GRENKE

QUARTERLY STATEMENT

FOR THE 1ST QUARTER

2023

Group key figures

	UNIT	Q1 2023	Q1 2022	Change (%)
NEW BUSINESS LEASING	EURK	610'154	499'237	22.2
DACH	EURk	143'051	117'997	21.2
Western Europe (without DACH)	EURk	161'836	131'791	22.8
Southern Europe	EURk	150'357	131'945	14.0
Northern/Eastern Europe	EURk	123'434	90'749	36.0
Other regions	EURk	31'476	26'756	17.6
CONTRIBUTIONS MARGIN 2 (CM2) ON NEW BUSINESS LEASING	EURK	102'015	83'240	22.6
DACH	EURk	17'879	15'485	15.5
Western Europe (without DACH)	EURk	28'739	23'701	21.3
Southern Europe	EURk	26'406	22'037	19.8
Northern/Eastern Europe	EURk	22'417	16'612	34.9
Other regions	EURk	6'574	5'405	21.6
FURTHER INFORMATION LEASING				
Number of new contracts	units	69'476	61'906	12.2
Mean acquisition value	EUR	8'782	8'064	8.9
Mean term of contract per end of period	months	49	48	2.0
Volume of leased assets per end of period	EURk	9'113'392	8'792'445	3.7
Number of current contracts per end of period	units	1'022'843	995'893	2.7
NEW BUSINESS FACTORING	EURK	191'994	175'055	9.7
DACH	EURk	73'165	67'250	8.8
Southern Europe	EURk	36'953	30'031	23.1
Northern/Eastern Europe	EURk	81'875	77'774	5.3
GRENKE BANK				
New business SME lending business incl. microcredit business	EURk	12'822	15'805	–18.9

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	Q1 2023	Q1 2022	Change (%)
INCOME STATEMENT				
Net interest income	EURk	84'002	87'807	–4.3
Settlement of claims and risk provision	EURk	26'440	31'581	–16.3
Total operating expenses	EURk	72'017	64'440	11.8
Operating result	EURk	23'826	25'636	–7.1
Group Earnings before Taxes	EURk	20'471	27'012	–24.2
GROUP EARNINGS	EURK	15'859	20'537	–22.8
NET PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	EURK	9'018	11'888	–24.1
NET PROFIT ATTRIBUTABLE TO HYBRID CAPITAL HOLDERS	EURK	9'068	9'082	–0.2
NET PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	EURK	–2'227	–433	–414.3
Earnings per share (basic and diluted)	EUR	0.19	0.26	–26.9
Cost Income Ratio	percent	57.1	52.5	4.6 pp
Staff cost	EURk	41'289	32'975	25.2
of which total remuneration	EURk	33'651	27'125	24.1
of which fixed remuneration	EURk	29'376	22'073	33.1
of which variable remuneration	EURk	4'275	5'052	–15.4
Average number of employees in full-time equivalent (FTE)	employees	1'996	1'816	9.9

	UNIT	Mar. 31, 2023	Dec. 31, 2022	Change (%)
STATEMENT OF FINANCIAL POSITION				
Total assets	EURm	6'805	6'413	6.1
Lease receivables	EURm	5'304	5'244	1.1
Financial Debt: herof deposits GRENKE BANK AG	EURm	1'425	1'151	23.8
Equity persuant to statement of financial position[1]	EURm	1'320	1'332	−0.9
Equity persuant to CRR	EURm	1'240	1'188	4.4
Equity ratio	percent	19.4	20.8	−6.7
Embedded value, leasing contract portfolio (excl. equity before taxes)	EURm	483	482	0.2
Embedded value, leasing contract portfolio (incl. equity after taxes)	EURm	1'652	1'664	−0.7

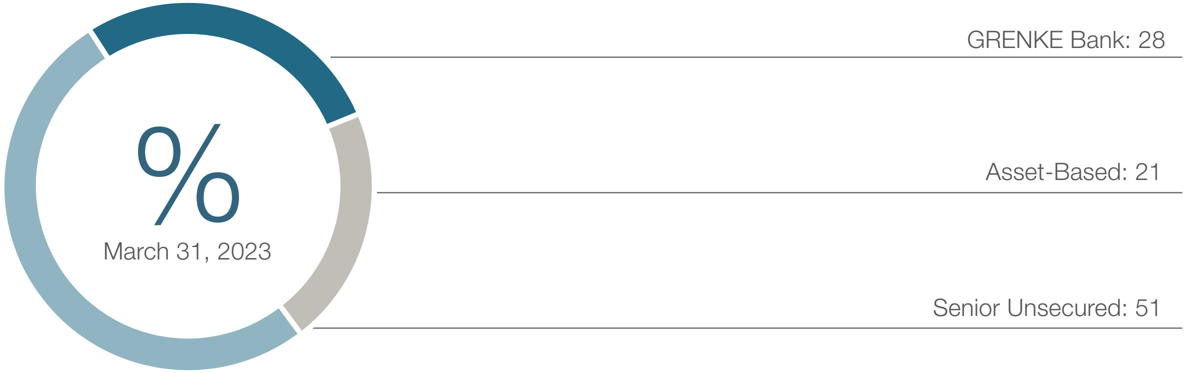
[1] Including AT1 bonds (hybrid capital), which are reported as equity under IFRS.

KEY FIGURES Q1 2023:

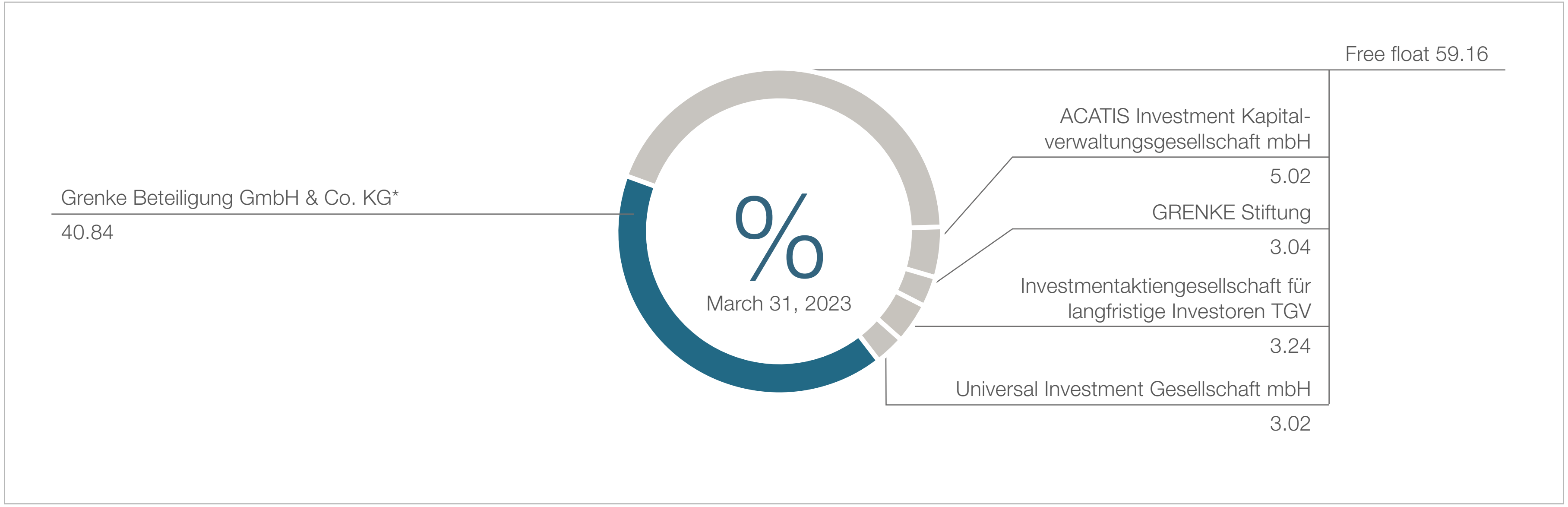
CONSOLIDATED GROUP NET PROFIT	EARNINGS PER SHARE	EQUITY RATIO
15.9 EUR million	0.19 EUR	19.4 percent

REFINANCING BASE:

THREE PILLARS: GRENKE CONSOLIDATED GROUP'S REFINANCING MIX



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).

Contents

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. Our lessees receive uncomplicated, practical financing solutions, allowing them to conserve their own resources, especially liquidity. From entrepreneur to entrepreneur, we are guided by our values: simple, fast and personal. 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 33 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. In the first quarter of 2023, as in previous years, this category accounted for over 90 percent of all of our lease contracts. The average volume of the contracts concluded with us in the first quarter of 2023 was around EUR 8.8k.

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 March 31, 2023, our presence spanned 152 locations in 33 countries worldwide. In the first quarter of 2023, we generated 94.8 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 in Asia, Australia and North and South America.

In phases of economic weakness, we are able to manage our business by promptly adjusting our acceptance policy for lease applications. With our strict focus on lower-risk new business and by refraining from doing business with higher-risk industries and customer segments, we are able to steer our new business in a targeted manner. We also have the flexibility to adjust our terms and conditions to the respective market and macroeconomic conditions. Consequently, our business model has proven 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 3.1.3 “Segment development” and the explanations in Chapter 12 “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, consisting of Anneliese Grenke and Wolfgang Grenke, the Company founder, as well as their three adult sons. As of the March 31, 2023 reporting date, Grenke Beteiligung GmbH & Co. KG held 40.84 percent of the Company’s shares. As a result, the free float equalled 59.16 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 (5.02 percent), Investmentaktiengesellschaft für langfristige Investoren TGV (3.24 percent), the GRENKE Foundation (3.04 percent) and Universal Investment GmbH (3.02

percent). The proportion of shares held by the Board of Directors and Supervisory Board as of the reporting date amounted to 0.3 percent.

