still pending before the legally effective transfer of the shares can take place.

The franchise companies were already fully consolidated prior to the acquisition of their shares, so that the legally effective share transfer led only to a reduction in the minority interests to be reported. For more information on the acquisition of the franchise companies, please refer to the notes to the consolidated financial statements as of December 31, 2022.

### Investment in Miete24 P4Y GmbH

GRENKE AG legally acquired capital and voting shares in Miete24 P4Y GmbH (Velten/Germany) amounting to a stake of 25 percent plus one voting share as of May 23, 2023. The purchase price for the shares, accounted for using the equity method was around EUR 3,000k. Miete24 P4Y GmbH operates the Miete24 online platform for the leasing of information and communications equipment. With the acquisition of the internet platform, GRENKE is strengthening its sales infrastructure, particularly in the specialist reseller area, and opening up additional options in direct online business with commercial customers. In addition to the share acquisition already completed, GRENKE AG has secured a long-term option to fully acquire Miete24 P4Y GmbH.

### 13. Payments to hybrid capital holders

On March 30, 2023, GRENKE AG distributed a scheduled coupon payment of EUR 12,946k (previous year: EUR 12,946k) to the hybrid capital holders.

## 14. Related party disclosures

The Supervisory Board of GRENKE AG concluded a phantom stock agreement with all members of the Board of Directors in office. Payments under these agreements during the financial year to date amounted to EUR 0k (June 30, 2022: EUR 0k).

As of June 30, 2023, the value of all existing phantom stock agreements amounted EUR 531k (June 30, 2022: EUR 0k). This amount is recognised under staff costs in the consolidated income statement and is included under variable remuneration components.

### Transactions with associated companies and subsidiaries

Transactions of GRENKE AG with its subsidiaries are related party transactions. In the event that the transaction is eliminated in consolidation, no disclosure is required. Transactions of the GRENKE Group with associated companies are to be disclosed as related party transactions.

There were no reportable transactions with subsidiaries or associated companies as of June 30, 2023 or December 31, 2022.

### Transactions with persons in key positions

Persons in key positions are individuals who have direct or indirect authority and responsibility for planning, managing, or overseeing the activities of the GRENKE Group. Persons in key positions are exclusively members of the Board of Directors and Supervisory Board of GRENKE AG who were active in the financial year, as well as such as family members.

As of the June 30, 2023 reporting date, GRENKE BANK AG had received deposits and credit balances on current accounts in the amount of EUR 128k (December 31, 2022: EUR 0k) from persons in key positions and persons closely related to them.

### Transactions with other related parties

Other related parties include subsidiaries and joint ventures of persons in key positions or persons related to this group of persons. Other related parties include persons who have been declared as related parties in accordance with IAS 24.10 due to the economic substance of the relationship.

As of the June 30, 2023 reporting date, GRENKE BANK AG received deposits and credit balances on current accounts in the amount of EUR 1,182k (December 31, 2022: EUR 0k) from other related parties. Current accounts exist with other related parties. Credit lines on current accounts were utilised in the amount of EUR 816k (December 31, 2022: EUR 802k) with a current account credit limit of EUR 840k (December 31, 2022: EUR 840k). This resulted in interest income of EUR 16k (June 30, 2022: EUR 15k). Income from other related parties of EUR 2k (June 30, 2022: EUR 2k) resulted from leases and employee loans. Furthermore, there are receivables from other related parties, which consist primarily of collateral payments to other related parties. These amounted to EUR 4,519k as of June 30, 2023 (December 31, 2022: EUR 4,518k).

## 15. Contingent liabilities

There were no material changes to contingent liabilities as of the reporting date compared to the level as of December 31, 2022.

## 16. Employees

In the interim reporting period, the GRENKE Group's headcount (excluding the Board of Directors) averaged 2,105 employees (Q2 2022: 1,904). A further 52 employees (Q2 2022: 45) are in training.



## 17. Subsequent events

On July 10, 2023, GRENKE AG legally acquired the remaining 42 percent of the shares in the factoring franchise company in the United Kingdom (GC Factoring Limited) for a purchase price payment made in the amount of EUR 129k.

GRENKE AG also legally acquired the remaining 42 percent of the shares in the leasing franchise company in Singapore (GC Lease Singapore Pte. Ltd.) on August 2, 2023. The purchase price of the shares was less than EUR 1k.

On August 9, 2023, in an ad hoc announcement of the same date, the Board of Directors of GRENKE AG revised the existing forecast for the 2024 financial year on the basis of updated economic forecasts and the continued focus on balanced margins. The Board of Directors expects new leasing business of EUR 3.0 billion to EUR 3.2 billion, instead of the previous forecast of around EUR 3.4 billion, and Consolidated Group net profit of EUR 95 million to EUR 115 million, instead of the previous forecast of around EUR 120 million.

There were no other significant events after the reporting date.

# Review Report

To GRENKE AG, Baden-Baden

We have reviewed the condensed interim consolidated financial statements comprising the statement of financial position, income statement, statement of comprehensive income, statement of cash flows, statement of changes in equity and selected explanatory notes, as well as the interim group management report of GRENKE AG, Baden-Baden, for the period from January 1, 2023 to June 30, 2023, which are part of the half-year financial report pursuant to Section 115 WpHG (“Wertpapierhandelsgesetz”: German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company’s management. Our responsibility is to issue a report of the audit review of the condensed interim consolidated financial statements and interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der

Wirtschaftsprüfer (Institute of Public Auditors in Germany [IDW]) and additionally in compliance with the International Standard on Review Engagements “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation and with moderate assurance that the condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable from a financial statement audit. As in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that would cause us to presume that the condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared,

in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Frankfurt am Main, August 9, 2023

BDO AG  
Wirtschaftsprüfungsgesellschaft

Grunwald	Schölch
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)





# Responsibility Statement

We confirm to the best of our knowledge and in accordance with the applicable accounting standards for half-year financial reporting that the half-year consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Consolidated Group and that the interim group management report conveys a fair review of the business development, including the results and the position of the Consolidated Group, together with a description of the important opportunities and risks for the expected development of the Consolidated Group for the remainder of the financial year.

Baden-Baden, August 9, 2023

Dr. Sebastian Hirsch  
Chief Executive Officer (CEO),  
interim Chief Financial Officer  
(CFO)

Gilles Christ  
Chief Sales Officer (CSO)

Isabel Rösler  
Chief Risk Officer (CRO)



# Calendar of events

October 5, 2023 // New business figures Q3 2023

November 9, 2023 // Quarterly statement Q3 and Q1–Q3 2023



# Imprint

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## Disclaimer

The figures in this financial report are generally presented in EURk and EUR millions. Rounding differences may occur in individual figures compared to the actual EUR amounts. Such differences are not significant in nature.

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