1.5 Targets and strategy

- Our target is to become the world's leading financing partner for small and medium-sized enterprises. In the medium term, this means that we intend to double our new leasing business versus the baseline year of 2021 to around EUR 3.4 billion by 2024 and generate a consolidated net profit of approximately EUR 120 million, alongside a CM2 margin of around 17 percent and an equity ratio of more than 16 percent.
- 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", "Digitalisation", 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:

- GRENKE BANK deposits
- Receivables-based financing, including the use of ABCP programmes
- Senior unsecured instruments, such as bonds, notes and commercial paper

Financing on this basis enables us to avoid maturity transformation, thereby eliminating 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. Business performance

- New leasing business grows by 22.2 percent to EUR 610.2 million
- Sixth consecutive quarter of double-digit growth
- Contribution margin 2 rises to EUR 102.0 million
- CM2 margin reaches 16.7 percent
- Consolidated Group net profit equals EUR 15.9 million
- Loss rate improves to 1.2 percent
- Cost-income ratio amounts to 57.1 percent
- Equity ratio of 19.4 percent clearly surpasses self-set target of 16 percent

2.1 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.

The Supervisory Board then appointed Dr Sebastian Hirsch, who had already been appointed as CEO on an interim basis, as Chairman of the Board of Directors, effective February 16, 2023. Dr Hirsch has 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 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. For the 2024 business year, the Board of Directors continues to expect new leasing business of EUR 3.4 billion. 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. The new S&P rating is identical to the Fitch rating of October 2022, in which GRENKE received an investment grade rating of "BBB" with a stable outlook (Fitch rating level "BBB/stable/F2").

2.2 Macroeconomic environment

The macroeconomic environment in the first quarter of 2023 continued to be challenging. Losses in purchasing power resulting from persistently high inflation rates, combined with a restrictive monetary policy, are dampening the economy. The turbulence on the capital markets increased in mid-March, triggered by the Silicon Valley Bank insolvency and the emergency takeover of Credit Suisse by UBS. Share price declines, occurring across almost the entire market, have since largely recovered. After temporary lows below 15,000 points in mid-March, the DAX returned to above 15,500 points again at the end of March.

In a year-on-year comparison, the development in energy prices and capital market volatility was favourable in the first quarter. As of March 31, 2023, the VIX volatility index was slightly below the previous year's level at 18.7 points, (March 31, 2022: 20.6 points), and the WTI/Brent oil price was 25 percent lower year-on-year at USD 75.7 per barrel (March 31, 2022: USD 100.3 per barrel).

As a result of reduced upward pressure on energy prices, easing material bottlenecks and better functioning supply chains, the sentiment of the companies surveyed by the ifo Institute had improved. The ifo Business Climate Index for Germany rose for the fifth consecutive time and reached 93.3 points in March 2023. The expectations of the companies surveyed played a particularly decisive role in the increase, with their assessment of the current business situation also improving. The opening of the Chinese economy following the corona pandemic may have also played a role.

Annual inflation in the euro area was 7.4 percent in March this year. The increase in energy prices moderated to 3.5 percent year-on-year. Food price increases, on the other hand, reached 22.3 percent and kept inflation well above the European Central Bank's (ECB) medium-term target of 2 percent. As a result, the ECB raised the key interest rate to 3.5 percent in March 2023. A similar development was observed in the United States where, in the face of persistent inflationary pressures, the Fed raised the benchmark rate to a range of 4.75 to 5.00 percent in March 2023.

In the midst of this environment, GRENKE once again succeeded, as indicated, at profitably continuing its growth course in new leasing business in the first quarter of 2023.

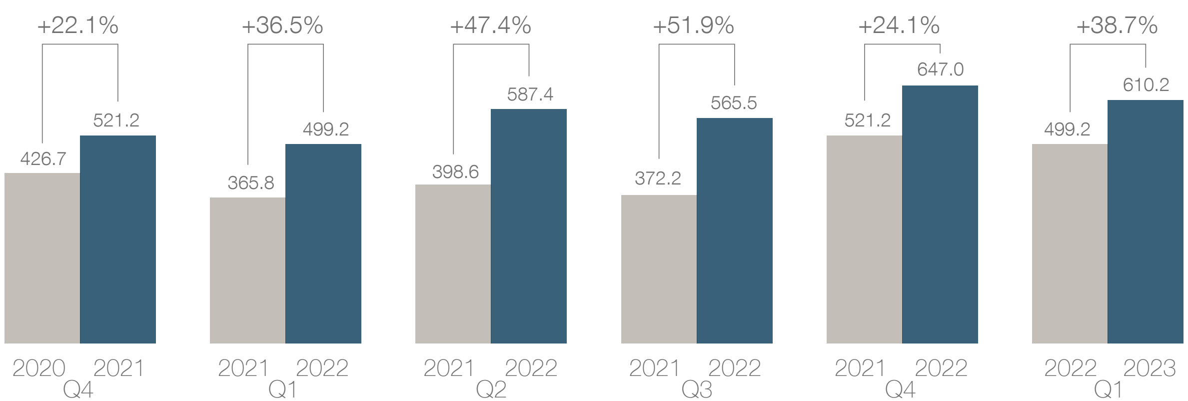
2.3 New business

2.3.1 Leasing

In the first quarter of 2023, new leasing business grew by 22.2 percent to EUR 610.2 million (Q1 2022: EUR 499.2 million), marking the sixth consecutive quarter of double-digit percentage growth for the Leasing segment.

New leasing business since Q4 2020

in EUR million



Demand for leasing products continued to rise, given the dynamic interest rate environment. When interest rates rise, loans for companies generally become more expensive, and banks also turn more restrictive when issuing loans. As a result, loans lose their appeal compared to lease financing. Lease rates are set at the time of investment, which is the time the contract is concluded. Therefore, in times of rising interest rates, leasing provides a more secure basis for calculation for our corporate clients.

The strong growth in new leasing business was also supported by the success of our initiatives to continuously strengthen and expand the reseller network. This global network grew from just over 30,000 resellers at the end of March 2022 to around 34,000 at the end of March 2023.

The region with the highest volume of new leasing business in the first quarter of 2023 was Western Europe (without DACH) at EUR 161.8 million, closely followed by Southern Europe and the DACH region at EUR 150.4 million and EUR 143.1 million, respectively.

In the reporting quarter, we achieved double-digit growth rates in all regions relative to the same quarter of the previous year. At 36 percent, the Northern/Eastern Europe region achieved the highest growth rate. In the United Kingdom and Finland, the growth in new leasing business was particularly strong at 45.6 percent and 42.6 percent, respectively. The Western Europe region (without DACH) also posted above-average growth of 22.8 percent, with France (+18.0 percent) and the Netherlands (+48.6 percent) making especially strong contributions to growth.

The dynamic growth in the DACH region of 21.2 percent was due, among others, to Austria, which benefitted from a particularly strong boom in the eBike business, and recorded sharp year-on-year growth overall of 132.1 percent. Germany in the first quarter achieved year-on-year growth of 16.6 percent.

The Southern Europe region achieved overall growth of 14.0 percent, with Italy and Spain showing solid, on-target growth of 12.5 percent and 2.1 percent, respectively. Other regions, which includes the important future markets of the USA (+265.8 percent), Canada (+10.4 percent) and Australia (+66.8 percent), grew new business overall by 17.6 percent.

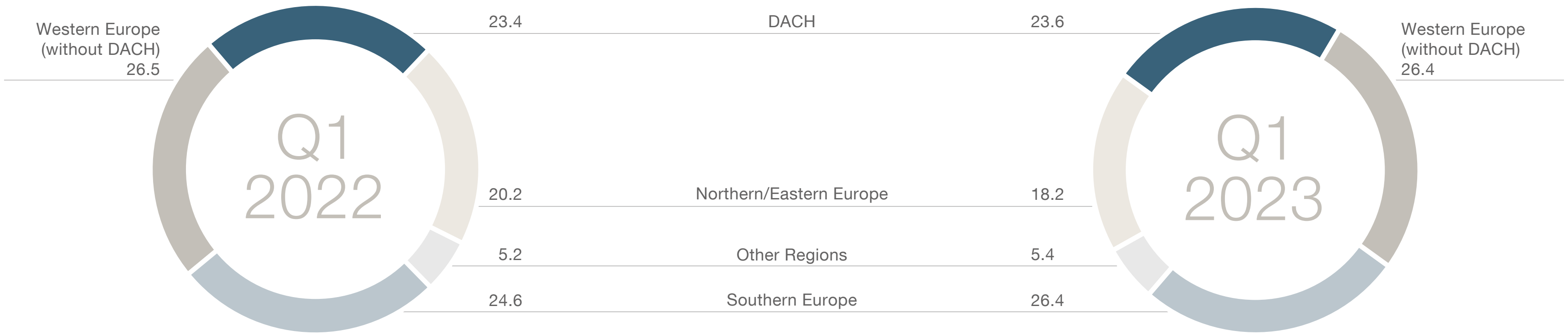
New leasing business

EURm	Q1 2023	Q1 2022	Change (%)
NEW LEASING BUSINESS	610.2	499.2	22.2
DACH	143.1	118.0	21.2
Western Europe (without DACH)	161.8	131.8	22.8
Southern Europe	150.4	131.9	14.0
Northern/Eastern Europe	123.4	90.7	36.0
Other regions	31.5	26.8	17.6

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



The dynamic growth of new leasing business was also reflected in the positive development of contribution margin 2 (CM2). In the reporting quarter, CM2 rose to EUR 102.0 million, for an increase of 22.6 percent compared to the same quarter last year (Q1 2022: EUR 83.2 million).

Contribution margin in new leasing business

EUR million	Q1 2023	Q1 2022	Change (%)
CM1	**59.0**	**55.6**	**6.0**
CM2	**102.0**	**83.2**	**22.6**
DACH	17.9	15.5	15.5
Western Europe (without DACH)	28.7	23.7	21.3
Southern Europe	26.4	22.0	19.8
Northern/Eastern Europe	22.4	16.6	34.9
Other regions	6.6	5.4	21.6

The CM2 margin reached a level of 16.7 percent in the reporting quarter. The CM2 margin is an indicator of the expected profitability of the newly concluded lease portfolio. This level marked a return back to the level prior to the dynamic rise in interest rates at the beginning of 2022 (Q1 2022: 16.7 percent). In the previous quarter, the CM2 margin was 15.5 percent, whereas the average for 2022 was 16.1 percent. The CM2 margin benefited in the reporting quarter particularly from the fact that we were able to further align contract terms to the rising interest rates. In a regional comparison, we were very successful in aligning conditions in Southern Europe and in Other regions. In the DACH region, however, the alignment of conditions to increasing interest rates was delayed, as the business in Germany is also influenced by major collaborations involving framework agreements.

The CM1 margin of new leasing business in the first quarter of 2023 was 9.7 percent, which was 1.4 percentage points lower than in the same prior-year quarter (11.1 percent in Q1 2022).

CM margin in new leasing business

In percent	Q1 2023	Q1 2022	Change (pp)
CM1 MARGIN	**9.7**	**11.1**	**−1.4**
CM2 MARGIN	**16.7**	**16.7**	**0.0**
DACH	12.5	13.1	−0.6
Western Europe (without DACH)	17.9	18.1	−0.2
Southern Europe	17.6	16.7	0.9
Northern/Eastern Europe	18.2	18.3	−0.1
Other regions	20.9	20.2	0.7

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 first quarter of 2023, for example, we generated a CM2 margin of 17.9 percent on contracts with a net acquisition value of less than EUR 25k. In comparison, we generated a CM2 margin of 15.0 percent on larger contracts (net acquisition value greater than EUR 25k). It is therefore also important to look at the absolute contribution margins. At EUR 38.3 million, larger contracts represented 37.5 percent of the total contribution margin, despite this contract group representing only 6.5 percent of all contracts concluded.

Lease applications and contracts

	Unit	Q1 2023	Q1 2022	Change
Leasing applications	number	152'235	134'653	13.1 %
Leasing contracts	number	69'476	61'906	12.2 %
Convertion rate	percent	45.6	46.0	0.4 pp
Average NAV	EUR	8'782	8'064	8.9 %
eSignature quota	percent	42.3	42.7	−0.3 pp

In the reporting quarter, we received around 150,000 lease applications, which was considerably more than in the same quarter of the prior year (Q1 2022: around 130,000). Of these applications, 45.6 percent led to the conclusion of a contract. This resulted in a stable conversion rate compared to the same prior-year quarter (Q1 2022: 46.0 percent) and was in line with the customary level of business. In the reporting period, we concluded a total of over 69,000 new leasing contracts, compared to just under 62,000 contracts in the same prior-year quarter.

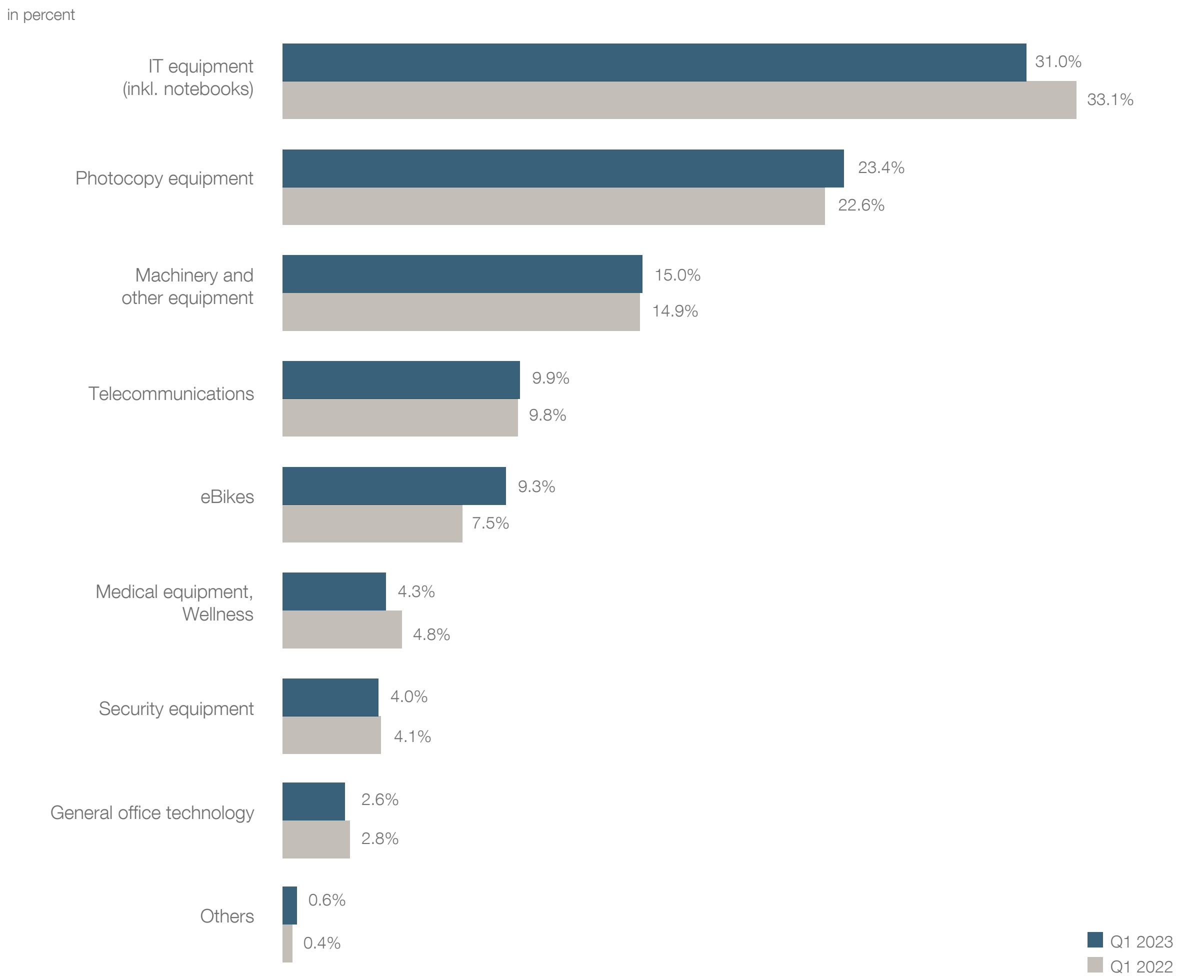
The normalisation of ticket sizes continued in the reporting quarter. The average ticket size increased 8.9 percent year-on-year to around EUR 8.8k, thereby approaching the 2019 level of approximately EUR 9.1k. The level achieved in reporting quarter was also in line with the defined target size for full-year 2023, which prescribes a focus on small tickets with an average ticket size of under EUR 10k.

The share of contracts processed fully digitally via eSignature remained stable at 42.3 percent in the reporting quarter, compared to 42.7 percent in the same prior-year quarter. The share of direct sales remained constant in the reporting period at 16.9 percent (Q1 2022: 16.8 percent).

Within new leasing business almost all object groups recorded year-on-year growth in terms of the number of contracts. IT equipment continued to occupy the largest category of the object portfolio, with a share of 31 percent in the reporting quarter. Although the number of leased IT devices increased, their share of the portfolio decreased by 2.1 percentage points year-on-year due to the disproportionately high growth of eBikes. The percentage share of eBikes in the portfolio recorded a sharp increase of 1.8 percentage points to 9.3 percent.

The share of contracts from the area of photocopy equipment also increased by 0.8 percentage points. The medical equipment and wellness object group, on the other hand, lost 0.5 percentage points in relative terms compared to the same quarter last year. This category was the only object group to record a decline, not only in relative terms but also in terms of the number of contracts.

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



2.3.2 Factoring

Factoring reported new business with a purchased receivables volume of EUR 192.0 million in the reporting quarter, corresponding to a year-on-year increase of 9.7 percent (Q1 2022: EUR 175.1 million). Factoring volumes grew in all regions, with the strongest growth in receivables volume of 23.1 percent generated by the most recently added factoring companies in Southern Europe. The successful implementation of innovations in the sales approach and a better market environment led to stronger year-on-year growth, particularly in Portugal, which grew by 40.5 percent.

New factoring business

	unit	Q1 2023	Q1 2022	Change
NEW BUSINESS FACTORING	**EURm**	**192.0**	**175.1**	**9.7 %**
DACH	EURm	73.2	67.3	8.8 %
Southern Europe	EURm	37.0	30.0	23.1 %
Northern/Eastern Europe	EURm	81.9	77.8	5.3 %
GROSS MARGIN	**percent**	**1.6**	**1.4**	**0.2pp**
DACH	percent	1.5	1.5	0.0pp
Southern Europe	percent	1.7	1.5	0.2pp
Northern/Eastern Europe	percent	1.6	1.2	0.4pp
AVERAGE PERIOD	**days**	**45.8**	**38.2**	**7.6**
Average period DACH	days	27.5	26.8	0.7
Average period Southern Europe	days	86.0	66.2	19.8
Average period Northern/Eastern Europe	days	39.2	38.7	0.5

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 due to the alignment of the contract conditions to interest rate developments. In a regional comparison, we achieved a slightly above-average margin of 1.7 percent in Southern Europe, where Portugal, in particular, benefited increasingly from business with large customers.

The gross margin refers to the average period of a factoring transaction, which was just under 46 days in the reporting quarter. The increase of just under 8 days compared to the first quarter of 2022 is due to the fact that several customers had to extend their payment periods due to a tight liquidity situation. Given the different payment periods and payment habits in the countries, the average period in the DACH region is significantly shorter at 28 days than Northern/Eastern Europe at 39 days and Southern Europe at 86 days. In Southern Europe, the average period was much longer, with an increase of 20 days, compared to the previous year.

2.3.3 GRENKE BANK's lending business

GRENKE BANK's new lending business in the first quarter of 2023 was EUR 12.8 million, compared to EUR 15.8 million in the same prior-year quarter. New lending business consisted solely of loans granted within the scope of the "Mikrokreditfonds Deutschland" (Microcredit Fund Germany) programme, in which GRENKE BANK offers government-sponsored microfinancing between EUR 1k and EUR 25k.

2.3.4 Currency effects

The change in exchange rates resulted in negative currency effects of EUR 4.6 million on the volume of new business in leasing and factoring in the first quarter of 2023. Assuming unchanged exchange rates compared to the first quarter of 2022, the volume of new business in the first quarter of 2023 would have been EUR 3.1 million higher in leasing and EUR 1.5 million higher in factoring. The currency effects resulted primarily from the appreciation of the Swiss franc, which was offset by a depreciation in the British pound.

3. Net assets, financial position and results of operations

3.1 Results of operations

3.1.1 Comparison of Q1 2023 versus Q1 2022

Selected information from the consolidated income statement:

EURk	Q1 2023	Q1 2022	Change (%)
Interest and similar income from financing business	108'501	101'636	6.8
Expenses from interest on refinancing and deposit business	24'499	13'829	77.2
NET INTEREST INCOME	84'002	87'807	–4.3
Settlement of claims and risk provision	26'440	31'581	–16.3
NET INTEREST INCOME AFTER SETTLEMENT OF CLAIMS AND RISK PROVISION	57'562	56'226	2.4
Profit from service business	30'362	28'003	8.4
Profit from new business	11'812	7'076	66.9
Gains (+) / losses (–) from disposals	–113	–24	> 100
INCOME FROM OPERATING BUSINESS	99'623	91'281	9.1
Staff costs	41'289	32'975	25.2
of which total remuneration	33'651	27'125	24.1
of which fixed remuneration	29'376	22'073	33.1
of which variable remuneration	4'275	5'052	–15.4
Selling and administrative expenses (excluding staff costs)	23'915	24'831	–3.7
of which IT project costs	3'358	2'015	66.6
GROUP EARNINGS BEFORE TAXES	**20'471**	**27'012**	**–24.2**
GROUP EARNINGS	**15'859**	**20'537**	**–22.8**
EARNINGS PER SHARE (IN EUR; BASIC/DILUTED)	**0.19**	**0.26**	**–26.9**

Interest and similar income from our financing business was EUR 108.5 million in the first quarter of 2023, amounting to a year-on-year increase of EUR 6.9 million (Q1 2022: EUR 101.6 million). The previous year's strong new business growth is starting to show through in the interest income from lease receivables. However, the improvement in the margin situation resulting from the alignment of contract terms in new leasing business will only be reflected in interest income over the next few quarters. Interest expenses from refinancing and deposit business rose by EUR 10.7 million to EUR 24.5 million (Q1 2022: EUR 13.8 million). This increase resulted from the higher financing requirement for the growth in new business in combination with the generally higher level of interest rates in recent quarters and is reflected in the sharp rise in refinancing expenses. Net interest income, the balance of both items, fell slightly by EUR 3.8 million to EUR 84.0 million (Q1 2022: EUR 87.8 million). This development also reflects the margin development in the past fiscal year. As a result of the favourable payment behaviour of our customers, expenses for settlement of claims and risk provision fell by EUR 5.2 million to EUR 26.4 million in the reporting quarter (Q1 2022: EUR 31.6 million). The macroeconomic environment developed positively despite continued uncertainty related to the war in Ukraine and rising energy costs.

This environment led to a generally positive development in risk provisions, resulting in an improvement of our loss rate (expenses for settlement of claims and risk provision in relation to the volume of leased assets) in the first quarter of 2023 to 1.2 percent (Q1 2022: 1.4 percent).

The year-on-year decline in risk provisions led to an increase in our net interest income after settlement of claims and risk provision in the reporting quarter of EUR 1.4 million to EUR 57.6 million (Q1 2022: EUR 56.2 million).

Profit from service business increased by EUR 2.4 million in the first quarter to EUR 30.4 million (Q1 2022: EUR 28.0 million) due to the expansion in the lease portfolio. Profit from new business also rose by EUR 4.7 million to EUR 11.8 million (Q1 2022: EUR 7.1 million) in the reporting quarter as a result of the positive new business development. Gains and losses from disposal equalled EUR –0.1 million (Q1 2022: EUR 0.0 million).

Lower expenses for settlement of claims and risk provision as well as the higher profit from service business and profit from new business largely led to an increase in our income from operating business of EUR 8.3 million to EUR 99.6 million in the first quarter of 2023 (Q1 2022: EUR 91.3 million).

The Consolidated Group's largest expense item, staff costs, increased by EUR 8.3 million to EUR 41.3 million in the first quarter (Q1 2022: EUR 33.0 million). Higher staff costs were the result of a higher number of employees as well as 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 29.4 million (Q1 2022: EUR 22.1 million), and variable remuneration equalled EUR 4.3 million (Q1 2022: EUR 5.1 million). The average number of employees on a full-time equivalent basis was 1,996 in the reporting quarter, which was 180 above the previous year's figure due to new hires (Q1 2022: 1,816).

Our depreciation, amortisation and impairments were almost unchanged at EUR 6.8 million in the reporting quarter (Q1 2022: EUR 6.6 million). Our selling and administrative expenses decreased by EUR 0.9 million to EUR 23.9 million (Q1 2022: EUR 24.8 million). The increase in ancillary staff costs, as well as in energy and raw material prices, was offset by a reduction in legal, consulting and audit costs. The balance of other operating income and expenses in the first quarter of 2023 was EUR –3.8 million (Q1 2022: EUR –1.2 million) and mainly reflected currency effects primarily attributable to the translation of the TRY, PLN, CAD, NOK and CLP. In Turkey, the effects are primarily the result of the measurement of hyperinflation in accordance with IAS 29. In the case of other currencies, the effects are attributable to derivative hedging transactions, which offset each other economically over the entire period.

Our operating result in the first quarter of 2023 was EUR 23.8 million, down EUR 1.8 million (Q1 2022: EUR 25.6 million). Expenses/income from fair value measurement in the first quarter are dominated by a valuation effect from derivative financial instruments for interest rate hedges of EUR –1.6 million, which is related to ABCP financing and is not recognised in hedge accounting. The effect is even more pronounced due the fact that a positive valuation effect of EUR 4.1 million had occurred in the first quarter of the previous year, which is now being reduced over the duration of the interest rate hedge, as expected. Our Consolidated Group earnings before taxes decreased by EUR 6.5 million to EUR 20.5 million (Q1 2022: EUR 27.0 million).

Our tax rate decreased to 22.5 percent (Q1 2022: 24.0 percent). Our Consolidated Group net profit amounted to EUR 15.9 million, or EUR 4.6 million lower than in the same prior-year quarter (Q1 2022: EUR 20.5 million). The share of profits attributable to non-controlling interests to be reported due to the consolidation of the franchise companies amounted to EUR –2.2 million (Q1 2022: EUR –0.4 million). Comparability is limited due to the acquisition of shares in several franchise companies in the first quarter of 2023 and in the second quarter of 2022 (for more information, please refer to the comments in Note 12). As a result, earnings per share fell to EUR 0.19 in the first quarter of 2023 (Q1 2022: EUR 0.26).

Our cost-income ratio (CIR) increased by 4.6 percentage points to 57.1 percent in the first quarter of 2023 (Q1 2022: 52.5 percent), with the CIR improving by 0.5 percentage points compared with the fourth quarter of 2022 (57.6 percent). The increase is mainly attributable to higher staff costs and expenses from interest on refinancing and deposit business. The calculation of the CIR was changed with the Capital Markets Update on May 13, 2022 and has since been performed without the items other operating income and expenses and other interest income and expenses.

3.1.2 Segment development

The operating segment income in the Leasing segment managed to defy the overall economic challenges, particularly as the payment behaviour of our customers remained stable, allowing for a reduction in our expenses for settlement of claims and risk provision. Consequently, our operating income in this segment rose by EUR 8.6 million to EUR 91.0 million (Q1 2022: EUR 82.4 million), and the segment result developed positively and amounted to EUR 23.6 million (Q1 2022: EUR 23.1 million).

The operating segment income in the Banking segment remained almost unchanged at EUR 7.2 million in the reporting period (Q1 2022: EUR 7.4 million). This was mainly due to higher interest rates in the deposit business and lower risk provisions for former loan portfolios. With increased staff costs and currency effects, we achieved a segment result of EUR 1.4 million (Q1 2022: EUR 2.9 million).

Our operating segment income in the Factoring segment was also essentially unchanged in the reporting period at EUR 1.4 million (Q1 2022: EUR 1.6 million). The success of the investments made in the sales infrastructure is showing through in the external operating income, although the higher expenses from the higher interest rates are having a counteracting effect. The segment result decreased to EUR –1.1 million (Q1 2022: EUR –0.3 million), mainly due to increased staff costs.

3.2 Net assets and financial position

Selected information from the consolidated statement of financial position:

EURk	Mar. 31, 2023	Dec. 31, 2022	Change (%)
CURRENT ASSETS	**3'189'254**	**2'847'293**	**12.0**
of which cash and cash equivalents	832'586	448'844	85.5
of which lease receivables	1'988'709	1'985'059	0.2
NON-CURRENT ASSETS	**3'615'269**	**3'565'450**	**1.4**
of which lease receivables	3'314'976	3'258'885	1.7
TOTAL ASSETS	6'804'523	6'412'743	6.1
CURRENT LIABILITIES	**2'379'027**	**2'443'391**	**–2.6**
of which financial liabilities	2'098'347	2'247'666	–6.6
NON-CURRENT LIABILITIES	**3'105'601**	**2'637'185**	**17.8**
of which financial liabilities	3'018'279	2'547'052	18.5
Equity	1'319'895	1'332'167	–0.9
Equity ratio (in percent)	19.4%	20.8%	–1.4 pp
TOTAL LIABILITIES AND EQUITY	6'804'523	6'412'743	6.1

3.2.1 Net assets

Compared to the end of the 2022 financial year, our total assets increased by EUR 391.8 million to EUR 6.8 billion as of March 31, 2023 (December 31, 2022: EUR 6.4 billion). The increase resulted from higher cash and cash equivalents, which rose by EUR 383.8 million to EUR 832.6 million (December 31, 2022: EUR 448.8 million). As of March 31, 2023, cash and cash equivalents in the amount of EUR 433.3 million (December 31, 2022: EUR 326.6 million) were held in Deutsche Bundesbank accounts.

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.

Our largest balance sheet item, non-current and current lease receivables, increased to EUR 5.3 billion compared to the end of the 2022 financial year (December 31, 2022: EUR 5.2 billion) as a result of the positive new business development.

On the liabilities side, the rising level of total assets is reflected in particular in the increase in current and non-current financial liabilities of EUR 321.9 million to EUR 5.1 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 3.7 billion remained essentially unchanged compared to their level at the end of 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 274.3 million to EUR 1.4 billion (December 31, 2022: EUR 1.2 billion).

Equity decreased by EUR 12.3 million to EUR 1,319.9 million as of March 31, 2023 (December 31, 2022: EUR 1,332.2 million). The Consolidated Group net profit of EUR 15.9 million generated in the reporting period was offset by an interest payment on hybrid capital in the amount of EUR 12.9 million and transactions with NCI (EUR 16.9 million). In contrast, the effects from the market valuation of hedging instruments in hedge accounting (EUR 0.7 million) and currency translation

(EUR 0.9 million) through other comprehensive income had a positive effect. This was caused by a change in the exchange rates as of the reporting date. Due to the increase in total assets and the simultaneous decrease in equity, the equity ratio declined to 19.4 percent as of March 31, 2023 (December 31, 2022: 20.8 percent) and continued to exceed the Consolidated Group's own target of a minimum of 16 percent.

3.2.2 Liquidity

We met our payment obligations at all times during the reporting period, thanks to our solid liquidity position and diversified refinancing structure.

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 deposit business, including GRENKE BANK AG's development loans; receivables-based financing, including ABCP programmes; and senior unsecured instruments, such as bonds, notes and commercial paper. Through this approach, we avoid maturity transformation and thereby eliminate interest rate and follow-up financing risks at the portfolio level. Depending on the requirements, we aim to finance between 15 percent and 33 percent of our financial liabilities via GRENKE BANK AG.

The refinancing mix based on GRENKE Group's refinancing pillars was as follows as of as of March 31, 2023:

EURm	Mar. 31, 2023	share in %	Dec. 31, 2022	share in %
GRENKE BANK	1'472.5	28	1'208.3	25
Senior Unsecured	2'658.6	51	2'572.4	52
Asset-Backed	1'106.7	21	1'137.2	23
TOTAL	**5'237.8**	**100**	**4'917.9**	**100**

The increase of EUR 319.9 million in refinancing to EUR 5,237.8 million (December 31, 2022: EUR 4,917.9 million) resulted mainly from an increase in assets side of the balance sheet and the resulting rise in customer deposits. Refinancing through senior unsecured instruments as a key refinancing pillar also increased slightly, whereas financing via ABCP programmes slightly declined.

Refinancing via customer deposits of GRENKE BANK AG amounted to EUR 1,425.0 million as of March 31, 2023, compared to EUR 1,150.7 million as of December 31, 2022 and EUR 1,331.0 million as of March 31, 2022. This corresponds to an increase of 23.8 percent compared to December 31, 2022 and is due to an increased promotion of GRENKE BANK as a refinancing pillar due to the currently challenging market conditions.

In the reporting period, we issued a new bond with a total gross volume of EUR 10.0 million and increased two existing bonds for a total of EUR 174.3 million. Further details about the bond issues are available on our website at www.grenke.com/investor-relations/debt-capital/issued-bonds/. The GRENKE Group also issued a promissory note in the amount of CHF 20.0 million. In the short-term area, three commercial paper issues were completed with a total volume of EUR 75.0 million. During the reporting period, promissory notes totalling CHF 19.0 million and commercial paper amounting to EUR 25.0 million were repaid as scheduled.

Further information on our refinancing instruments and the refinancing measures carried out during the reporting period can be found in the notes to the consolidated financial statements under Note 5 “Financial liabilities”.

The Consolidated Group’s unutilised credit lines (defined as bank credit lines plus the available volume of bonds and commercial paper) amounted to EUR 3,552.7 million, HUF 540.0 million and PLN 40.0 million as of the reporting date (December 31, 2022: EUR 3,671.1 million, HUF 540.0 million, PLN 40.0 million and HRK 40.0 million).

3.2.3 Financial position

Selected information from the consolidated statement of cash flows:

EURk	Q1 2023	Q1 2022	Change (%)
- Investments in new lease receivables	–627'849	–510'418	23.0
+ Addition of new refinancing (excl. deposit business)	394'446	412'574	–4.4
+ Net inflows / outflows from deposit business	274'315	–81'058	< -100
(I) CASH FLOW NEW BUSINESS	**40'912**	**–178'902**	**< -100**
+ Payments by lessees	591'963	573'054	3.3
- Payments / Repayments of refinancing (excl. deposit business)	–368'197	–568'862	–35.3
(II) CASH FLOW FROM EXISTING BUSINESS	**223'766**	**4'192**	**> 100**
(III) OTHER CASH FLOW FROM OPERATING ACTIVITIES	**135'471**	**77'984**	**73.7**
CASH FLOW FROM OPERATING ACTIVITIES (I) + (II) + (III)	**400'149**	**–96'726**	**< –100**
Cash flow from investing activities	–1'640	–1'174	39.5
Cash flow from financing activities	–16'240	–16'327	–0.5
TOTAL CASH FLOW	**382'269**	**–114'227**	**< –100**

Cash flow from investments in new lease receivables consists of net acquisition values for the 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 627.8 million in the first three months of 2023 (Q1 2022: EUR 510.4 million). These are offset by cash inflows from the increase in refinancing of EUR 394.4 million, compared to EUR 412.6 million in the same prior-year period. The cash flow from the GRENKE Bank’s deposit business increased to EUR 274.3 million, following a level of EUR –81.1 million in the same prior-year period. Our total cash flow from investments in new business increased to EUR 40.9 million (Q1 2022: EUR –178.9 million).

In the first three months of 2023, EUR 368.2 million (Q1 2022: EUR 568.9 million) was redeemed or repaid to refinancers, resulting in an increase in cash flow from existing business to EUR 223.8 million (Q1 2022: EUR 4.2 million).

Our cash flow from operating activities was significantly higher than in the previous year, rising to EUR 400.1 million in the first three months of 2023 (Q1 2022: EUR –96.7 million). The higher cash flow from operating activities resulted primarily from two effects: the increase in liabilities from the deposit business and the related cash inflow and slightly higher payments from lessees offset by lower repayment obligations from refinancing.

Cash flow from investing activities was EUR –1.6 million in the first three months of 2023 (Q1 2022: EUR –1.2 million). This item consisted mainly of payments for the acquisition of property, plant and equipment and intangible assets in the amount of EUR 1.4 million (Q1 2022: EUR 1.2 million). Also in the reporting period, purchase price payments were made in the amount of EUR 0.3 million for the acquisition of subsidiaries.

Cash flow from financing activities amounted to EUR –16.2 million in the reporting period (Q1 2022: EUR –16.3 million). The interest payment on the hybrid capital amounted to EUR 12.9 million (Q1 2022: EUR 12.9 million). A repayment of lease liabilities also resulted in a cash outflow of EUR 3.3 million (Q1 2022: EUR 3.4 million).

As a result, total cash flow in the first three months of 2023 was EUR 382.3 million (Q1 2022: EUR - 114.2 million). Cash and cash equivalents increased accordingly to EUR 830.8 million as of March 31, 2023, compared to EUR 448.6 million as of December 31, 2022.

4. Related party disclosures

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

5 Report on risks, opportunities and forecasts

5.1 Opportunities and risks

In the area of opportunities and risks, the main macroeconomic risk factor is the inflation rate. The current inflation rate is far above the target value of the European Central Bank. Therefore, the current assumption is a continuation of the restrictive monetary policy in the euro area. In turn, higher interest rates are generally seen as an obstacle to consumer and investment demand and could weaken economic growth.

As described in Chapter 2.3.1, in some respects, higher interest rates also stimulate demand for leasing products. Consequently, the Board of Directors expects the volume of new leasing business to continue to grow in 2023 as reflected in the Company's guidance. We are able to offset higher refinancing costs through an alignment in our contract terms. This however involves a customary time lag of around three months. The positive margin development in the first quarter will contribute to growth in interest income in the coming quarters.

Should further unexpected events impact the capital markets following the insolvency of Silicon Valley Bank and the emergency takeover of Credit Suisse by UBS, volatility could increase sharply again and limit the availability of liquid funds. However, even in the current environment, the Board of Directors sees sufficient leeway to secure liquidity in the short and medium term due to the current liquidity position and the ability to manage liquidity needs by employing a more restrictive acceptance policy for new leasing business. Moreover, the Company continues to have access to various refinancing sources.

In our business, the volatility of the interest rate and currency markets can lead to transitory effects on valuations. These can have a temporary effect on the translation of foreign currency positions, the valuation of derivatives and the valuation of goodwill. The Board of Directors does not see this as having any long-term negative effects on the profitability of the business model.

In addition, we do not have any of our own branches in 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.

5.2 Macroeconomic and sector environments

In April 2023, the International Monetary Fund (IMF) forecast a slowdown in global economic growth from 3.4 percent in 2022 to 2.8 percent in 2023. In the industrialised nations, at 1.3 percent, growth is expected to be only half as high as in the previous year (2022: 2.7 percent). In the eurozone, growth is expected to reach 0.8 percent, or less than a quarter of the previous year's level (2022: 3.5 percent). According to forecasts, Spain is expected to grow 1.5 percent in 2023 and significantly outpace the eurozone as a whole (2022: 5.5 percent). France and Italy, on the other hand, are expected to grow in the middle of the range at 0.7 percent (2022: France 2.6 and Italy 3.7 percent). For Germany, the IMF even expects the economy to shrink slightly, with an estimated –0.1 percent (2022: 1.8 percent).

The IMF's assessment is based on persistently high inflation rates, coupled with the expectation that the central banks will therefore stick to their course of countering this with further interest rate hikes. The IMF also sees a risk that higher interest rates could expose weaknesses in the banking sector, which in turn would bring a certain level of risk of a domino effect.

The ifo business climate index for the leasing industry in Germany recorded another increase in March 2023 and is now back at the level in November 2021 prior to Russia's attack on Ukraine. The Federal Association of German Leasing Companies (BDL) attributes this improvement to falling energy prices, an absence of feared gas shortages and more planning certainty, which encourages investments.

5.3 Company forecast

It is not yet possible to foresee how the Russian war in Ukraine will develop or what the precise 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 expects 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 business.

In the current financial year, our CM2 development will continue to be the focus of our new business management. 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 achieve 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 higher CM2 margin seen in the new business will subsequently be reflected in the statement of income in the form of higher operating income.

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 is expected to result in additional expenses of an estimated EUR 15 million in the current financial year. Despite the extraordinary items in the first quarter of 2023 caused by erratic fluctuations in exchange rates, the Board of Directors believes that the guidance for Consolidated Group net profit in 2023 can be achieved within the forecast range of EUR 80 million to EUR 90 million. This range is based on the assumption that the loss rate will remain 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 slightly above 55 percent in 2023. In the medium term, the CIR is expected to fall below 55 percent.

Condensed interim consolidated financial statements

Consolidated income statement

EURk	Q1 2023	Q1 2022
Interest and similar income from financing business[1]	108'501	101'636
Expenses from interest on refinancing and deposit business	24'499	13'829
NET INTEREST INCOME	**84'002**	**87'807**
Settlement of claims and risk provision	26'440	31'581
Of which, impairment losses	4'999	12'756
NET INTEREST INCOME AFTER SETTLEMENT OF CLAIMS AND RISK PROVISION	**57'562**	**56'226**
Profit from service business	30'362	28'003
Profit from new business	11'812	7'076
Gains(+) / losses (–) from disposals	–113	–24
INCOME FROM OPERATING BUSINESS	**99'623**	**91'281**
Staff costs	41'289	32'975
Depreciation and impairment	6'813	6'634
Selling and administrative expenses (not including staff costs)	23'915	24'831
Other operating expenses	6'174	2'419
Other operating income	2'394	1'214
OPERATING RESULT	**23'826**	**25'636**
Result from investments accounted for using the equity method	0	–30
Expenses/income from fair value measurement	–1'638	4'085
Other interest income	3'355	462
Other interest expenses	5'072	3'141
GROUP EARNINGS BEFORE TAXES	**20'471**	**27'012**
Income taxes	4'612	6'475
GROUP EARNINGS	**15'859**	**20'537**
of which total comprehensive income attributable to ordinary shareholders and hybrid capital holders of GRENKE AG	18'086	20'970
of which total comprehensive income attributable to non-controlling interests	–2'227	–433
Earnings per share (basic/diluted in EUR)	0.19	0.26
Average number of shares outstanding	46'495'573	46'495'573

[1] Interest and similar income calculated according to the effective interest method EUR 2,065k (previous year: EUR 1,761k).

Consolidated statement of comprehensive income

EURk	Q1 2023	Q1 2022
GROUP EARNINGS	**15'859**	**20'537**
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT AND LOSS IN FUTURE PERIODS		
Appropriation to/reduction of hedging reserve	746	2'940
thereof: income tax effects	–107	–420
Change in currency translation differences/effects of high inflation	949	1'197
thereof: income tax effects	0	0
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT AND LOSS IN FUTURE PERIODS		
Equity instruments	0	0
thereof: income tax effects	0	0
Appropriation to / reduction of reserve for actuarial gains and losses	0	0
thereof: income tax effects	0	0
OTHER COMPREHENSIVE INCOME	**1'695**	**4'137**
TOTAL COMPREHENSIVE INCOME	**17'554**	**24'674**
of which total comprehensive income attributable to ordinary shareholders and hybrid capital holders of GRENKE AG	19'789	25'808
of which total comprehensive income attributable to non-controlling interests	–2'235	–1'134

Consolidated statement of financial position

EURk	Mar. 31, 2023	Dec. 31, 2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	832'586	448'844
Derivative financial instruments that are assets	14'493	10'727
Lease receivables	1'988'709	1'985'059
Other current financial assets	122'728	124'832
Trade receivables	7'051	6'531
Lease assets for sale	15'234	12'459
Tax assets	24'433	25'471
Other current assets	184'020	233'370
TOTAL CURRENT ASSETS	**3'189'254**	**2'847'293**
NON-CURRENT ASSETS		
Lease receivables	3'314'976	3'258'885
Derivative financial instruments that are assets	24'133	27'232
Other non-current financial assets	84'962	84'865
Property, plant and equipment	89'407	88'034
Right-of-use assets	36'598	32'973
Goodwill	34'957	34'940
Other intangible assets	14'927	16'514
Deferred tax assets	12'055	18'761
Other non-current assets	3'254	3'246
TOTAL NON-CURRENT ASSETS	**3'615'269**	**3'565'450**
TOTAL ASSETS	**6'804'523**	**6'412'743**

Consolidated statement of financial position

EURk	Mar. 31, 2023	Dec. 31, 2022
LIABILITIES AND EQUITY		
LIABILITIES		
CURRENT LIABILITIES		
Financial liabilities	2'098'347	2'247'666
Lease liabilities	11'072	10'043
Derivative liability financial instruments	3'551	3'477
Trade payables	27'556	36'112
Tax liabilities	5'639	5'331
Deferred liabilities	32'477	39'658
Other current liabilities	88'011	67'240
Deferred lease payments	112'374	33'864
TOTAL CURRENT LIABILITIES	**2'379'027**	**2'443'391**
NON-CURRENT LIABILITIES		
Financial liabilities	3'018'279	2'547'052
Lease liabilities	25'909	23'170
Derivative liability financial instruments	4'445	3'442
Deferred tax liabilities	53'876	60'445
Pensions	3'092	3'076
Other non-current liabilities	0	0
TOTAL NON-CURRENT LIABILITIES	**3'105'601**	**2'637'185**
EQUITY		
Share capital	46'496	46'496
Capital reserves	298'019	298'019
Retained earnings	775'724	799'475
Other components of equity	19'015	17'312
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF GRENKE AG	**1'139'254**	**1'161'302**
Additional equity components[1]	200'000	200'000
Non-controlling interests	–19'359	–29'135
TOTAL EQUITY	**1'319'895**	**1'332'167**
TOTAL EQUITY AND LIABILITIES	**6'804'523**	**6'412'743**

[1] Including AT1 bonds (hybrid capital), which are reported as equity under IFRS.

Consolidated statement of cash flows

EURk		Q1 2023	Q1 2022
	GROUP EARNINGS	**15'859**	**20'537**
	NON-CASH ITEMS INCLUDED IN NET PROFIT AND RECONCILIATION TO CASH FLOW FROM OPERATING ACTIVITIES		
+	Depreciation, amortisation and impairment	6'813	6'634
– / +	Profit / loss from the disposal of property, plant, and equipment and intangible assets	–1	6
– / +	Other non-cash income / expenses	8'290	13'683
+ / –	Increase / decrease in deferred liabilities, provisions, and pensions	–7'165	–1'766
=	**SUB-TOTAL**	**23'796**	**39'094**
	CHANGE IN ASSETS AND LIABILITIES FROM OPERATING ACTIVITIES AFTER ADJUSTMENT FOR NON-CASH ITEMS		
+ / –	Lease receivables	–59'741	31'792
+ / –	Loan receivables	571	3'901
+ / –	Factoring receivables	–2'980	935
+ / –	Other assets	47'911	–19'825
+ / –	Financial liabilities	320'319	–219'324
+ / –	Other liabilities	75'254	73'621
+	Interest received	3'355	462
–	Interest paid	–5'072	–3'141
–	Income taxes paid	–3'264	–4'241
=	**CASH FLOW FROM OPERATING ACTIVITIES**	**400'149**	**–96'726**

Consolidated statement of cash flows

EURk		Q1 2023	Q1 2022
–	Payments for the acquisition of property, plant and equipment and intangible assets	–1'381	–1'202
–	Payments for the acquisition of subsidiaries	–332	0
+	Proceeds from the sale of property, plant and equipment and intangible assets	73	28
=	**CASH FLOW FROM INVESTING ACTIVITIES**	**–1'640**	**–1'174**
–	Repayment of lease liabilities	–3'294	–3'381
–	Interest coupon payments on hybrid capital	–12'946	–12'946
=	**CASH FLOW FROM FINANCING ACTIVITIES**	**–16'240**	**–16'327**
	CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**448'605**	**852'960**
+	Cash flow from operating activities	400'149	–96'726
+	Cash flow from investing activities	–1'640	–1'174
+	Cash flow from financing activities	–16'240	–16'327
+ / –	Change due to currency translation	–116	–583
=	**CASH AND CASH EQUIVALENTS AT END OF PERIOD**	**830'758**	**738'150**

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 share-holders of GRENKE AG	Additional equity components	Non-controlling interests	Total equity
EQUITY AS OF JAN. 1, 2023	**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			9'018					9'018	9'068	–2'227	15'859
Other comprehensive income				746		957		1'703		–8	1'695
TOTAL COMPRE-HENSIVE INCOME			**9'018**	**746**		**957**		**10'721**	**9'068**	**–2'235**	**17'554**
Interest coupon pay-ment for hybrid capital									–12'946		–12'946
Interest coupon for hybrid capital			–3'878					–3'878	3'878		
Transactions with nci			–28'891					–28'891		12'011	–16'880
EQUITY AS OF MAR. 31, 2023	**46'496**	**298'019**	**775'724**	**13'947**	**1'171**	**7'122**	**–3'225**	**1'139'254**	**200'000**	**–19'359**	**1'319'895**
EQUITY AS OF JAN. 1, 2022	**46'496**	**298'019**	**753'245**	**–39**	**–577**	**5'576**	**–3'225**	**1'099'495**	**200'000**	**–30'499**	**1'268'996**
Group earnings			11'888					11'888	9'082	–433	20'537
Other comprehensive income				2'940		1'898		4'838		–701	4'137
TOTAL COMPRE-HENSIVE INCOME			**11'888**	**2'940**		**1'898**		**16'726**	**9'082**	**–1'134**	**24'674**
Interest coupon pay-ment for hybrid capital*									–12'946		–12'946
Interest coupon for hybrid capital*									3'878		3'878
Others*									–14		–14
EQUITY AS OF MAR. 31, 2022	**46'496**	**298'019**	**765'133**	**2'901**	**–577**	**7'474**	**–3'225**	**1'116'221**	**200'000**	**–31'633**	**1'284'588**

* For better transparency, the hybrid coupon is presented as a gross figure as of 2022.

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 March 31, 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 March 31, 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 application 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 2023 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 explanations, 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 Initial 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 initial 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 no 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
IAS 1 "Classification of Liabilities as Current or Non-Current" was 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.

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. The key assumptions and inputs used are presented in the section entitled "Accounting Policies". 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)

	Apr. 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 %	0.1 %	2.1 %	0.2 %	1.4 %	2.1 %	1.4 %	1.7 %	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		
EURk	Negative	Baseline	Positive
Risk provision	141'989	118'895	99'267

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 imported 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 Russia-Ukraine war continues. However, the lack of Russian gas supply can be overcome through energy conservation measures and imports of liquefied natural gas. 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-county 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 2022 to 2024. Probabilities of occurrence for individual scenarios can be calculated from these probability 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 March 31, 2023, the scenarios in the core markets of the GRENKE Group were weighted as follows:

Scenario weighting	Apr. 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	68.9 %	28.3 %	2.8 %	8.3 %	71.6 %	20.1 %	2.7 %	54.0 %	43.3 %
France	32.3 %	63.1 %	4.6 %	7.8 %	74.3 %	17.9 %	4.5 %	72.9 %	22.6 %
Italy	64.3 %	31.8 %	3.9 %	9.8 %	62.0 %	28.2 %	11.0 %	73.1 %	15.9 %
Spain	3.9 %	93.1 %	3.0 %	1.3 %	88.3 %	10.4 %	0.6 %	86.7 %	12.7 %
United Kingdom	45.5 %	51.3 %	3.2 %	25.0 %	73.1 %	1.9 %	2.0 %	65.9 %	32.1 %

Due to the higher economic uncertainty, various sensitivity analyses were additionally performed for GDP and the internal floors. The post-model adjustments made take into account the higher economic uncertainty based on these sensitivity analyses.

The post-model adjustments were 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. A total adjustment of EUR 46,257k was 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 quarter 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 2.3 percent as of March 31, 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 2.5 and 17.9 percent (previous year: between 2.4 and 16.2 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 are based on the management's assessment of the amount of uncertain tax items.

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	Mar. 31, 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	67'139	191'137
LEASE RECEIVABLES (CURRENT + NON-CURRENT) FROM CURRENT CONTRACTS AT END OF PERIOD	**5'352'161**	**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	16'642	25'308
– disposals of gross receivables during the period	20'055	145'565
GROSS RECEIVABLES AT END OF PERIOD	**440'093**	**443'506**
TOTAL GROSS RECEIVABLES (CURRENT AND TERMINATED)	**5'792'254**	**5'728'528**
IMPAIRMENT AT BEGINNING OF PERIOD	**484'584**	**538'676**
+ additions of accumulated impairment during the period	3'985	–54'092
IMPAIRMENT AT END OF PERIOD	**488'569**	**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	**5'303'685**	**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 POCI as defined by IFRS 9.

		Mar. 31, 2023			Dec. 31, 2022
EURk	Level 1	Level 2	Level 3	Total	Total
GROSS LEASE RECEIVABLES					
Germany	1'136'348	57'575	20'320	1'214'243	1'211'992
France	1'079'386	101'931	86'473	1'267'790	1'246'549
Italy	714'706	97'781	158'092	970'579	990'979
Other countries	1'919'401	183'118	237'123	2'339'642	2'279'008
TOTAL GROSS LEASE RECEIVABLES	**4'849'841**	**440'405**	**502'008**	**5'792'254**	**5'728'528**
Impairment	69'943	63'461	355'165	488'569	484'584
CARRYING AMOUNT	**4'779'898**	**376'944**	**146'843**	**5'303'685**	**5'243'944**

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

		Mar. 31, 2023			Dec. 31, 2022
EURk	Level 1	Level 2	Level 3	Total	Total
IMPAIRMENT AT START OF PERIOD	**71'296**	**49'912**	**363'376**	**484'584**	**538'676**
Newly extended or acquired financial assets*	9'575	4'308	250	14'133	64'156
Reclassifications					
to Level 1	5'064	–4'302	–762	0	0
to Level 2	–2'941	7'053	–4'112	0	0
to Level 3	–93	–6'786	6'879	0	0
Change in risk provision due to change in level	–4'037	16'310	6'246	18'519	52'598
Mutual contract dissolution or payment for financial assets (without derecognition)	–12'706	–4'441	–8'801	–25'948	–50'001
Change in contractual cash flows due to modification (no derecognition)	0	0	0	0	0
Change in category in processing losses	0	0	6'559	6'559	12'042
Change in models/risk parameters used in ECL calculation	–862	–1'957	–149	–2'968	–5'726
Derecognition of financial assets	–1	–23	–16'716	–16'740	–135'967
Currency translation and other differences	–76	55	–16	–37	1'567
Accrued interest	4'724	3'332	2'411	10'467	7'239
IMPAIRMENT AT END OF PERIOD	**69'943**	**63'461**	**355'165**	**488'569**	**484'584**
thereof impairment on non-performing lease receivables	0	0	340'631	340'631	336'783
thereof impairment on performing lease receivables	69'943	63'461	14'534	147'938	147'801

* The values stated in Levels 2 and 3 relate to lease receivables newly extended in the financial year that were allocared 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 2023	Q1 2022
Payments by lessees	591'963	573'054
Interest and similar income from the leasing business	–104'436	–98'131
Additions of lease receivables/net investments	–627'849	–510'418
SUBTOTAL	**–140'322**	**–35'495**
Disposals/reclassifications of lease receivables at residual carrying amounts	69'335	68'143
Decrease/increase in other receivables from lessees	7'398	12'788
Currency translation differences	3'848	–13'644
CHANGE IN LEASE RECEIVABLES	**–59'741**	**31'792**

5. Financial liabilities

The GRENKE Group's financial liabilities consist of the following current and non-current financial liabilities:

EURk	Mar. 31, 2023	Dec. 31, 2022
CURRENT FINANCIAL LIABILITIES		
Asset-backed	416'505	417'318
Senior unsecured	830'268	941'402
Committed development loans	44'891	61'069
Liabilities from deposit business	804'856	827'638
Current account liabilities	1'827	239
TOTAL CURRENT FINANCIAL LIABILITIES	**2'098'347**	**2'247'666**
NON-CURRENT FINANCIAL LIABILITIES		
Asset-backed	535'461	554'792
Senior unsecured	1'839'224	1'644'798
Committed development loans	23'456	24'421
Liabilities from deposit business	620'138	323'041
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**3'018'279**	**2'547'052**
TOTAL FINANCIAL LIABILITIES	**5'116'626**	**4'794'718**

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	Mar. 31, 2023	Dec. 31, 2022
Programme volume in local currency		
EURk	987'612	927'414
GBPk	150'000	150'000
Programme volume in EURk	1'158'222	1'096'536
Utilisation in EURk	972'203	992'002
Carrying amount in EURk	823'820	844'032
thereof current	365'731	366'168
thereof non-current	458'089	477'864

5.1.2 Sales of receivables agreements

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

EURk	Mar. 31, 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	156'938	155'217
Utilisation in EURk	134'493	135'219
Carrying amount in EURk	128'146	128'078
thereof current	50'774	51'150
thereof non-current	77'372	76'928

5.2 Senior unsecured financial liabilities

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

EURk	Mar. 31, 2023	Dec. 31, 2022
Bonds	2'312'131	2'145'406
thereof current	561'573	571'144
thereof non-current	1'750'558	1'574'262
Promissory notes	131'219	131'017
thereof current	48'051	67'418
thereof non-current	83'168	63'599
Commercial paper	75'000	25'000
Revolving credit facility	103'934	212'548
thereof current	98'436	205'611
thereof non-current	5'498	6'937
Money market trading	0	40'000
thereof current	0	40'000
Overdrafts	15'878	11'420
Accrued interest	31'330	20'809

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

EURk	Mar. 31, 2023	Dec. 31, 2022
Bonds EURk	5'000'000	5'000'000
Commercial paper EURk	750'000	750'000
Syndicated revolving credit facility EURk	250'000	250'000
Revolving credit facility EURk	46'590	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, one new bond has been issued with a nominal volume of EUR 10,000k. In addition, two existing bonds were increased by EUR 50,000k and EUR 124,250k, respectively. Scheduled repayments amounted to EUR 0k.

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

Three commercial paper issues with a total volume of EUR 75,000k have been completed in the financial year to date. Scheduled repayments amounted to EUR 25,000k.

5.3 Committed development loans

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

EURk	Mar. 31, 2023	Dec. 31, 2022
European Investmentbank	0	9'910
NRW Bank	25'818	22'037
Thüringer Aufbaubank	695	980
KfW	41'168	51'963
Landeskreditbank Baden-Württemberg	474	537
Accrued interest	192	63
TOTAL DEVELOPMENT LOANS	**68'347**	**85'490**

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 2023	Q1 2022
FINANCIAL LIABILITIES		
Additions of liabilities/assumption of new liabilities from refinancing	394'446	412'574
Interest expenses from refinancing	20'933	11'857
Payment/repayment of liabilities to refinancers	–368'197	–568'862
Currency translation differences	–1'178	6'165
CHANGE IN LIABILITIES FROM REFINANCING	**46'004**	**–138'266**
Additions/repayment of liabilities from the deposit business	270'749	–83'030
Interest expenses from the deposit business	3'566	1'972
CHANGE IN LIABILITIES FROM THE DEPOSIT BUSINESS	**274'315**	**–81'058**
CHANGE IN FINANCIAL LIABILITIES	**320'319**	**–219'324**

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 lowest input factor that is material for the overall measurement.

The GRENKE Group recognises reclassifications between the different levels of the valuation hierarchy at the end of 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 2,312,131k (December 31, 2022: EUR 2,145,406k) and EUR 2,187,769k (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 other investments, which are allocated to the FVTOCI measurement category and thus measured at fair value. Financial liabilities are also measured at (amortised) cost.

EURk	Fair value Mar. 31, 2023	Carrying amount Mar. 31, 2023	Fair value Dec. 31, 2022	Carrying amount Dec. 31, 2022
FINANCIAL ASSETS				
Lease receivables	5'864'438	5'303'685	5'841'004	5'243'944
Other financial assets	211'908	207'690	213'371	209'697
thereof receivables from the lending business	127'234	123'016	126'119	122'445
FINANCIAL LIABILITIES				
Financial liabilities	4'963'765	5'116'626	4'648'125	4'794'718
thereof refinancing liabilities	3'559'443	3'689'805	3'507'752	3'643'800
thereof liabilities from the deposit business	1'402'495	1'424'994	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 Mar. 31, 2023	Fair value Dec. 31, 2022
FINANCIAL ASSETS		
DERIVATIVE FINANCIAL INSTRUMENTS WITH HEDGING RELATIONSHIP		
Interest rate derivatives	4'228	4'761
Cross-Currency-Swaps	6'873	8'402
Forward exchange derivatives	11'545	7'990
DERIVATIVE FINANCIAL INSTRUMENTS WITHOUT HEDGING RELATIONSHIP		
Interest rate derivatives	11'147	12'748
Forward exchange derivatives	4'833	4'058
TOTAL	38'626	37'959
FINANCIAL LIABILITIES		
DERIVATIVE FINANCIAL INSTRUMENTS WITH HEDGING RELATIONSHIP		
Cross-Currency-Swaps	2'231	1'257
Forward exchange derivatives	2'205	1'684
DERIVATIVE FINANCIAL INSTRUMENTS WITHOUT HEDGING RELATIONSHIP		
Forward exchange derivatives	3'560	3'978
TOTAL	7'996	6'919

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		Input factors
FAIR VALUE HIERARCHY LEVEL 1		
Listed bonds	n.a.	In active markets quoted market price as of the reporting date
FAIR VALUE HIERARCHY LEVEL 2		
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 refinancing of lease receivables, 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 currency 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 the 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
FAIR VALUE HIERARCHY LEVEL 3		
Other investments (investment in Finanzchef24 GmbH)	Discounted cash flow model Present value of estimated future cash flows	Businessplan 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 2023	Q1 2022
REVENUE FROM CONTRACTS WITH CUSTOMERS (IFRS 15)			
Gross revenue from service-and-protection-business (service business)	Leasing	32'915	30'573
Service fee for making lease assets available for use	Leasing	2'220	1'262
Revenue from reminder fees	Leasing	363	316
Revenue from reminder fees	Factoring	4	4
Other revenue from lessees	Leasing	236	241
Disposal of lease assets	Leasing	49'096	42'934
Commission income from banking business	Bank	200	119
TOTAL		**85'034**	**75'449**

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 2023	Q1 2022
REVENUE FROM CONTRACTS WITH CUSTOMERS (IFRS 15)	**85'034**	**75'449**
OTHER REVENUE (IFRS 9, IFRS 16)		
Interest and similar income from financing business	108'501	101'636
Revenue from operating leases	6'464	5'379
Portions of revenue from lease down payments	3'254	2'170
TOTAL	**203'253**	**184'634**

10. Income taxes

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

EURk	Q1 2023	Q1 2022
Current taxes	4'610	5'728
Corporate and trade taxes (Germany)	32	361
Foreign income taxes	4'578	5'367
Deferred taxes	2	747
Germany	4'112	213
International	–4'110	534
TOTAL	**4'612**	**6'475**

11. Group segment reporting

EURk	Leasing segment		Banking segment		Factoring segment		Consolidation & other		Consolidated Group	
January to March	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
OPERATING INCOME										
External operating income	100'292	91'171	–3'084	–1'798	2'415	1'908	0	0	99'623	91'281
Internal operating income	–9'301	–8'809	10'275	9'165	–974	–356	0	0	0	0
TOTAL OPERATING INCOME	**90'991**	**82'362**	**7'191**	**7'367**	**1'441**	**1'552**	**0**	**0**	**99'623**	**91'281**
thereof non-cash items	4'634	12'631	445	252	–80	–127	0	0	4'999	12'756
NON-INTEREST EXPENSES										
Staff costs	–37'863	–29'913	–1'946	–1'823	–1'569	–1'299	89	60	–41'289	–32'975
Depreciation/Amortisation and impairment	–6'615	–6'423	–147	–233	–162	–216	111	238	–6'813	–6'634
Selling and administrative expenses	–21'541	–22'607	–2'502	–2'526	–722	–680	850	982	–23'915	–24'831
Other operating income (+) and expenses (-)	–1'392	–364	–1'219	113	–55	336	–1'114	–1'290	–3'780	–1'205
SEGMENT RESULT	**23'580**	**23'055**	**1'377**	**2'898**	**–1'067**	**–307**	**–64**	**–10**	**23'826**	**25'636**
Result from companies accounted for using the equity method	0	–30	0	0	0	0	0	0	0	–30
Other financial result							–3'355	1'406	–3'355	1'406
GROUP EARNINGS BEFORE TAXES	**23'580**	**23'025**	**1'377**	**2'898**	**–1'067**	**–307**	**–3'419**	**1'396**	**20'471**	**27'012**
As of March 31 (December 31, 2022)										
SEGMENT ASSETS	**6'312'368**	**6'088'976**	**1'945'653**	**1'667'264**	**100'789**	**100'816**	**–1'590'775**	**–1'488'545**	**6'768'035**	**6'368'511**
thereof investments accounted for using the equity method	0	0	0	0	0	0	0	0	0	0
SEGMENT LIABILITIES	**5'152'568**	**4'928'263**	**1'667'827**	**1'393'172**	**100'918**	**99'909**	**–1'496'200**	**–1'406'544**	**5'425'113**	**5'014'800**

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 segment 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. Internal operating income results largely from internal refinancing.

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

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 case of the factoring franchise company in Hungary (GF Faktor Zrt.), the approval of one 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.

13. Payments to hybrid capital holders

On March 30, 2023, GRENKE AG made 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 (March 31, 2022: EUR 0k).

As of March 31, 2023, the value of all existing phantom stock agreements amounted to EUR 383k (December 31, 2022: EUR 0k). This amount is recognised under staff costs in the 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.

Liabilities to associated companies result from the deposit business and balances on current accounts of GRENKE BANK AG. As of the March 31, 2023 reporting date, GRENKE BANK AG had received deposits and balances on current accounts of EUR 0k (December 31, 2022: EUR 12k) from associated companies.

Reportable transactions with subsidiaries did not arise in the 2023 or 2022 financial years.

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 related parties such as family members.

Transactions with persons in key positions did not take place in the 2023 or 2022 financial year.

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.

Current accounts exist with other related parties. Credit lines on current accounts were utilised in the amount of EUR 809k (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 8k (March 31, 2022: EUR 31k). Income from other related parties of EUR 1k (March 31, 2022: EUR 1k) 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 March 31, 2023 (December 31, 2022: EUR 4,518k).

15. Contingent liabilities

There were no material changes to contingent liabilities as of March 31, 2023 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 2,075 employees (Q1 2022: 1,888). A further 52 employees (Q1 2022: 46) are in training.

17. Subsequent events

On April 11, 2023, the initial purchase price payment of 85 percent of the purchase price was made for the leasing franchises in Australia (GC LEASING MELBOURNE PTY LTD and GC LEASING SYDNEY PTY LTD). The second purchase price payment amounting to the remaining 15 percent took place on April 25, 2023, subject to possible purchase price adjustments. A total of EUR 9,370k was paid out for GC LEASING MELBOURNE PTY LTD and EUR 7,205k for GC LEASING SYDNEY PTY LTD.

On April 20, 2023, GRENKE AG announced the acquisition of a minority interest in Miete24 P4Y GmbH in the amount of 25 percent plus one voting share. Miete24 P4Y GmbH operates the Miete24 online platform for the leasing of information and communication technology. With this acquisition, GRENKE is strengthening its position, particularly in the specialist reseller area, and opening up further options in the direct online business with commercial customers. The purchase price for the share in Miete24 P4Y GmbH is in the low single-digit million range. GRENKE has additionally secured a long-term option for a full takeover.

The Board of Directors has decided to discontinue the new business in Turkey and to review a sale or liquidation of the business. The background to this consideration is the continuing operating losses of the local company and the enormous currency fluctuations. New business in Turkey amounted to a mere EUR 8.0 million in the 2022 financial year.

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 March 31, 2023, which are part of the quarterly 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, May 10, 2023

BDO AG
Wirtschaftsprüfungsgesellschaft

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

Calendar of events

May 16, 2023 // Annual General Meeting

July 5, 2023 // New business figures Q2 2023

August 10, 2023 // Financial Report Q2 and Q1 – Q2 2023

October 5, 2023 // New business figures Q3 2023

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

Imprint

Information and Contact

GRENKE AG
Team Investor Relations

Neuer Markt 2
76532 Baden-Baden

Phone: +49 7221 5007-204
Fax: +49 7221 5007-4218
Email: investor@GRENKE.de

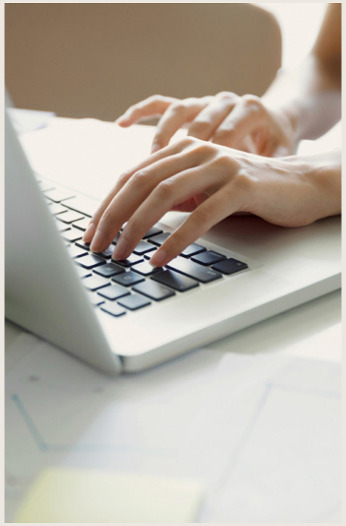
Imprint

Publisher:	The Board of Directors of GRENKE AG
Editorial:	GRENKE AG, Investor Relations
Design, layout & typesetting:	SPARKS CONSULTING GmbH, Munich
Status:	May 11, 2023

Disclaimer

Figures in this quarterly statement are usually 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 character due to their nature. For reasons of easier readability, gender-specific language is generally avoided, and the respective terms apply equally to all genders to ensure equal treatment.

This report is published in German and English. The German version shall prevail.



WWW.GRENKE.DE

GRENKE AG
Stammhaus
Neuer Markt 2
76532 Baden-Baden

Tel. +49 7221 5007-204
Fax +49 7221 5007-4218
investor@grenke.de